



CITY OF NEW BEDFORD

MASSACHUSETTS

OFFICE OF THE TREASURER

R. Renee Fernandes
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TO: Honorable Mayor Jon Mitchell and New Bedford City Council

THROUGH: Ari J. Sky, CFO *AS*

FROM: R. Renee Fernandes, Treasurer *RF*

DATE: May 18, 2016

SUBJECT: Tax Lien Auction

CITY CLERK
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NEW BEDFORD, MA

As you are aware, the City has been working to address the City's substantial tax title liability for a very long time. In February, 2016, after much deliberation, the decision was made to conduct a tax lien assignment auction. In February, letters were mailed to all delinquent property owners advising of the City's intent to auction their tax lien in May, 2016, and further urged tax compliance either through redemption or repayment agreement. This initial letter resulted in 59 new repayment agreements and 86 redemptions.

In April, 2016, a second mailing was executed notifying delinquent taxpayers that the City intended to advertise their property and proceed with assignment of their tax lien to a 3rd party. The response to this letter was 28 new repayment agreements and 111 redemptions.

A comprehensive review of the City's tax title portfolio divided properties into several different categories – repayment status, bankruptcy, uneconomic, land of low value, potential environmental issues and potential future interest by the City. On April 25, 2016, 356 parcels with a tax value of 4,762,747 were advertised in the New Bedford Standard-Times for sale to the highest bidder at an auction scheduled for May 16, 2016. The advertisement was succeeded by a post-publication mailing to all affected taxpayers. By the date of the auction, the list was reduced to 180 parcels holding a tax title value of 2,447,901.44 with an additional 645,222.76 owed for FY16 taxes.

Tallage Lincoln LLC was the only bidder present on auction day and won the award for the total amount owed. The following table presents the proceeds of the auction to date. Please note that these are unaudited amounts.

	Tax Title	# Parcels	FY16 Tax
Auction Proceeds	2,196,081.67	162	645,222.76
Redemptions	1,438,763.54	249	
Repayment Agreements	405,722.34	137	968,267.57
TOTAL	4,040,567.55	548	1,613,490.33

Property owners may redeem their properties with the City of New Bedford up until May 26, 2016 and avoid assignment of their tax title.

Repayment agreements for delinquent taxes currently total 312 with total amount owed at 4,315,478.09. The repayment agreement document has been revised to include authorization for automatic debit from the taxpayers' bank accounts.

Recognizing that the tax lien auction is only one small component in the effort to address the City's tax lien liability, several measures are under consideration to further reduce and manage the portfolio:

1. Conduct a Land of Low Value Foreclosure for all parcels with assessed values not exceeding \$21,000, in accordance with MGL Chapter 60, Section 79.
2. Work with the Assessor's office during the current revaluation period to review the assessed values on vacant parcels that could be potentially disposed under MGL Chapter 60, Section 79.
3. Establish a foreclosure proceeding schedule that quickly moves liens to auction, tax possession or RFP.

Should you have any questions, please feel free to contact me.