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Item No. 3
Halifax Regional Council
November 20, 2012

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by Director

SUBMITTED BY: _____
Greg Keefe, Director of Finance & ICT, CFO

DATE: October 29, 2012

SUBJECT: Minimum Reserve Bid Tax Sale – October 2, 2012

INFORMATION REPORT

ORIGIN

This report originates from the HRM minimum reserve bid tax sale which took place on October 2, 2012.

BACKGROUND

In May of this year, Council was advised that HRM had 23 properties that are active assessment accounts and have been to tax sale 3 times but failed to get an opening bid. The properties did not receive bids possibly due to issues such as the state of the property, investment needed to improve the property or the fact that the arrears due are close to or over the property's assessed value. The 23 properties had total taxes and interest outstanding in the amount of \$551,079.39.

DISCUSSION

Authority:

On May 22nd, Council approved the following 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 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.

Council resolution sets the minimum reserve bid at \$500.00.

General Discussion:

On July 17th, staff held the first tax sale using the minimum reserve bid provision of Administrative Order 18. Of the properties that sold, the majority had multiple bidders, and in some cases recovery of taxes was between 30% - 63%. Overall HRM recovered \$114,000 of outstanding taxes on the properties that sold, for an overall recovery rate of 28%.

Four properties in the auction did not receive bids. HRM did successfully auction AAN 02728486, 4267 Hwy 333, Lot 10 Bayside, and AAN 02161265, 776 Hwy 277, Dutch Settlement, however, final payment to settle the sale was not received within the 3 business day subsequent to the public auction. Staff were advised by the purchaser of the Dutch Settlement property that they were concerned with environmental issues and remedy costs, while the Bayside property had an issue with the legal description, as there were 4 PID's/parcels attached to the one assessment.

On October 2nd, staff held a second tax sale of 8 properties using the \$500.00 reserve bid provision. The properties taken to sale are listed in Schedule 1 and had outstanding taxes and arrears totaling \$232,576.50. Of these properties, staff were successful in selling 6 properties, including AAN 02728486, 4267 Hwy 333, Lot 10 Bayside, and AAN 02161265, 776 Hwy 277, Dutch Settlement, as mentioned above, for an overall recovery of \$46,320.00. The recovery rate was 23% for the October 2nd tax sale.

The combined recovery rate for both minimum reserve bid tax sales (July 17 & Oct 2) was 26%.

The 2 properties that did not sell per schedule 1 have now been to public action 5 times and have not received any interest. Staff has requested that PVSC reduce the assessments on the 2

properties to \$1 for the 2013 assessment roll. Staff will also request that Council approve the outstanding taxes to be written-off on the next Write-off Report, scheduled for February 2013.

BUDGET 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 (\$155,567.09) 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 September 30, 2012 was -\$2,111,998.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

N/A

ATTACHMENTS

Schedule 1: October 2, 2012 Minimum Reserve Bid Tax Sale Summary

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, CGA Manager of Revenue, 490-6470

