

Deputy City Manager's Office Report to
SPC on Utilities and Corporate Services
2021 May 26

ISC: UNRESTRICTED
UCS2021-0797

Reserve Bids for Properties in the 2021 Tax Sale

EXECUTIVE SUMMARY

The purpose of this report is to request approval of the Reserve Bids for properties in the 2021 tax sale.

In accordance with the *Municipal Government Act* (Alberta), every year Administration brings forward a list of properties that have been identified for public auction. This year's public auction is scheduled to be held on 2021 September 23 at 10 a.m. at the Municipal Building. The City of Calgary continues to monitor the effects of the pandemic and Administration may change the above-noted date, time or location in order to comply with public health orders and gathering restrictions. Any updates to the date, time or location of the 2021 public auction will be made available at calgary.ca/propertytax.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Utilities and Corporate Services recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 1;
2. Approve the Reserve Bids for properties in the 2021 Tax Sale as outlined in Attachment 3; and
3. Direct that Attachment 3 remain confidential pursuant to Sections 23, (Local public body confidences), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act* until the report is published in the Council agenda.

RECOMMENDATION OF THE STANDING POLICY COMMITTEE ON UTILITIES AND CORPORATE SERVICES, 2021 MAY 26:

That Council:

1. Authorize the Recommendations as outlined in Attachment 1; and
2. Approve the Reserve Bids for properties in the 2021 Tax Sale as outlined in Attachment 3.

PREVIOUS COUNCIL DIRECTION / POLICY

None.

BACKGROUND

For a property to be added to the tax sale, it must be in tax arrears for three consecutive years and the tax sale process is a way for The City to recover these outstanding taxes.

Under the terms and conditions of the *Municipal Government Act* (Alberta), Chapter M-26 RSA 2000, a Municipality must by resolution, fix a minimum sale price for each parcel, which shall be the Reserve Bid, and any conditions that apply to the sale. The Sales & Acquisitions division of Real Estate & Development Services have viewed the properties in the 2021 Tax Sale prior to

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the determination of the reserve bids and have compiled a schedule of Reserve Bids representing the minimum sale price at the auction.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Credit and Collections within Finance/Tax, Receivable and Payable works with property owners and mortgage holders to facilitate payment of property taxes. Credit and Collections will provide owners with opportunities such as payment plans in attempts to have the taxes paid and the properties removed from the tax sale. Referral to social aid agencies are also provided where warranted. In certain situations where there is no mortgage holder, an option of memorandum could be offered. The tax sale is the last resort to recover tax arrears. Property owners do have up to the start of the tax sale to arrange for a resolution on the outstanding taxes.

The net proceeds from any sale will be transferred to the Tax Forfeiture account. If there were no financial encumbrances on title to the property prior to the sale, the net sale proceeds are distributed to the former registered owner(s). If there were financial encumbrances on title to the property prior to the sale, the former registered owner(s) are notified that they may make an application to the court to demonstrate their entitlement to all or a portion of those proceeds. If proceeds from a sale are not claimed within 10 years from the date of sale, The City may, for any purpose, use those proceeds.

Properties that do not sell at the public auction can still be made available for sale through The City's standard sales process within Real Estate & Development Services in an attempt to recover outstanding property taxes.

Valuation

Administration has viewed all properties included in the Reserve Bid Listing (Attachment 3) and determined an estimate of market value to be used as the Reserve Bid for each parcel. The Reserve Bid represents the minimum bid that will be accepted as each parcel is called out during the Tax Sale.

Stakeholder Engagement, Research and Communication

As per the *Municipal Government Act* (Alberta), tax recovery notifications are registered on title and owner(s) are also notified directly that their property is on the tax arrears list.

The public auction will be advertised in the Alberta Gazette and on calgary.ca/propertytax prior to the auction.

Strategic Alignment

None.

Social, Environmental, Economic (External)

Social

No implications were identified.

Environmental

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The properties will not be reviewed in accordance with The City's Sales, Acquisitions and Leases Environmental (S.A.L.E.) Policy as they will be sold "as is".

Economic

No implications were identified.

Financial Capacity

Current and Future Operating Budget:

None.

Current and Future Capital Budget:

The net proceeds from any sale will be transferred to the Tax Forfeiture account. If there were no financial encumbrances on title to the property prior to the sale, the net sale proceeds are distributed to the former registered owner(s). If there were financial encumbrances on title to the property prior to the sale, the former registered owner(s) are notified that they may make an application to the court to demonstrate their entitlement to all or a portion of those proceeds. If proceeds from a sale are not claimed within 10 years from the date of sale, The City may, for any purpose, use those proceeds.

Risk Assessment

If this item is not approved, The City will not be in compliance with the requirements set forth in the *Municipal Government Act* (Alberta) regarding its obligations to set the Reserve Bids for the Tax Sale scheduled 2021 September 23.

REASON(S) FOR RECOMMENDATION(S):

Under the Municipal Government Act (Alberta), municipalities are responsible for collecting taxes for municipal and educational purposes. Property taxes collected from properties is one significant revenue source to pay for municipal services. Under the Municipal Government Act (Alberta), The City is required to offer for sale at a public auction all parcels of land on its tax arrears list if the tax arrears remain unpaid as of the date of the auction. Property tax recovery initiatives help to contribute to the financial stability of The City.

ATTACHMENTS

1. Attachment 1 – Recommendations
2. Attachment 2 – Public Sale of Land – *Municipal Government Act* (Alberta)
3. Attachment 3 – Reserve Bid Listing