



STAFF REPORT

Title: Tax Recovery March 2020 - Reserve Bid

Meeting Date: February 25, 2020

Executive Summary:

The City currently has three (3) properties with property tax arrears that must be sold by public auction by March 31, 2020 as per the Municipal Government Act (MGA) s.418 and s.436.09. Administration has made every effort and followed all legislation leading up to the auction deadline date. In order to move ahead with the final stages of the tax recovery process Council must set a reserve bid and the terms and conditions of the sale as per the MGA s.419 and 436.1. Council has already set the terms and conditions of the sale at its December 10, 2019 meeting. The auction date has been set for March 25, 2020 at 5:00 p.m. and has been advertised in the Alberta Gazette as per MGA s. 421. A reserve bid must be set as close as reasonably possible to market value. Administration is recommending that Council set a reserve bid based on the market value of the properties as per the appraisal report and advertise the auction sale in the local paper as per MGA s. 421.

Background:

The City currently has 3 properties with property tax arrears that must be sold by public auction by March 31, 2020. Per the requirements of the MGA s.419 and 436.1, Council must set for each parcel of land and designated manufactured home to be offered for sale at a public auction, a reserve bid that is as close as reasonably possible to the market value of the property to be offered for sale.

Administration conducted an appraisal on the three (3) properties to be offered for sale. The results of the appraisal is as follows:

Lot 21, Block 2, Plan 0726988 Title 112372036 Residential	\$ 387,000
Lot 3, Block A, Plan 8521872 Title 142085056 Vacant Res. Med. Density	\$ 412,000
Lot 5, Block A, Plan 8521872 Title 142085056001 Vacant Res. Med. Density	\$ 353,000

To date the city has followed all the requirements of the MGA and has registered a tax recovery lien against the properties. All notifications have been sent to the appropriate parties. Numerous attempts have been made to contact and collect the tax arrears including offering tax repayment agreements to the owners.

Lot 21, Block 2, Plan 0726988 is a residential lot with a house. The City registered a lien on the property on March 31, 2018. All efforts to obtain payment from the property owner has failed. An advertisement was placed in the January 31 issue of the Alberta gazette and a copy of this advertisement has been sent to the home owner.



Lot 3, Block A, Plan 8521872 is a vacant residential lot zoned medium density in Cold Lake North. The City registered a lien on the property on March 31, 2018. All efforts to obtain payment from the property owner has failed. An advertisement was placed in the January 31 issue of the Alberta gazette and a copy of this advertisement has been sent to the home owner.

Lot 5, Block A, Plan 8521872 is a vacant residential lot zoned medium density in Cold Lake North. The City registered a lien on the property on March 31, 2018. All efforts to obtain payment from the property owner has failed. An advertisement was placed in the January 31 issue of the Alberta gazette and a copy of this advertisement has been sent to the home owner.

If a property sells it will be sold “as is where is” condition. If the property sells at the auction and there is a tenant the new owner would be responsible for the tenant. A purchaser is entitled to acquire the land free of encumbrances with exceptions as listed in section 423 of the MGA. The City must notify the owner if there is any remaining proceeds. The proceeds must be kept for 10 years or until they are paid out to the owner. If the property does not sell the City may continue to try to sell the property at a price reasonably close to market as possible. If the property does not sell after 15 years the City can request the Registrar to issue a new certificate of title in the municipality’s name.

Alternatives:

Council may consider the following options:

1. Council may set the reserve bid as follows:

Lot 21, Block 2, Plan 0726988 Title 112372036	\$ 387,000
Lot 3, Block A, Plan 8521872 Title 142085056	\$ 412,000
Lot 5, Block A, Plan 8521872 Title 142085056001	\$ 353,000

2. Council may set reserve bid to an amount that is reasonably close to market value.

Recommended Action:

Administration recommends that Council set the reserve bid for the 2020 tax sale properties as follows:

Lot 21, Block 2, Plan 0726988 Title 112372036	\$ 387,000
Lot 3, Block A, Plan 8521872 Title 142085056	\$ 412,000
Lot 5, Block A, Plan 8521872 Title 142085056001	\$ 353,000

Budget Implications (Yes or No):

No

Submitted by:

Kevin Nagoya, Chief Administrative Officer