

Tax Public Auction Resolutions

Recommendation

1. That the 2021 Tax Public Auction be held on Thursday, November 25, 2021, in a location determined by the City Assessor, commencing at 10 a.m.
2. That the reserve bids be set for all properties at fair market value and that the market value be determined by an independent appraisal of each property.
3. That the Terms and Conditions of Sale, as outlined in Attachment 1 of the October 5, 2020, Financial and Corporate Services report CR_8366, be approved.
4. That the 2020 Tax Public Auction be adjourned and held on March 31, 2021, in Council Chamber, City Hall, commencing at 10 a.m.

Executive Summary

Each year, municipalities are required to offer for sale, at public auction, any parcel of land remaining in arrears and subject to a Tax Recovery Notification. The 2021 Tax Public Auction list reflects the properties eligible for tax sale as of May 27, 2020. This includes 2,284 properties, representing a total amount of \$25,379,887.34 in outstanding property taxes.

The 2020 Tax Public Auction list includes 43 properties eligible for tax sale as of May 27, 2020, representing \$1,387,376.16 in outstanding property taxes.

Fewer properties are likely to be available on the tax public auction date as the potential sale often causes owners to pay their outstanding property tax amounts.

Report

Each year, City Council receives a report on the annual property tax public auction. Prior to a property being placed up for auction, the following steps are taken, as prescribed by the *Municipal Government Act (MGA)* and collection procedures:

1. Prior to March 31 each year, a tax recovery notification warning letter is issued to the owner of a property that is in arrears of taxes of more than one year.

2. A tax notification is registered against the property title at Alberta Land Titles if payment of the arrears is not remitted by March 31.
3. Once a tax recovery notification is registered with Alberta Land Titles, the notification is sent to the owners of the property.
4. In November of the same year, courtesy warning letters are mailed to the owners of the properties to be included for tax public auction in April.
5. Every parcel that has an existing tax recovery notification on title is scheduled to be offered for sale at a public auction after March 31 of the year immediately following the date of registration.
6. In January of the public auction year, an additional warning letter is mailed.
7. A list of tax public auction properties is advertised in one issue of the *Alberta Gazette* (official newspaper of the Government of Alberta) between 40 and 90 days prior to the auction date.
8. At least four weeks before the date of the public auction, a registered notice is sent by the City of Edmonton to:
 - each owner.
 - each person whose interest is evidenced by a caveat registered by the Registrar.
 - each encumbrance shown on the certificate of title for each parcel included in the tax public auction.
9. A list of tax public auction properties is advertised in one issue of the *Edmonton Journal* 10 to 20 days prior to the public auction date.

The 2021 Tax Public Auction list (Attachment 2) reflects the properties eligible for tax sale as of May 27, 2020. This includes 2,284 properties that represent a total amount of \$25,379,887.34 in outstanding property taxes.

The 2020 Tax Public Auction list of 43 properties eligible for tax sale as of May 27, 2020, is included in Attachment 2, and represents \$1,387,376.16 in outstanding property taxes. These properties were advertised in the *Alberta Gazette* on February 29, 2020 and were to be included in the Tax Public Auction scheduled for April 23, 2020.

On March 20, 2020, City Council approved the adjournment of the 2020 tax sale for a period of two months pursuant to Section 422 of the MGA, and that Administration request the Minister provide an additional adjournment of the tax sale for a period of

twelve months. A Ministerial Order was granted on April 24, 2020 (Attachment 3) extending the time to adjourn the 2020 tax sale to a date no later than March 31, 2021.

This adjournment to March 2021 will provide additional time to pay for property owners impacted by the current health situation, allow for some recovery from the current restrictions related to Covid-19, and will simplify the process for administration and the public by holding one auction to deal with the properties becoming eligible for sale in 2021, and those parcels deferred from 2020.

Property tax sale is the last option when all other methods of tax recovery have been exhausted. However, fewer properties will likely be available on the public auction date as the potential sale often results in the payment of outstanding property tax arrears.

From 2015 - 2019, the average number of accounts originally listed for tax sale as of December 31 was 750, with an average of eight properties per year still being offered at the public auction the following April.

Properties offered for public auction that are not sold and not redeemed by the taxpayer may be acquired by the City of Edmonton.

Public Engagement

No public engagement was undertaken for this activity. It is a legislated requirement that City Council approve the annual tax sale public auction date, the terms and conditions of sale and the method of establishing the reserve bid for properties included in the auction.

Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The possibility of properties being offered for sale at the Tax Public Auction results in collection of property tax arrears	Number of properties on the tax public auction list and total outstanding taxes (December 1)	2015 - 656 / \$6.0 M 2016 - 868 / \$7.2 M 2017 - 656 / \$6.7 M 2018 - 715 / \$7.8 M 2019 - 854 / \$10.3 M	n/a
	Number of properties on the tax sale list at the auction date (April the following year)	2015 - 6 properties 2016 - 1 property 2017 - 4 properties 2018 - 4 properties 2019 - 25 properties	Fewer than 10 properties remain on the tax sale list by the public auction date

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Legislation - Compliance	The City would not be compliant with the <i>Municipal Government Act</i> if the public auction was not approved	1	1	1	Each year City Council approves the terms and conditions of the public auction	Not Applicable

Attachments

1. Terms and Conditions of Sale for the Public Auction
2. 2021 Tax Public Auction List and 2020 Tax Public Auction List
3. Ministerial Order

Others Reviewing this Report

- B. Andriachuk, City Solicitor