SCHEDULE 1: July 17, 2012 Minimum Reserve Bid Tax Sale

AAN	Name	Legal Desc	Taxes O/S	Interest O/S	Total Due	Sale Price	Expenses	Taxes Recovered	% Taxes Recovered	Amount for Write-off
00589357	Ina Olivia Caddick	NO 7 Hwy, Moser River, Land, Dwellings	\$ 8,369.81	\$ 7,024.34	\$ 15,394.15	No bid	\$ -	\$ -	0%	
01304798	Perry Downey	1239 Downey Rd, Lot 146-C, North Preston	\$ 2,798.02	\$ 527.75	\$ 3,325.77	No bid	\$ -	\$ -	0%	\$ -
08562466	Perry Downey	1233 Downey Rd - Lot 146-B, North Preston	\$ 12,214.59	\$ 3,928.91	\$ 16,143.50	No bid	\$ -	\$ -	0%	\$ -
08606129	Rosetta Smith	Lot 39BA, North Preston	\$ 11,076.33	\$ 4,138.89	\$ 15,215.22	No bid	\$ -	\$ -	0%	\$ -
02728486	George Khawaja	4267 Hwy 333, Lot 10, Bayside	\$ 41,791.29	\$ 15,797.10	\$ 57,588.39	\$ 25,000.00	\$ -	\$ -	0%	No Final Pmt
01351001	James Henry P Dwyer	2923 St Margarets Bay Rd, Lot B, Timberlea	\$ 20,453.82	\$ 14,673.38	\$ 35,127.20	\$ 21,000.00	\$ 270.00	\$ 20,730.00	59%	\$ 14,397.20
03630072	Michael Habib	106 Pinecrest Dr, Lot B-52, Dartmouth	\$ 46,598.37	\$ 6,343.05	\$ 52,941.42	\$ 17,000.00	\$ 270.00	\$ 16,730.00	32%	\$ 36,211.42
03937429	Tubal Cain Properties Ltd	120 Pinecrest Dr, Lot B-45 & 46A, Dartmouth	\$ 42,180.78	\$ 9,086.84	\$ 51,267.62	\$ 15,500.00	\$ 270.00	\$ 15,230.00	30%	\$ 36,037.62
04491858	Freda J & Harold Sutherland	1310 Hwy 7, Lot L3, Westphal, Small Business	\$ 35,734.66	\$ 29,361.77	\$ 65,096.43	\$ 15,500.00	\$ 270.00	\$ 15,230.00	23%	\$ 49,866.43
04267931	Harold Simmonds	205 Simmonds Rd, Lot 53, North Preston, Dwelling, Garage	\$ 8,939.58	\$ 3,450.33	\$ 12,389.91	\$ 8,100.00	\$ 270.00	\$ 7,830.00	63%	\$ 4,559.91
03059804	Douglas, Stella & April Lewis	Wyses Rd, Wyses Corner, Land, Dwelling	\$ 13,847.23	\$ 10,277.22	\$ 24,124.45	\$ 7,500.00	\$ 270.00	\$ 7,230.00	30%	\$ 16,894.45
03125785	Douglas Bruce Wilson	1421 Pockwock Rd, Block A, Upp Hammonds Plains, Dwelling	\$ 9,453.83	\$ 1,867.64	\$ 11,321.47	\$ 6,600.00	\$ 270.00	\$ 6,330.00	56%	\$ 4,991.47
00908207	Robert A & Margaret C Conrad	Main Rd, East Chezzetcook, Land	\$ 11,133.22	\$ 7,419.37	\$ 18,552.59	\$ 5,600.00	\$ 270.00	\$ 5,330.00	29%	\$ 13,222.59
07632169	Jacob Diggs	2123 Highway 7 - Lot 22-AY-B - East Preston	\$ 6,841.64	\$ 1,458.04	\$ 8,299.68	\$ 5,100.00	\$ 270.00	\$ 4,830.00	58%	\$ 3,469.68
00502995	Jeffrey Robert Cameron	No 7 Hwy, Lot L1, Spry Bay, Service	\$ 9,082.88	\$ 1,534.62	\$ 10,617.50	\$ 5,000.00	\$ 270.00	\$ 4,730.00	45%	\$ 5,887.50
04848268	Wilfred Webber	No 7 Hwy, Jeddore-Oyster, Land	\$ 5,820.92	\$ 3,790.49	\$ 9,611.41	\$ 4,200.00	\$ 270.00	\$ 3,930.00	41%	\$ 5,681.41
02161265	D S Gas & Repail Limited,	776 Highway 277, Dutch Settlement, Land, Service Station	\$ 24,504.13	\$ 5,983.89	\$ 30,488.02	\$ 2,100.00	\$ 270.00	\$ 500.00	2%	No Final Pmt
03448886	William Myers	13182 Hwy 7, Ship Harbour, Land	\$ 12,226.75	\$ 6,645.40	\$ 18,872.15	\$ 1,800.00	\$ 270.00	\$ 1,530.00	8%	\$ 17,342.15
01461052	Robert William Cox	Main Rd, Up Musquodoboit, Land	\$ 11,881.53	\$ 5,567.56	\$ 17,449.09	\$ 1,600.00	\$ 270.00	\$ 1,330.00	8%	\$ 16,119.09
01126806	Harold Alvin Debaie	Debay Cove, Land, Dwelling	\$ 9,985.04	\$ 8,176.74	\$ 18,161.78	\$ 1,000.00	\$ 270.00	\$ 730.00	4%	\$ 17,431.78
04436342	Ada M Stevens	Church Rd, Lot 3, Wellington	\$ 11,772.71	\$ 4,900.51	\$ 16,673.22	\$ 1,000.00	\$ 270.00	\$ 730.00	4%	\$ 15,943.22
01580191	Emma Fraser	31 Isaiah Lane, Lot 35B, North Preston, Dwellings	\$ 19,733.53	\$ 15,628.42	\$ 35,361.95	\$ 850.00	\$ 270.00	\$ 580.00	2%	\$ 34,781.95
06444989	Dwight Sabean & Linda Ferguson	Florence Place Crt, Parcel G, Sackville	\$ 3,733.03	\$ 3,323.44	\$ 7,056.47	\$ 850.00	\$ 270.00	\$ 580.00	8%	\$ 6,476.47
			\$380,173.69	\$170,905.70	\$551,079.39	\$145,300.00	\$4,860.00	\$114,110.00	28%	\$299,314.34