

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: December 3, 2019 Time: 1:30 PM Length: 30 min.
Presentation Title: Property Disposition Amended Policies and Procedures and Property Transfer to Clackamas County Department of Transportation and Development.
Department: Business and Community Services - Property Disposition Division
Presenters: Rick Gruen, Property Disposition Manager; Lindsey Wilde, Property Agent Specialist
Other Invitees: Laura Zentner, Director, Business and Community Services and Dan Johnson, Director, Department of Transportation and Development.

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

BCC approval for the following actions:

1. Amend BCS/Property Disposition Procedures regarding the sale, transfer and administration of tax foreclosed properties within Clackamas County.
2. Property transfer to Clackamas County Department of Transportation and Development (DTD) for Road Right of Way

EXECUTIVE SUMMARY:

- A. Property Disposition annually reviews Oregon Revised Statutes pertaining to the sales, distribution, management and administration of tax foreclosed properties to ensure compliance. Revisions to Property Disposition procedures are being considered at this time to:
1. Update applicable Oregon Revised Statutes where appropriate.
 2. Ensure the appropriate policies and procedures are in place for the sale or transfer of tax foreclosed properties consistent to Oregon Revised Statutes.
 3. All changes made are to help facilitate property transfers to other government entities; for a public benefit.
- B. Clackamas County, Department of Transportation and Development, is requesting the transfer of a tax foreclosed piece of property located on the corner of Leland and Beaver creek, in Beaver creek. This piece of property is also known as Korner Park. The purpose of the acquisition is for a future Road Right of Way project. The project is within their masterplan to develop that corner of Leland Road and Beaver creek Road for road safety. The tax foreclosed parcel, once transferred under ORS 275.530, would be used to house equipment and set up materials for the project.

FINANCIAL IMPLICATIONS:

Is this item in your current budget? YES NO

What is the cost? N/A What is the funding source? N/A

The BCS – Property Disposition division is not funded by the County general fund but is funded from the sale of tax foreclosed properties. The transfer of the Korner Park property to DTD will have no impact on the operating budget.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?
Assets managed by Property Disposition are repurposed for public benefit or returned to the tax rolls.
- How does this item align with the County’s Performance Clackamas goals?
Build public trust through good government.

LEGAL/POLICY REQUIREMENTS:

Oregon Revised Statute prescribes the process of transferring or selling tax foreclosed properties. County policies and procedures provide the necessary means for the Director/Deputy Director of BCS to ensure the operational requirements of the property tax foreclosure program are consistent with all applicable Oregon laws.

PUBLIC/GOVERNMENTAL PARTICIPATION:

Property Disposition staff has met a number of times with staff from PGA, DTD, County Administration as well as members of the Beavercreek Hamlet to consider the current and long term uses/needs for this tax foreclosed property.

OPTIONS:

Property Disposition is requesting that the BCC consider the recommended revisions to Property Disposition procedures as well as consider the request for property transfer to Clackamas County Department of Transportation and Development. Options include:

1. Approve the revisions of the Property Disposition procedures as presented.
2. Approve the property transfer to Clackamas County Department of Transportation and Development.
3. Modify the procedure revisions.
4. Decline the property transfer to Clackamas County Department of Transportation and Development.

RECOMMENDATIONS

Staff recommends the BCC accept Option 1 and Option 2. Approving these option will allow BCS/Property Disposition staff to move forward with the transfer of the subject tax foreclosed property to DTD.

- a. No issues are anticipated with the recommendation of approval.
- b. Not approving the amended policies and procedures would create operational inefficiencies in managing and administrating the tax foreclosed properties; would also require County general funds be used to operate the property tax foreclosure program.

ATTACHMENTS:

Attachment A – Amended procedures

Attachment B- Property transfer to Clackamas County Department of Transportation and Development

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

The image shows three handwritten signatures in black ink, each written over a horizontal line corresponding to one of the approval categories listed to the left. The signatures are cursive and somewhat stylized.

For information on this issue or copies of attachments, please contact Rick Gruen, Manager, BCS Property Disposition, @ x4345



Business & Community Services Department

TITLE: PROPERTY DISPOSITION PROCEDURES

PURPOSE:

Establish procedures for the Sale, Transfer and Administration of Tax Foreclosed and Surplus County Property consistent with adopted Policy.

The Director of Business and Community Services has directed the Property Disposition Division to manage tax foreclosed properties to secure the Highest Permanent Value benefitting the citizens of Clackamas County. Highest Permanent Value is defined as managing, administering and dispersing of tax foreclosed and surplus real property assets in a timely and cost effective manner that can provide a full range of social, economic and environmental benefits for the citizens of Clackamas County.

PROCEDURES:

A. General

1. Property Disposition Division shall annually:
 - a. Review its real property inventory of assets and identify tax foreclosed properties to consider for sale or transfer.
 - b. Review its budget and reserve requirements to determine available net real property revenue for distribution to the taxing districts within Clackamas County.
2. The sale or transfer of tax foreclosed properties shall be made by the Property Resources Division in accordance with ORS 275.000 to ORS 275.340 and ORS 271.300 to 271.360 and the following Highest Permanent Value criteria:
 - a. Transfer of property to taxing districts and other eligible entities – to meet local resource and public benefit needs (i.e. parks, open space, Brownfield sites)
 - b. Return property to tax rolls
 - c. Board of County Commissioners, or those with delegated authority, shall have final approval of those properties considered for transfer or sale.
 - d. At the discretion of the County, and with extenuating circumstances, the record owner or contract purchaser may be given the opportunity to repurchase the property pursuant to ORS 275.180. Said repurchase shall be in the amount of the total back taxes, interest, penalties and County administrative fee. Such repurchase or agreement to repurchase must occur within six (6) months following the expiration of the statutory redemption period commencing with the filing of the foreclosure deed.

