



**COUNTY OF LAKE
BOARD OF SUPERVISORS**

Courthouse - 255 North Forbes Street
Lakeport, California 95453
TELEPHONE (707) 263-2368
FAX (707) 263-2207

Moke Simon – District 1

Bruno Sabatier – District 2

Eddie Crandell – District 3

Tina Scott – District 4

Rob Brown – District 5

City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422

April 7, 2020

To the Mayor, City Council and City Manager Flora:

The County has received and taken seriously your letters thus far regarding tax defaulted properties. Recently, during our mid-year budget review meeting on February 25, 2020, the Lake County Board of Supervisors discussed in great detail the need to allocate funds for more staff to conduct annual or bi-annual tax auctions. Previous to this conversation one staff member had already been placed in the position to assist on tax defaulted properties. The conclusion of our mid-year budget review conversation regarding the topic of more staff for tax auctions resulted in the possibility of adding a maximum of two more positions to ensure that the process allowed for greater capacity giving us a larger number of properties being auctioned each year.

This year the goal was to auction off 300 properties. During this process, approximately 82 properties were paid in full, which pulled them off the final list for auction. Even after approving the list for the tax auction, more properties have been pulled due to payment in full by the tax payer of the property.

Out of the 218 properties that were on the final list for the upcoming tax auction, 117 were from Clearlake. 26 total properties the county has attempted to auction in the past and out of those properties 20 had their minimum bids reduced to help them be more attractive for prospective buyers.

The board is providing the necessary resources to ensure that there will be an annual tax default property auction. The Lake County Tax Collector, Barbara Ringen, also stated in our January 14, 2020 Board of Supervisors meeting that she wanted to do two tax auctions, potentially doubling the number of properties placed on the auction. This could potentially mean 600 properties a year. This was also discussed in our ad hoc committee meeting, a committee created to resolve the defaulted properties issue, when we discussed the original letter that we received on November 20. In comparison to the past actions where tax auctions were not occurring annually, and where we were averaging 71 properties per year of the 150 properties offered at tax sale, the increased resources provided will make an impact in helping to solve the large amount of tax defaulted properties. For future tax sales the goal is to offer at least 300 properties.

The City Council from Clearlake has had the opportunity to discuss this with us, and both Mayor Cremer and Vice Mayor Slooten are aware of the statements made in our public meetings about our goals and the efforts being made to resolve the tax defaulted properties. On March 23, 2020 the ad hoc committee met to discuss the addition of more personnel and what the structure would look like, as well as beginning to discuss the next upcoming tax sale. In this conversation we discussed creating a timeline and to make sure that all jurisdictions, including the City of Clearlake, are aware of when they can submit their priority list of properties to place on the upcoming tax sale.

At this time, it appears there are preliminarily 1,345 tax defaulted properties eligible for auction in Clearlake. These can break down into three tiers of assessed values: approximately 37% have an assessed value under \$2,500; approximately 39% have an assessed value between \$2,500 & \$10,000; and finally an approximate 24% of these properties have an assessed value over \$10,000. As more data is gathered these figures can be further refined. The first tier, values under \$2,500, present a particular challenge and will require further analysis on how to best approach the situation. The costs associated with an auction, coupled with the amount of taxes owed, make it unlikely the County could recover its costs, especially if they prove more difficult to sell. While this challenge can present itself on properties across the price spectrum it is especially prevalent with lower value properties.

We are working to resolve these issues as we agree with your sentiment that this is an important issue to deal with as the County of Lake, similarly to the City of Clearlake, seeks to move forward in economic development. We will keep you informed as to what our actions will be as we solidify these actions and hope that we can work together to ensure that these tax auctions are successful. We would like to setup a meeting with the City of Clearlake to meet with the Tax Collector/Treasurer Ad Hoc Committee to discuss specific plans for some of the more difficult properties to deal with as identified previously, create a timeline, and share updated data and information. We are hopeful that this meeting can be organized for the month of May so we can be best prepared to move forward and work towards a resolution.

Sincerely,

COUNTY OF LAKE

Moke Simon
CHAIR, Board of Supervisors

Barbara Ringen
Treasurer-Tax Collector