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**JLR PUBLICATION**

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# Notices of Sale for Non-Payment of Property Taxes issued in Québec

## Overview of 2014 to 2018

## HIGHLIGHTS

- In 2018, a total of 9,139 notices of sale were registered against properties for failure to pay property taxes.
- Of these properties, 13.8% were sold at auctions. This proportion fell to 3.4% when excluding vacant lands.
- The number of notices of sale issued due to failure to pay property taxes in 2018 was the highest in five years.

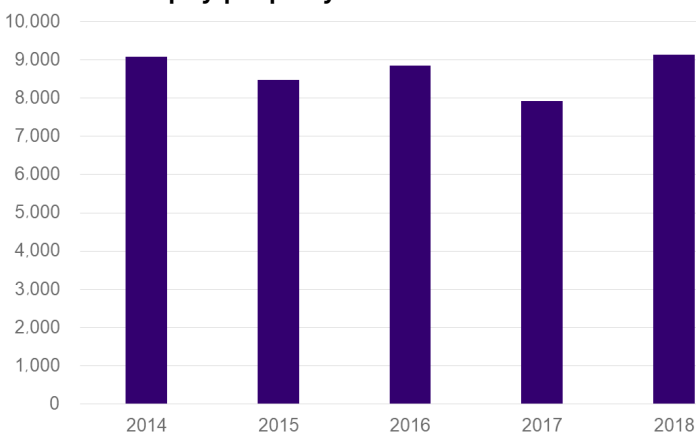
Some citizens have difficulty making ends meet and are unable to pay their property and/or school tax bills. In these cases, following a courtesy period, cities and regional county municipalities (RCMs) may undertake procedures to have the property sold and to recover the unpaid amounts.

In order to sell a property, the city must first issue a notice of sale due to failure to pay property taxes. In the published notice, a date for the property to be put up for auction is set for all properties impacted by these procedures. The owner may, at any time prior to the sale, pay the amount owing in order to cancel the sale.

## NOTICE OF SALE DUE TO FAILURE TO PAY PROPERTY TAXES

In 2018, according to data compiled from the Land Register of Québec by JLR, an Equifax company, a total of 9,139 notices of sale were issued against properties for failure to pay property taxes. This was the highest number recorded since 2014. This represented an increase of 15% in 2018, while the figure had decreased by 4 % in 2017.

**Figure 1: Change in the number of notices of sale due to failure to pay property taxes**



In total, 0.27% of properties in Québec were issued a notice of sale due to failure to pay property taxes. This proportion was slightly higher than that of 2017. In short, it would seem that the financial situation of owners became slightly worse in 2018. However, there can be a significant lag between the time that a late tax payment notice is issued and the moment when the notice of sale is sent. Indeed, some cities will wait two years of unpaid tax bills before issuing these kinds of notices. As a result, the increase does not necessarily point to growing financial problems for homeowners.

On average, about a third of notices are sent for vacant lands, while over a half are sent for residential properties. In 2018, in addition to an increase in the number of notices published, the proportion issued for residential properties also grew. As such, 5,326 notices were sent out to residential properties (1-to-3-unit properties), which represented 58% of the total notices published in 2018.

## ADJUDICATION

When owners fail to pay amounts owing prior to auctioning, the city or RCM will proceed to sell the property and award it to the highest bidder. An adjudication for failure to pay property taxes is then published.

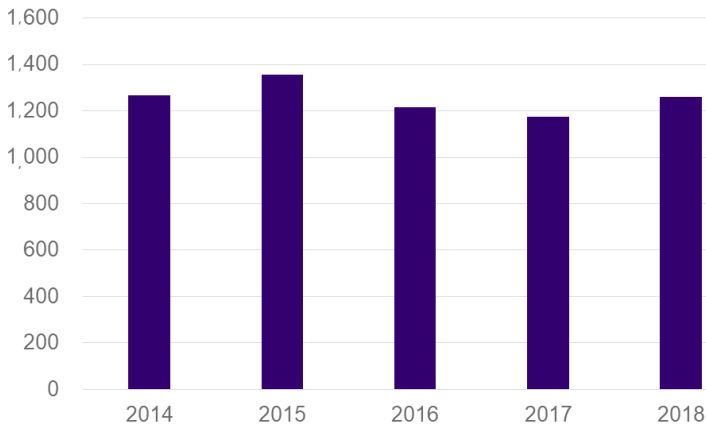
As of this moment, the owner has one year to settle the debt (the amount owing, plus fees and interest) if he or she wishes to reclaim the property. After this time, the highest bidder can become the official owner by having a deed of sale prepared by a notary public.

