



P.O. Box 1749  
Halifax, Nova Scotia  
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**Item No. 5**  
**Halifax Regional Council**  
**April 29, 2014**

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

Original Signed by Director

**SUBMITTED BY:** \_\_\_\_\_  
Greg Keefe, Director of Finance & ICT, CFO

**DATE:** April 3, 2014

**SUBJECT:** Minimum Reserve Bid Tax Sale – March 11, 2014

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### **INFORMATION REPORT**

#### **ORIGIN**

This report originates from the HRM minimum reserve bid tax sale which took place on March 11, 2014.

#### **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.

### **BACKGROUND**

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.

Staff has tried 3 previous times to sell the properties as listed in schedule 1 at tax sale. Taxes continue to accrue and bad debt allowances must be held against these receivables. 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 March 11<sup>th</sup>, staff held the fifth tax sale using the minimum reserve bid provision of Administrative Order 18. The 2 properties offered at this tax sale are listed in schedule 1. The overall tax recovery rate for this sale was 38%. 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%
<b>March 11, 2014</b>	<b>2</b>	<b>38%</b>

### **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 (\$8,134.80) 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 April 3, 2014 was -\$2,061,848.

**COMMUNITY ENGAGEMENT**

N/A

**ATTACHMENTS**

Schedule 1: March 11, 2014 Minimum Reserve Bid Tax Sale Summary

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Jerry Blackwood, Manager of Revenue, 490-6470

Original Signed

Report Approved by: \_\_\_\_\_  
Greg Keefe, CMA, Director of Finance & ICT, CFO, 490-6308

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**SCHEDULE 1: March 11, 2014 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>
02248522	Mary Norma Johnson	West Chezzetcook - Land	\$2,536.35	\$ -	\$1,520.00	\$1,978.17	\$ 6,034.52	\$ 1,500.00	25%	\$ 4,534.52
03638685	Angus A Mosher	East Jeddore Rd - Lot 1 Jeddore - Oyster Pond	\$2,607.73	\$ -	\$2,173.75	\$2,318.80	\$ 7,100.28	\$ 3,500.00	49%	\$ 3,600.28
			<b>\$5,144.08</b>	<b>\$0.00</b>	<b>\$3,693.75</b>	<b>\$4,296.97</b>	<b>\$13,134.80</b>	<b>\$5,000.00</b>	<b>38%</b>	<b>\$8,134.80</b>