

## CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

### Study Session Worksheet

Presentation Date: January 18, 2011      Time: 11:00 a.m.      Length: 30 min.  
Presentation Title: Proposed Public Oral Auction List  
Department: Business and Community Services - Property Resources Division  
Presenters: Gary Barth, Laura Zentner, Kathleen Rastetter, Jean Athey, Linda Carpenter

#### **ISSUE BACKGROUND**

Clackamas County's Department of Assessment and Taxation annually forecloses on tax-delinquent properties. The foreclosure process is a six year process – taxes must be delinquent for 3 years, then a 2 year judgment is filed and in the sixth year foreclosure occurs and the property is deeded to the County in lieu of uncollected taxes. Following the recording of the deed in the County's name, the management and disposition is then transferred to the Property Resources Division of the Department of Business and Community Services.

Clackamas County's Property Resources division currently has an inventory of approximately 130 tax foreclosed properties. Property can be returned to the tax rolls in two different ways – private sale or public oral auction. In addition, property may be deeded or transferred to other governmental agencies and/or other departments within Clackamas County. To sell a tax foreclosed property, Oregon Revised Statute dictates whether we hold a public auction or conduct a private sale. Public auctions are usually conducted in Spring of each year whereas private sales may occur at any time during the year. Properties can be purchased for cash or via contract. The interest rates on sale contracts are usually set at the prime interest rate.

Property Resources typically receives between 15 and 20 new properties each year, however, this year has received nine properties. Each property must be evaluated individually to determine current condition, necessary management activities and the disposition process that will return the highest value for the property.

Staff circulated a copy of the *Proposed Surplus Real Property Auction List* to various governmental agencies in Clackamas County for their review. ORS 271.330 permits other governmental agencies to request direct transfer of a property, with Board of County Commissioner approval, when the property has a perpetual public use and fits within an adopted strategic or regional plan.

The deadline for response by other Public Agencies to make such a request was December 6, 2010. If properties are requested for transfer they are presented to the Board of Commissioners for review at a later date.

#### **PROPOSED AUCTION LIST:**

Property Resources is proposing a Public Oral Auction date of April 19, 2011. The proposed sale list currently contains 15 properties to be offered at the Public Oral Auction. Staff evaluated each property and set the minimum bid at an amount most advantageous for selling the parcels.

Items # 1, 2, 5, 6, 7, 9, 10, 11 and 15 have limited use and/or large development challenges. Staff is requesting the minimum bid be set at 25% of the Real Market Value in an attempt to sell these properties and return them to the tax rolls.

Items #3 and 4 are properties the Clackamas County Engineering Department has requested to have declared surplus and sell at public auction. Both properties are parcels remaining after right of way adjustments for the 172nd Avenue from Sunnyside Rd. to Hwy 212 project and the access road called Big Timber Ct. The auction value is based on the County's engineering staff's estimated value. Staff has requested these be a cash sale; contract not available.

Item # 8 is property with potential timber value. Staff is requesting the minimum bid be set at 75% of the Real Market Value.

Item #12 is tax-foreclosed property that was contaminated with hazardous and non-hazardous waste. Staff has completed the cleanup with \$325,000 in grant funds from the Oregon Economic & Community Development Department and the EPA. Prior to the grant, the County had accumulated over \$200,000 in cleanup costs. Staff is requesting the minimum bid be set \$127,500, per a recent market analysis, which would be 73% of the Real Market Value.

Item #13 is a house on Revilot Ct. in Molalla. Staff is requesting the minimum bid be set at 75% of the Real Market Value. County Counsel is currently working with the residents to either vacate the property or purchase the property for back taxes. If the property is purchased or is not vacated by April 19, 2011, the property will be removed from the auction list.

Item #14 has no legal access. Staff is requesting the minimum bid be set at 50% of the Real Market Value.

Staff requests that the interest on the contract sales be set at the actual prime interest rate as of a week prior to submitting the Board Order to approve the auction list. As of this date, the prime rate is 3.25 percent.

QUESTION(S) PRESENTED FOR CONSIDERATION

- Should the Board approve the sale of the proposed 15 items at public oral auction?
- Should the Board approve sale contracts at the prime interest rate?

OPTIONS AVAILABLE

- Approve the properties proposed for sale.
- Modify the list proposed for the sale.

RECOMMENDATIONS

- Property Resources staff recommends the Board of County Commissioners approve the proposed Public Oral Auction sale list and minimum bids as submitted.
- Staff recommends that the interest on the contract sales be set at the actual prime interest rate as of a week prior to the approval of the Board Order.

SUBMITTED BY:

Division Director/Head Approval Law Zentner

Department Director/Head Approval Stacy Barth / 113

County Administrator Approval \_\_\_\_\_