Often times during this process, a mortgage creditor will step in and pay the owner's debt, since the sale (one year after the adjudication) voids all mortgages that were held on the property. As a result, the creditor loses his hypothecary right. Therefore, it is often preferable for the creditor to repay the homeowner's debt.

Only 13.8% of properties targeted by a notice of sale for failure to pay property taxes in 2018 were sold at auction. This figure falls to 3.4 % when excluding lots. In total, 36.7% of lots on which notices of sale were issued in 2018 were sold at auction.

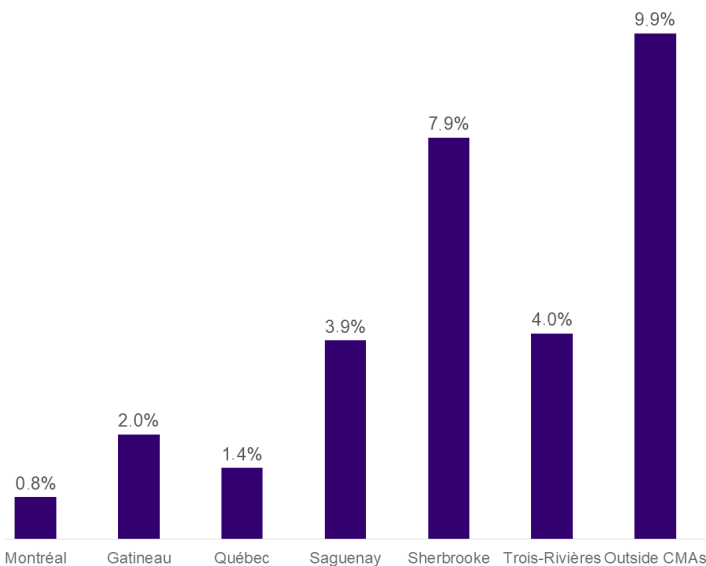
In 2018, adjudications for failure to pay property taxes were recorded on 1,261 properties (of all types) in Québec, which represented an increase of 8% relative to the previous year.

**Figure 2: Number of adjudications published for failure to pay property taxes**



The probability that a notice of sale will be followed by an auction varies among regions. In regions in which properties were easy to sell and prices were higher, less properties were generally put up for auction relative to the proportion of those that received a notice of sale for unpaid taxes.

**Figure 3: Proportion of properties (excluding vacant lands) that were sold at auction following the publication of a notice of sale due to failure to pay property taxes, according to census metropolitan area (CMA).**



The Montréal CMA was the one in which owners most often paid the amount owing prior to auctioning. In fact, from 2014 to 2018, only 0.8% properties were sold at auction following the publication of a notice of sale due to failure to pay property taxes. In contrast, outside major centres, the probability of having a property (other than a vacant land) sent to auction after a notice was nearly 10%.

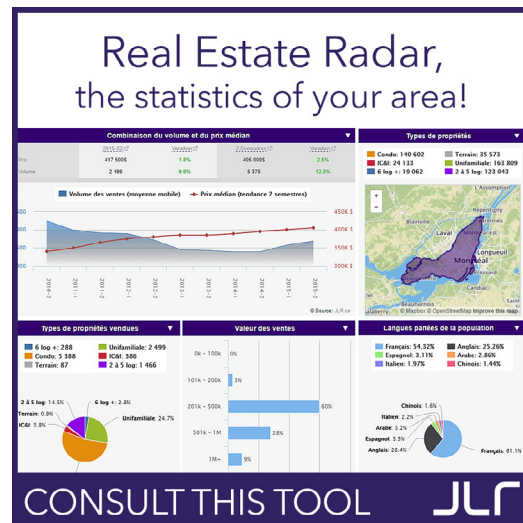
## CONCLUSION

Property taxes seemed to force homeowners to reach deep into their pockets in 2018, since a greater number of notices of sale due to unpaid taxes were issued. However, during the same period, the number of prior notices issued by mortgage creditors also fell. As a result, the increase does not necessarily point to growing financial problems for homeowners. It will be interesting to see whether this trend continues in 2019

## FOR MORE DETAILS

Check the [Real Estate Radar](#) for more information on sales, bad debts and the socio-demographic profile of your sector.

Consult the JLR publications at this address : <http://solutions.jlr.ca/publications/grands-dossiers>





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