

Infrastructure Services Report to
Infrastructure and Planning Committee
2024 February 21

ISC: UNRESTRICTED
IP2024-0229

Reserve Bids for Properties in the 2024 Real Estate Public Auction

PURPOSE

This report requests approval to authorize the recommendations set forth in the Attachments including the approval of the Reserve Bids for properties in the 2024 Real Estate Public Auction.

PREVIOUS COUNCIL DIRECTION

Not Applicable

RECOMMENDATIONS:

That the Infrastructure and Planning Committee recommends that Council:

1. Authorize the Recommendations as outlined in Attachment 1; and
2. Approve the Reserve Bids for Properties in the 2024 Real Estate Public Auction as outlined in Attachment 3.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

The General Manager, Infrastructure Services concurs with this report.

HIGHLIGHTS

- In accordance with the *Municipal Government Act* Chapter M-26 RSA 2000, Part 10, Division 8, Administration holds a public auction of properties that have a Tax Notification registered on the Certificate of Title for the property as a result of outstanding property tax.
- This year the public auction is scheduled for 2024 April 24 in the Municipal Building at 8:30 a.m.
- The public auction matters as it is a method for The City of Calgary ("The City") to recover outstanding property taxes.
- Prior to the public auction date, The City follows an extensive notification process with the property owners to have the outstanding property taxes paid.
- Through a creative, compassionate, and collaborative approach, Credit & Collections explores potential payment options to collect outstanding taxes.
- The Real Estate Public Auction is used as the last resort to recover tax debts. Property owners have right up to the start of the auction to pay the outstanding taxes owed and have the property removed from the auction.

DISCUSSION

The City relies on the collection of property taxes to provide services, maintain and build infrastructure and make Calgary a great place to live. Each year, The City holds a public auction of properties that have a tax notification registered on the certificate of title for outstanding property taxes. This public auction is known as the Real Estate Public Auction. For a property to be placed in the Real Estate Public Auction, a tax notification is registered on the title of a property that has tax arrears of more than one year. If the tax arrears are not paid within one year from the date the tax notification is registered, the property must be offered for sale at a public auction in accordance with the *Municipal Government Act*.

Before the Real Estate Public Auction, Credit & Collections within the Finance Operations department, works with property owners to facilitate the payment of outstanding taxes. Property

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tax debt can be very stressful for individuals, families, and businesses, and Credit & Collections actively works with property owners who have outstanding property taxes of more than one year and are at risk of tax recovery action.

Through a creative, compassionate, and collaborative approach, Credit & Collections explores potential payment options to assist homeowners. These options are customized to each owner's situation, and often, Credit & Collections creates and designs a payment plan with the owner for the successful recovery of the outstanding property taxes. In certain situations where there is no mortgage holder, the owner has the option of entering into a memorandum agreement with The City on a possible payment plan. Credit & Collections can also refer owners to social aid agencies where warranted. The Real Estate Public Auction is used as the last resort to recover tax debts and property owners have right up to the start of the auction to pay the outstanding taxes owed and have the property removed from the auction. It should be noted that historically very few properties remain at risk of going to the public auction after the extensive work undertaken by Credit & Collections.

Under the terms and conditions of the *Municipal Government Act*, 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 Section of Real Estate & Development Services has reviewed the properties in the 2024 Real Estate Public Auction prior to the determination of the reserve bids and has compiled a schedule of Reserve Bids representing the minimum sale price at the auction, as shown in Attachment 3.

For the properties that are not sold at the public auction, these properties can still be made available for sale to the public through The City's standard sales process through Real Estate & Development Services.

Overall, The City strives to work with property owners to resolve outstanding tax debts in a fair and compassionate manner while also ensuring that it can continue to provide essential services to the community.

Valuation

The City 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 for each parcel during the Real Estate Public Auction.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|---|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input checked="" type="checkbox"/> Public/interested parties were informed | <input type="checkbox"/> Public communication or engagement was not required |

As per the *Municipal Government Act*, 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 prior to the auction. This advertising is consistent with previous years and is a requirement pursuant to the *Municipal Government Act*.

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IMPLICATIONS

Social

The Real Estate Public Auction is a required part of the tax collection process to ensure the payment of property taxes. Property taxes fund many municipal services to Calgarians and support Council priorities and policies.

Environmental

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, where is".

Economic

Not Applicable

Service and Financial Implications

Other:

The net proceeds from any sale will be transferred to the Tax Forfeiture account. The previous owner(s) may then make an application to the court to obtain those proceeds. If proceeds from a sale are not claimed within 10 years from the date of the tax sale or the date of a sale, The City may, for any purpose, use those proceeds.

RISK

If the recommendations are not approved, The City will not be in compliance with the requirements set forth in the *Municipal Government Act* regarding its obligations to set the Reserve Bids for the 2024 Real Estate Public Auction. The 2024 February 21 meeting of Infrastructure and Planning Committee is the last available opportunity to bring this report forward for Council approval prior to the 2024 April 24 date scheduled for the Real Estate Public Auction. The impact of all risks is considered medium while the likelihood of all risks is considered low.

ATTACHMENTS

1. Recommendations
2. 2024 Real Estate Public Auction Advertisement
3. Reserve Bid Listing
4. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Michael Thompson, General Manager	Infrastructure Services	Approve
Campbell Berry, Director	Real Estate & Development Services	Approve
Edwin Lee, Director	Assessment and Tax	Inform

Author: Gusa, Chris