



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: January 10, 2023

04

TO: Board of Supervisors

SUBJECT

**ONLINE PUBLIC AUCTION TAX SALE OF TAX-DEFAULTED PROPERTY
(DISTRICTS: ALL)**

OVERVIEW

When a property owner fails to pay property taxes by the end of the fiscal year, the property becomes tax defaulted. If the property remains tax defaulted for five years, the property then becomes subject to the Treasurer-Tax Collector's Power to Sell. Statutory requirements are met pursuant to Revenue and Taxation Code § 3691, et seq. prior to the property being offered at sale. The purpose of offering tax-defaulted property at a tax sale is to collect the unpaid taxes (redemption) and to return the property to a revenue-generating status. This is a request to approve the proposed sale of 513 parcels of tax-defaulted real property at Online Public Auction Tax Sale No. 7086, beginning on March 10, 2023, with final groups closing on March 15, 2023.

RECOMMENDATION(S)

TREASURER-TAX COLLECTOR

1. Adopt the Resolution entitled:
A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING AN ONLINE PUBLIC AUCTION TAX SALE OF TAX-DEFAULTED PROPERTY (Attachment A, on file with the Clerk of the Board).
2. Should a parcel not sell at the initial minimum bid as defined in Revenue and Taxation Code § 3698.5, approve the Treasurer-Tax Collector's discretion under Revenue and Taxation Code § 3698.5 (c), to offer the same property at the same sale or next scheduled sale, at a minimum price that the Treasurer-Tax Collector deems appropriate in light of the most current assessed valuation of that property or property interests, or any unique circumstance with respect to that property or those interests. Any parcel remaining unsold may be re-offered within a 90-day period in accordance with Revenue and Taxation Code § 3692 (e) and any new parties of interest shall be notified in accordance with Revenue and Taxation Code § 3701.

EQUITY IMPACT STATEMENT

The Treasurer-Tax Collector recognizes the systemic impacts that inequitable policies may create for residents of the County of San Diego. Impacts have historically included outcomes

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related to racial justice and issues of belonging that are reflected in the programs, services and resources allocated to communities. The Treasurer-Tax Collector will conduct an online auction that is widely accessible to all bidders who follow the process to register and submit deposits required to participate in the auction. A bidder may only be banned from participating in the online auction if they have previously forfeited property by way of non-completion of the sale of property for which they have previously won the bid. It is anticipated that these actions will have a positive impact on all people to include Black, Indigenous, People of Color (BIPOC), women, people with disabilities, immigrants, youth, and the LGBTQ community.

SUSTAINABILITY IMPACT STATEMENT

The proposed actions to conduct an online public auction, collect unpaid property taxes and return the properties to a revenue generating status are appropriate as they support the County of San Diego's Strategic Initiative of Sustainability to align the County's available resources with services to maintain fiscal stability and ensure long-term solvency. The proposed actions to conduct an online auction that is widely accessible to all bidders who follow the process to register align with the County of San Diego's Sustainability Goal of providing just and equitable access.

FISCAL IMPACT

The selling price of each parcel will be used to redeem the defaulted and current year taxes. It will also reimburse the County for all Board approved cost recovery and statutory required fees and costs of sale imposed under San Diego County Administrative Code § 364.4, which became effective July 1, 2011.

If there are excess proceeds remaining after satisfaction of all redemption costs and fees, they will be retained in the defaulted tax sale trust fund for a period of one year following the date of the recordation of the tax deed to the purchaser of the property. During that period, the excess proceeds may be claimed by any party of interest having a recorded interest in the property at the time of the sale. If no valid claims are received, State law provides the excess proceeds are transferred to the General Fund.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Existing state law provides power for the Treasurer-Tax Collector to sell properties that are tax-defaulted for five or more years, or, in the case of a nuisance abatement, three or more years pursuant to Revenue and Taxation Code § 3691. For property damaged or destroyed by calamity and/or by a state, county, or federal declared disaster such as the Cedar, Paradise, and Otay fires of October 2003, the Harris, Witch-Guejito-Poomacha, and Rice fires of October 2007, the Lilac fire of December 2017 and the California Wildfires of 2020, state law provides that the property is not offered at sale until five years from the date of the state, county or federally declared disaster.

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The Treasurer-Tax Collector makes a review of the parcels subject to and scheduled for sale to identify and remove properties affected by such declared disasters that are within the five-year time period from the date of disaster from the list of parcels to be offered at sale.

Prior to auction, the Treasurer-Tax Collector's office thoroughly researches tax-defaulted property to identify parties of interest. Rigorous efforts are made to contact the owners and other parties of interest to provide them notice of the sale, the effect of the sale on their interest in the property, and their right of redemption. All contact with parties of interest is purposed on facilitating the redemption (payment in full) of defaulted taxes.

