

COUNCIL – AGENDA REPORT

Meeting Date: 20 November 2023

Subject: 2023 Public Auction of Tax Arrears Properties

Boards Routed Through: N/A

Date: N/A

Issue:

Council is being asked to establish reserve bid prices and conditions of sale for tax arrears properties in advance of a public auction.

Background:

The *Municipal Government Act* (MGA) requires every municipality to offer for sale at a public auction any parcel of land shown on its tax arrears list if the tax arrears are not paid in accordance with Section 418 of the MGA. Council must set a reserve bid for each parcel of land offered for sale at the public auction. This bid must be as close as reasonably possible to the current market value of the parcel, along with any conditions that apply to the sale in accordance with Section 419 of the MGA.

The City has one property in a tax arrears position, which will be offered for sale through public auction on November 22, 2023, at 1:30 p.m. in Council Chambers at City Hall. This is a typical year with a small number of properties.

In accordance with the MGA, the property owners have been made aware of the tax arrears situation and notified of the public auction process. Attached to this report is the arrears process that outlines the procedures that have been followed over the last four years for each property in a tax arrears situation. The City will continue to try to contact each interested party shown on title and collect the tax arrears up to and including the day of the public auction.

Tax Arrears Status and Reserve Bid Price

Council is required to establish reserve bid prices and conditions for the tax arrears properties. The following reserve bid price is being proposed to Council; the bid determined is as close as reasonably possible to the current market value:

Roll Number	Property Address	Tax Arrears	Reserve Bid Price
291800	12 Mountain Circle SE	\$10,238.97	\$440,000

A property appraisal report for the above property is attached to this report. Typical conditions include a requirement to place a deposit of 10% at the time of sale with the balance due at time of closing. Cash or bank draft are the acceptable forms of payment.

Public Auction

A public auction date of November 22, 2023 has been set which provides the required time to advertise the auction in accordance with Section 421 of the MGA. The auction will be completed before December 31 year end.

Section 417 (2) of the MGA states the municipality will offer the parcel for sale at a public auction if the tax arrears are not paid by March 31. On an annual basis, most other mid-sized to large municipalities (Calgary, Edmonton, Red Deer, Lethbridge, St. Albert) hold tax auctions immediately following this deadline in April. The City of Airdrie has taken the approach of providing as much time as possible for property owners to pay arrears as allowed under the MGA without incurring further penalties on January 1.

If a property sells at public auction, a "Notification of Sale by Public Auction" must be completed and submitted to the Land Titles Office. An individual purchasing a property at a public auction acquires the property free of all encumbrances aside from the exceptions listed in Section 423 of the MGA.

If a property fails to sell at public auction, the municipality may acquire title to the parcel in accordance with Section 424 of the MGA. After obtaining title to a property, the City may grant a lease, licence or permit in respect of the parcel; however, the previous owner's interests must still be considered.

Alignment with South Saskatchewan Regional Plan and AirdrieONE:

N/A

Boards Routed Through:

N/A

Administration Recommendation:

That Council approves:

1. a reserve bid price for the property to be offered for sale at the public auction which will be held on November 22, 2023, as follows:

Roll Number	Property Address	Tax Arrears	Reserve Bid Price
291800	12 Mountain Circle SE	\$10,238.97	\$440,000

and;

2. auction purchases to be paid in cash or bank draft, with a deposit of 10% at the time of the sale with the balance due at closing.

Alternatives/Implications:

In order to proceed with the public auction process for tax arrears properties, Council is required to establish reserve bid prices and any conditions that apply to the sale of the properties offered at auction.

1. Council could choose to approve the reserve bid price in accordance with the assessment provided by the City Assessor and set the recommended conditions. Staff will proceed with the required advertisement and the auction. Attempts will continue to be made with regards to collection of outstanding amount.
2. Council could choose to not support the proposed reserve bid price and recommended conditions and direct that staff return to Council with revised analysis and revised reserve bid price. Staff would return to Council on December 4. The public auction would not proceed on November 22, 2023.

Communications Plan:

An advertisement appeared in the Alberta Gazette on September 30, 2023 and another advertisement will be in the local City View paper on November 9, 2023 in accordance with Section 421 of the MGA.

Recommendation:

That Council approves:

1. a reserve bid price for the property to be offered for sale at the public auction which will be held on November 22, 2023, as follows:

Roll Number	Property Address	Tax Arrears	Reserve Bid Price
291800	12 Mountain Circle SE	\$10,238.97	\$440,000

and;

2. auction purchases to be paid in cash or bank draft, with a deposit of 10% at the time of the sale with the balance due at closing.

Valerie Cottreau, City Assessor
Monica Labait, Manager of Revenue and Assessment

Presenter:	Valerie Cottreau
Department:	Corporate Services
Reviewed by:	Shannon Schindeler
Attachments:	#1: 12 Mountain Circle SE appraisal #2: Tax Arrears Process
Appointment:	N/A