



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Gary Knopp, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Mike Navarre, Mayor *MN*

FROM: Craig Chapman, Director of Finance *c Chapman*
Marcus Mueller, Land Management Officer *mm*

DATE: May 24, 2012

SUBJECT: Ordinance 2012-23, Recommended procedures for sale of Tax Foreclosure Parcel No. 012-220-09

Parcel 012-220-09 was acquired by the borough by Clerk's Deed in 2003 and did not sell when it was first offered in the 2005 tax foreclosure sale. Subsequently this parcel was offered again in both the 2007 and 2009 tax foreclosure sales and received a bid but was then later forfeited. Going into this year's auction the accrued taxes owed, together with penalties, are estimated to be approximately \$9,400 which exceeds the current assessed value of \$9,100.

Because the amount owed exceeds the assessed value recapturing the full amount owed is not probable. Furthermore, setting the minimum bid price at the full amount is a likely barrier to selling this otherwise saleable property. Tax foreclosure buyers are typically motivated by price.

Designating a minimum bid amount for this parcel that is less than the amount of taxes, penalties, interest and fees is intended to capture what the market will bear and subsequently return this property to the tax roll. \$5,500 is the minimum amount recommended to encourage the sale of this property. In the event that property sells for less than the full amount owed against the property, the Finance Department would take appropriate measures in the borough's accounting system to account for the loss and Land Management would forego its fees. Section 6 of the proposed ordinance is intended to provide for this recommended action.