Owners of record are sent notices each year starting with the first year of default. These notices consist of a defaulted tax bill in July and the regular tax bill in October, which contains the statement, "There are back taxes not shown." Defaulted tax statements for parcels, which are delinquent for five years or more, are mailed together with a notice advising the taxpayer of the tax sale status and fees that have attached or will attach to the parcel prior to mailing. All returned mail is researched and re-mailed to a more current address, if found. Notices of the Tax Collector's Power to Sell for Defaulted Taxes are recorded, in accordance with § 3691.1, § 3691.2 and § 3691.4 of the Revenue and Taxation Code, and legal advertisement of the property's Tax-Default and Impending Power of Tax Collector's Power to Sell is made for each of the properties itemized on the attached exhibit. Additionally, prior to any tax sale, notice of the impending sale is mailed out to all known parties of interest, individually, and is also published in a local newspaper with county-wide circulation and on the Treasurer-Tax Collector's website. It is only after all such means have been exhausted by Treasurer-Tax Collector staff that property is scheduled for auction.

Staff is confident that the actual number of parcels offered at sale will be reduced from the 513 parcels itemized in the attached exhibit. This is a direct result of redemption (payment in full) of the defaulted tax amount and/or withdrawal from sale for reasons which can include but are not limited to: an assessee who is the debtor in bankruptcy; an un-probated estate; and/or the Treasurer-Tax Collector's determination to offer the property at another sale, subject to and in accordance with all noticing requirements of the Revenue and Taxation Code.

Parcels not sold at the Online Public Auction may be re-offered within a 90-day period in accordance with Revenue and Taxation Code § 3692 (e) and any new parties of interest shall be notified in accordance with Revenue and Taxation Code § 3701.

Statistics for prior year Public Auction Tax Sales are as follows:

SALE NO.	SALE DATE	BOARD APRVD	PAID PRIOR TO SALE	W/DRAWN PRIOR TO SALE	PARCELS OFFERED	SOLD	% SOLD	TOTAL SALES PRICE	PARCELS W/NO BID	REGISTERED BIDDERS	SUCCESSFUL BIDDERS	W/MULTIPLE PURCHASES
7083B	5/13/22-5/18/22	508	6	8	237	181	76.37%	\$887,800	38	201	47	19
7083	3/11/22-3/16/22	508	129	19	490	101	20.61%	\$2,623,400	195	839	70	28
7079B	5/14/21-5/19/21	763	6	0	279	199	71.30%	\$889,400	73	337	50	26
7079	3/12/21-3/17/21	763	203	24	737	231	31.30%	\$1,296,100	237	1544	291	37
7076	2/28/20-3/4/20	546	136	19	505	69	13.70%	\$1,980,500	273	695	48	15
7071B	7/12/19-7/17/19	786	2	0	313	163	61%	\$129,200	101	601	25	13
7071	4/26/19-5/1/19	786	196	37	731	287	52%	\$2,630,200	259	601	71	24
7067B	7/20/18-7/25/18	1276	2	4	694	389	56.10%	\$1,949,000	300	253	44	23
7067	5/4/18-5/9/18	1276	99	7	1170	322	27.60%	\$5,555,600	691	869	99	35
7063B	7/13/17-7/26/17	1631	2	4	1014	340	33.90%	\$2,164,700	657	213	67	32

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7063	5/5/17-5/8/17	1631	227	49	1565	345	25.50%	\$5,652,700	977	369	116	45
7056	3/24/2015	481	243	52	186	85	45.70%	\$2,924,000	101	240	40	13
7047	3/19/2014	495	266	82	147	54	36.73%	\$1,404,300	85	196	39	11
7039	3/13/2013	295	163	42	90	62	68.88%	\$3,493,850	28	298	37	14
7036	2/24/2012	290	167	54	69	48	70.00%	\$1,518,600	21	126	31	7
7032	3/18/2011	592	185	99	309	76	24.60%	\$534,175	233	125	43	13
7028	2/26/2010	379	120	64	195	58	29.74%	\$319,200	137	198	38	14
7025	2/25/2009	211	79	24	108	37	34.30%	\$184,600	71	189	26	9
7022	2/28/2008	189	74	32	83	59	71.08%	\$564,300	19	272	45	9

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action to approve an online public auction sale of tax-defaulted property supports the Community and Sustainability initiatives in the County of San Diego's 2023-2028 Strategic Plan by collecting validly assessed tax revenue which is turned over to the General Fund and made available to fund county programs.

Respectfully submitted,



DAN MCALLISTER
Treasurer-Tax Collector

ATTACHMENT(S)

Attachment A - A Resolution of the Board of Supervisors of the County of San Diego Approving an Online Public Auction Tax Sale of Tax-Defaulted Property

Attachment B - Authorization and Report of Sale for an Online Public Auction 7086