

This item is brought forward to discuss the disposition tax-acquired property located at 150 Sawyer Street. As of November 13, 2017, the total amount of taxes, interest, sewer and lien fees on this property are \$14,021.17

Annually staff is required to bring forth tax-acquired properties for review by the Planning Board, who makes a recommendation to the City Council. Below is the Chapter 2 Ordinance provision that governs tax-acquired properties.

Ord. Section 2-171(2)(a) Tax Acquired.

1. The director of finance shall maintain a list of all tax acquired property and shall send a list of the most recent tax acquired property to the planning board each year for its recommendation as to the disposition thereof.
2. The planning board shall review said annual list and forward its written recommendation to the city council indicating whether said properties should be retained by the city. The city council shall then review the planning board's recommendation and determine which properties, if any, to offer for public sale. Residential properties which are occupied by the prior owner and for which regularly scheduled payments are being made shall not be offered for sale.
3. If a property to be offered for sale is prior owner occupied single-family property, it shall first be offered to the previous owner for a price to be determined by the city council; provided, however, that in no event shall such price be less than the total of all back taxes, interest, costs, and any and all other charges properly assessed thereon by the city.
4. Thereafter for those properties to be offered for sale, the city council shall determine the method of sale. Methods may include, but are not limited to, brokerage sale, negotiated sale or public bid process. The city reserves the right to establish such conditions or restrictions on the subsequent use of the property as it deems in the best interest of the city. If the property is put out to public bid for sale to the highest bidder, the city shall reserve the right to establish a minimum bid, to reject any bid less than the stated minimum bid, and to establish such other conditions or restrictions on the bid it deems in the best interest of the city.
5. Following approval of the method of sale by the city council, the city manager is authorized to complete the sale, including execution and delivery of the deed and such other paperwork reasonably incident to the sale. The proceeds of the sale shall be distributed in the following manner to the extent that funds are received from the sale: first, all taxes, interest and cost under the tax lien foreclosure process shall be paid to

the city, including all costs incident to the sale of the property; and second, all outstanding assessments or other lawful charges incurred by the city in providing services to the property. Any such distributions shall not be considered part of the “net proceeds” of the sale for purposes of Section 18-76(4) of the Code of Ordinances

Staff is requesting this property be forwarded to the Planning Board for consideration of disposition and then, through Corporation Counsel, pursue Quiet Title to provide better marketing of the property.



City Manager

CITY POLICY ON TAX DELINQUENT AND TAX ACQUIRED PROPERTY

Policy Goal

To prevent property from becoming tax acquired and to work with former owners to repurchase property which does become tax acquired.

Definition

"Former owner" means the person who was the record owner of an owner-occupied residential property at the time the property became tax-acquired or that person's surviving spouse, provided that the record owner or surviving spouse actually resides at the property.

Procedure

1. Tax delinquent property. As soon as practical after a property becomes tax delinquent, the City will make contact with the property owner and attempt to:
 - (a) Identify property tax assistance and property tax relief programs for which the owner may be eligible; and
 - (b) Develop a reasonable payment schedule to address the tax delinquency based on the taxpayer's ability to pay, as evidenced by proof of income and applying the current HUD standard regarding housing costs as a percentage of income (see Attachment A).
2. Tax acquired property. If an owner-occupied residential property becomes tax acquired:
 - (a) The City will contact the former owner to offer to develop a payment schedule contract by which the former owner can repurchase the property based on the former owner's ability to pay, provided that the former owner can show that s/he has no other reasonable lending option available;
 - (b) As long as the former owner continues to occupy the property and is meeting his or her obligations under the contract described in (a), the City will not sell the property to a third party; and
 - (c) Any time prior to the City's entering into a binding contract to sell the property to a third party, the former owner, even when not making payments, shall be permitted to repurchase the property for a price that is not less than all back taxes, interest, associated costs and any other charges assessed thereon by the City.
3. The City will seek agreements with persons owed money by the City to set-off all or a portion of that money to be applied to the delinquent taxes owed by the City. The City Council may, with proper notice and hearing, set-off money owed as authorized under 36 M.R.S.A. §905.
4. This policy applies only to former owners as defined above. Upon transfer of property to a new owner or upon possession by any person other than the former owner, all amounts due the City must be paid in full. If the former owner ceases to be in actual physical possession of a residential tax acquired property, it may be offered for sale or otherwise disposed of as the City Council determines, pursuant to established laws and local ordinances.