

# HALIFAX

P.O. Box 1749  
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## Item No. 5

Halifax Regional Council  
November 12 , 2019

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed

\_\_\_\_\_  
Jane Fraser, CFO/Director of Finance, Asset Management & ICT

Original Signed by 

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Jacques Dubé, Chief Administrative Officer

**DATE:** October 22, 2019

**SUBJECT:** Minimum Reserve Bid Tax Sale – September 24, 2019

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### INFORMATION REPORT

#### ORIGIN

This report originates from the HRM minimum reserve bid tax sale which took place on September 24, 2019.

#### LEGISLATIVE AUTHORITY

**HRM Charter Section 158(4) states:**

(4) Where no bid is received for any land sufficient to satisfy the full amount of the taxes, interest and expenses due in respect of the land and the Municipality does not purchase the land, the Municipality may, without further notice to the owner and encumbrancers, again advertise the property and

(a) sell it at auction for the best price that may be obtained; or

(b) call tenders for the property and sell it for the highest tender,

and the Council may direct the Treasurer as to what constitutes an acceptable minimum bid or tender price.

**Administrative Order 18, The Revenue and Collections Policy section 4.2.3(h)(3) states:**

Where the property has been put up for tax sale three times in the past with no satisfactory offer

staff will then proceed, as per section 158 (4) of the HRM Charter, and without further notice to the owner and encumbrances, to again advertise the property and sell it at either public auction or tender starting with the minimum reserve bid as set by Council resolution.

Any remaining arrears after the tax sale will be adjusted to the allowance for tax account (G/L 2521). Staff will then advise Council of the results, including any adjustments within 30 days of the tax sale via an information report.

On May 22, 2012 Council approved the above-mentioned amendment to Administrative Order 18 (sec 4.2.3(h)(3)), The Revenue and Collections Policy, with respect to tax sale action for properties taken to tax sale 3 times and received no bids.

## **BACKGROUND**

At tax sale, a property is listed for the amount of taxes owing. Properties that do not sell are brought forward to the next tax sale. If the property has not sold for the amount of taxes owing after 3 tax sales, the property will be brought to the fourth tax sale listed at the minimum bid (plus expenses) instead of the amount of taxes owing.

Staff have tried 3 previous times, unsuccessfully, to sell the properties as listed in Schedule 1 at tax sale. Taxes continue to accrue and bad debt allowances must be held against this receivable. Staff believe that it is in the best interests of all rate-payers that these tax accounts once again become active by getting parcels into interested parties' hand thereby ensuring increasing development, and ultimately revenue for HRM, rather than abandonment and unpaid tax accounts. Through this process, staff is hopeful that the properties under new ownership will become less of a collection risk, be re-capitalized or developed, which in the long run would add taxable value to future assessment rolls.

## **DISCUSSION**

On September 24, 2019, staff held the twenty first tax sale using the minimum reserve bid provision of Administrative Order 18. The properties offered at these tax sales are listed in Schedule 1. The overall tax recovery rate for this tax sale was 15% respectively. The recovery rates for the reserve bid sales previously held are summarized in the below table:

<b><u>Tax Sale Date</u></b>	<b><u># of Properties Sold</u></b>	<b><u>Recovery Rate</u></b>
July 17, 2012	18	28%
October 2, 2012	8	23%
March 12, 2013	3	8%
November 5, 2013	2	34%
March 11, 2014	2	38%
July 8, 2014	1	75%
August 19, 2014	1	9%
October 7, 2014	3	29%
December 2, 2014	5	29%
February 24, 2015	8	29%
September 8, 2015	3	80%
November 24, 2015	4	34%
January 26, 2016	1	28%
May 3, 2016	1	34%
July 12, 2016	1	35%
September 27, 2016	3	35%
January 24, 2017	1	89%
May 29, 2018	4	52%

November 20, 2018	1	36%
March 12, 2019	1	34%
September 24, 2019	2	15%

**FINANCIAL IMPLICATIONS**

Each year an allowance for bad debt, the valuation allowance, is calculated based on estimates of amounts outstanding that may be uncollectible in future years. Accounts adjusted subsequent to the tax sale per Schedule 1 (\$22,488) of this report have been 100% provided for in the annual valuation allowance expense, general ledger 2521 (allowance uncollectible tax). The balance of this account as of October 22, 2019 was \$1,694,008.

**COMMUNITY ENGAGEMENT**

N/A

**ATTACHMENTS**

Schedule 1 - Sept 24, 2019 Tax Sale Minimum Reserve Bid

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Milvena Rose, Collections Supervisor, 490-8440

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**SCHEDULE 1: September 24 2019 Minimum Reserve Bid Tax Sale Summary**

<b>AAN</b>	<b>Name</b>	<b>Legal Description</b>	<b>Taxes O/S</b>	<b>By-Law Chgs O/S</b>	<b>Expenses O/S</b>	<b>Interest O/S</b>	<b>Total Liens Due</b>	<b>Taxes/Liens Recovered</b>	<b>% Taxes/Liens Recovered</b>	<b>Amount for Write off</b>
02572192	Apollo Ventures Capital Ltd	Highway 7 Necum Teuch - Land	\$ 1,052	\$ 7,827.00	\$ 1,272	\$ 14,309	\$ 24,459	\$ 2,300	9%	\$ 22,159
09608796	Judith Grace Myers Trevor Blois Myers	Highway 7 Hd of Jeddore - Land	\$ 654	\$ -	\$ 880	\$ 595	\$ 2,129	\$ 1,800	85%	\$ 329
			<b>\$1,706</b>	<b>\$7,827</b>	<b>\$2,152</b>	<b>\$14,904</b>	<b>\$26,588</b>	<b>\$4,100</b>	<b>15%</b>	<b>\$22,488</b>