

MEMORANDUM

DATE: September 26, 2006
TO: The Board of Supervisors
FROM: M. Ann Davis, Treasurer
SUBJECT: Proceeds from Tax-Delinquent Property Sales

One of the responsibilities of the County Treasurer is to collect all real estate taxes owed the County. In executing this responsibility, it has become necessary to initiate the sale of properties with outstanding taxes for three or more years. The Code of Virginia dictates strict Bill In Equity procedures which protect the property owners. Not only does the Code require a thorough search to establish ownership, the protection of owners is of the highest priority of the Williamsburg-James City County Circuit Court.

After the proper legal procedures have satisfied the Court, property is sold at auction to the highest qualified bidder. Out of the proceeds of these sales, the cost of sale, all legal fees, liens, and taxes are paid and the remaining equity is awarded the property owner. Should no owner be identified at time of sale, the Clerk of the Circuit Court is required to hold unclaimed monies for two years to give owners and heirs opportunity to come forth and make claim. Judge Sam Powell has recently implemented a procedure that will take added steps to identify and notify possible heirs. After two years, should no claim be made and verified by the Court, the money is transmitted to the County. It has been determined that monies previously transmitted to the County have resulted from the sale of property of deceased owners with no heir making claim.

Recently, the Treasurer's Office has determined that several delinquent owners-of-record of properties that may be auctioned in the future are also deceased. It has also been determined that several of these delinquent parcels are located in parts of the County that are deemed lower-income areas. It is unknown at the time of sale if an heir will file claim to property before or after sale, therefore, the County is not in a position to know if or when unclaimed monies will be transmitted to the County. The Clerk of the Circuit Court will report unclaimed funds from prior sales when requested. It is unfortunate that these sales are necessary, however once the sale is made, the County will receive the tax revenue owed and the property is presumed to be back on an active tax role for the future.

The Treasurer is requesting that the Board of Supervisors reinvest these unclaimed monies back into the communities from which it often comes. That is, appropriating these funds into projects or programs that target housing improvements for lower-income County residents.

Based on the scope of the existing program, staff anticipates (based on Circuit Court records-to-date) that \$150,000 may be available over the next 12 months including \$63,866 remitted by the Court in FY 2006.

Representatives from Community Services and the County Treasurer recommend that these excess proceeds from the sale of delinquent properties, estimated to be \$150,000, be appropriated to Housing and Community Development for use in the redevelopment of low-income neighborhoods in the County. We have been told that the initial investment of at least a portion of these funds will be to the Ironbound Square redevelopment project.

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Staff recommends approval of the attached resolution.

M. Ann Davis

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Attachment