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Item No. 2
Halifax Regional Council
November 23, 2021

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Jerry Blackwood, CFO/Executive Director, Finance & Asset Management

Original Signed by



Jacques Dubé, Chief Administrative Officer

DATE: October 20, 2021

SUBJECT: Minimum Reserve Bid Tax Sale – October 12, 2021

INFORMATION REPORT

ORIGIN

This report originates from the HRM minimum reserve bid tax sale which took place on October 12, 2021.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, SNS 2008, c 39, s 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 Collections Policy section 4.2.3(h)(3) states:

(h) A municipality is not required to put a property up for tax sale (HRM Charter Section 148 (4) where:

.....

(3) 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 tax arrears, together with interest and expenses incurred (collectively, the "Outstanding Amount"). Properties that do not sell are brought forward to the next tax sale. If the property has not sold for the Outstanding Amount after 3 tax sales, the property will be brought to the fourth tax sale listed at the minimum bid (plus expenses) instead of the Outstanding Amount.

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 October 12, 2021, staff held the twenty second tax sale using the minimum reserve bid provision of Administrative Order 18. The property offered at this tax sale is listed in Schedule 1. The overall tax recovery rate for this tax sale was 169% respectively. The recovery rates for the reserve bid sales previously held are summarized in the below table:

<u>Tax Sale Date</u>	<u># of Properties Sold</u>	<u>Recovery Rate</u>
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%
October 12, 2021	1	169%

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 of this report have been 100% provided for in the annual valuation allowance expense, g/l 2521 allowance tax. The balance of this account as of October 20, 2021 was \$1,635,006.

COMMUNITY ENGAGEMENT

No community engagement was required.

ATTACHMENTS

Schedule 1 - October 12, 2021 Tax Sale Minimum Reserve Bid

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Milvena Rose, Collections Supervisor, Finance & Asset Management, 902-490-8440

SCHEDULE 1

October 12, 2021 Minimum Reserve Bid Tax Sale Summary

AAN	Name	Legal Description	Taxes O/S	By-Law Chgs O/S	Expenses O/S	Interest O/S	Total Liens Due	Taxes/Liens Recovered	% Taxes/Liens Recovered	Amount for Write off
09417095	Chen Shu Wei	40 Regency Park Dr Unit P25 Halifax CC	\$ 180	\$ -	\$ 802	\$ 273	\$ 1,255	\$ 2,123	169%	\$ -
			\$180	\$0	\$802	\$273	\$1,255	\$2,123	169%	\$0