B. Transfer Objective

Property Disposition Management Team will consider the tax foreclosed property assets to be declared as surplus and develop a list of available properties which will be distributed to County Departments, local Municipalities, County agencies and Special Districts.

1. Should any of the eligible entities above request a transfer of a property, transfers will be based on the following conditions:
 - a. Subject to final approval of the Board of County Commissioners.

- b. Property will be used for a public use benefit (i.e. park, open space, greenway, trail, easement, Brownfield sites, etc.) consistent with an adopted strategic plan, master plan or other long term management plan of the requesting entity.
 - c. Property may be conveyed for the Transfer Value as calculated on the back taxes, interest, penalties owed, plus associated costs (title report, deed recording, etc.) and Property Disposition administrative fee as determined under Section E. In certain cases, the set value of the property will be based on an appraised value (i.e. public benefit value) in consideration of its limited use under ORS 271.310 to 271.330.
 - d. Brownfield sites transferred to Land Bank Authority subject to ORS 271.310 and 271.335 and:
 - i. Transfer Value is paid in the amount of back taxes, penalties, interest, and administration fee in compliance with ORS 275.275 and as determined in Section E below.
2. Properties in excess of \$15,000 (Assessor's Estimate of Real Market Value – ARMV) are assigned to public auction; properties with an ARMV of less than \$15,000 will be considered for private marketing or assigned to public auction under ORS 275.225 (a)

C. Tax Roll Objective

Board of County Commissioners will declare tax foreclosed property assets as surplus and the Property Disposition Management Team will put them up for public auction. Public Oral Auction considerations include:

1. Value will be based on the Assessor's estimate of Real Market Value (ARMV) and/or Independent Appraised Value (IAV) at the discretion of Property Resources Division.
2. Minimum bid amounts will generally be set, but not limited to, the following criteria:
 - a. 25% of ARMV:
 - i. Property is not buildable
 - ii. Property is constrained by one or more of the following:
 - Identified wetlands or riparian overlays
 - Identified septic limitations
 - iii. Review of adjacent parcels show no existing improvements
 - iv. No public access or deeded easement for access
 - b. 50% of ARMV:
 - i. Property may be buildable
 - ii. Property is constrained by one or more of the following:
 - Identified wetlands or riparian overlays
 - Identified septic limitations
 - iii. Review of adjacent parcels show no, or minimal existing improvements
 - iv. Limited public access or deeded easement.
 - c. 75% of ARMV:
 - i. Property is buildable or has existing improvements
 - ii. Review of adjacent parcels show existing improvements
 - iii. Public access or deeded easements are identified
 - d. 100% of Appraised Value
 - i. Property is of high value and has considerable interest
 - ii. Independent Third Party Verification will be obtained. The Property Resources Manager will obtain an Opinion of Value/Salability or Appraisal from qualified professionals on high value or significant parcels, in order to validate setting minimum bid price.
 - iii. Third party verification may be considered for all properties at the Property Resources Manager's discretion.

D. Properties not selling at the Oral Public Auction

The Property Disposition Management Team will review and consider the tax foreclosed property assets and consider the following options:

1. Property may be placed with a private real estate broker (market value)
2. Property may be considered for transfer to a qualifying special district or non-profit organization per ORS 271.330
 - a. Properties being transferred will be conveyed for a minimum of back taxes, interest, penalties owed, plus associated costs (title report, deed recording) and a Property Disposition administrative fee as set by Property Resources Manager.
 - b. A property list may be made available and distributed to qualifying nonprofit organizations.
3. Property may be removed from the current surplus inventory list at any time by the Property Disposition Management Team and/or Board of County Commissioners.

E. Property Disposition Division - Cost Recovery and Administrative Fee Schedule


Oregon Revised Statutes (ORS275.275) provides for Property Disposition Division to recover annual operational expenses. As Property Disposition Division is not general fund supported, Property Disposition Division is entitled to recover the direct and indirect costs associated with managing, selling, and transferring tax foreclosed and surplus real properties in accordance with applicable Oregon Revised Statutes

1. Properties available for a government transfer and/or non-profit donation may be limited or not available due to inventory constraints.
2. Direct costs include such services related to property inspections, title and property history searches, document and legal review, document preparation, accounting, sale/transfer preparation, deed recording, property liability mitigation, and other property management services as needed. The property account may be charged for the direct costs for title reports, property appraisals, deed recording and for those direct property management services performed at the established billable rates set by the Business and Community Services Department.
3. Indirect costs will be assessed to the sale or transfer of properties for administration of Property Disposition allocated cost services (reporting, accounting, legal, liability, etc.) using the following fee schedule (based on property sale or transfer value):
 - a. \$1 to \$15,000 – 15% (minimum \$150.00)
 - b. \$15,001 to \$50,000 – 12%
 - c. \$50,001 to \$100,000 – 10%
 - d. \$100,001 to \$500,000 – 8%
 - e. \$500,001 to \$1,000,000 – 5%
 - f. > \$1,000,001 – 3%
4. Former Record Owner or Contract Purchaser Repurchase fee – no less than 2% of property assessed value plus back taxes, interest, and penalties.

RELATED RULE:

The Board of County Commissioners further delegates under Board Order 2015-27 its authority to authorize final sales to the Director or Deputy Director of the Business and Community Services Department and Clackamas County Administration.

**ATTACHMENT B
GOVERNMENT TRANSFER**

Item	Aerial View	Description	Assessed Real Market Value	Transfer Value
1		<p>32E23C 00700 and 32E23C 00800</p> <ul style="list-style-type: none"> • Approximately 1.02 Acres • Zoning RC- Rural Commercial • Transferring under ORS 271.530 	\$318,744	\$0.00