

Sealed Bid Sale – A New Approach



Presented By

The Los Angeles County Treasurer and Tax Collector

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Overview

This presentation will provide an outline of the general Sealed Bid Procedures and new processing steps incorporated into the Los Angeles County Sealed Bid Sales.



What is the Purpose of a Sealed Bid Sale?

The Sealed Bid Sale procedures can be used to sell tax-defaulted property to contiguous property owners (for the purpose of expanding their existing acreage) and return otherwise unusable tax-defaulted property to a revenue-generating status.



What Property is Eligible for a Sealed Bid?

Property rendered unusable by its size, location, or any other condition. These typically include:

- Slivers
- Land-locked property
- Sub-surface features (e.g. mineral rights)



Who Can Purchase Sealed Bid Property?

Contiguous Property owners

- Contiguous means properties that share a common boundary line.
 - Properties touching at a single point (e.g. corner) are not considered contiguous.
 - Properties should share boundary lines sufficient for reasonable egress between properties.



Standard Procedures to Prepare Parcels for Sealed Bid Sale

- Isolate parcels that meet the Revenue and Taxation Code requirements.
 - Note: Offering a sliver at a public auction can lead to problems for an unwitting contiguous property owner.
- Determine all contiguous property owners for each Sealed Bid parcel.



Standard Procedures to Prepare Parcels for Sealed Bid Sale

- Send out Notices of Sale to contiguous property owners.
- Assemble purchase inquiries from owners of property contiguous to a tax-defaulted property.
 - Confirm eligibility of parcel.



New Features of the Los Angeles County Sealed Bid Sale

- Review GIS maps of all vacant parcels eligible for sale to develop a Sealed Bid list.
- As taxpayers inquire about potential Sealed Bid properties, add those parcels to the list.



New Features of the Los Angeles County Sealed Bid Sale

- Send out Interest Letters to contiguous owners of each Sealed Bid parcel.
 - Information on Sealed Bid process
 - Bidder Form and instructions
 - Map with colored outline of Sealed Bid parcel and the contiguous owner's property
 - Response deadline
- Prepare only those parcels with at least one response for upcoming Sealed Bid Sale.



Results

- Higher Sale Rate
 - Previous Sealed Bid Sale (2008) of parcels randomly selected, yielded a sale rate of 28%.
 - Sealed Bid sales (2013 and 2015) of parcels with bidder interest, yielded an average sale rate of nearly 40%.



Results

- Reduction of Costs
 - Fewer Notices to Parties of Interest
 - Less staff time for preparing and auctioning properties



Question and Answer

