



TERRA LAWSON-REMER

**SUPERVISOR, THIRD DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS**

AGENDA ITEM

03

DATE: February 8th, 2023

TO: Board of Supervisors

SUBJECT

**STRENGTHENING PROCESSES AND ESTABLISHING CRITERIA FOR COUNTY
CHAPTER 8 TAX DEFAULTED PROPERTY PURCHASES (DISTRICTS: ALL)**

OVERVIEW

As part of the County of San Diego's (County's) efforts to maximize the public benefit of its actions and investments, such as environmental justice, equity, sustainability, and affordable housing; this letter proposes to strengthen processes and establish criteria associated with the County's acquisition of property through the California Revenue and Taxation Code, including the "Chapter 8" tax-defaulted property purchase process.

The County Treasurer-Tax Collector's (TTC) office goes to great lengths to accommodate and assist property owners in the payment of their property taxes. If, however, a property owner is delinquent on their property tax payments for five or more years, the TTC is empowered by state law to declare the property delinquent and sell the property at public auction to recover back taxes. Prior to public auction, the governing body of the taxing agency or nonprofit organizations can enter into "Chapter 8" Agreements with the Treasurer-Tax Collector to acquire the parcels for public benefit.

The County occasionally exercises its right to enter into purchase agreements of tax defaulted properties, typically in the service of conservation, recreation, or land management objectives. The procedure for responding to defaulted property notification from the TTC and the criteria for assessment of public benefit has historically been left to individual departments. The recently convened County Acquisition Roundtable has developed an initial list of conservation- and climate-related criteria for acquisition of properties and proposed the Department of Parks and Recreation as the lead department in the assessment process.

This letter seeks to clarify the process and establish the list of acquisition criteria for tax-defaulted properties. Toward that end, this letter instructs staff to develop: 1) a process to respond to the TTC's notification of defaulted properties rapidly and effectively, 2) broad criteria for assessing public benefit.

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**RECOMMENDATION(S)
SUPERVISOR TERRA LAWSON-REMER**

Direct the Chief Administrative Officer to:

1. Find in accordance with Section 15378(a) of the California Environmental Quality Act Guidelines that this action is exempt because the development of acquisition criteria is an administrative action that will have no direct or foreseeable indirect physical change in the environment.
2. Develop a process, with clear distribution of responsibilities and authorities, for assessing defaulted properties and filing objections to sale and “Chapter 8” purchase applications with the County of San Diego Treasurer-Tax Collector.
3. Establish broad criteria for assessing the public benefit of acquiring defaulted properties relative to the cost of minimum bid, including but not limited to environmental justice and equity, habitat and species conservation, connectivity, public access, flood and stormwater control, fire risk reduction, groundwater conservation, water and air quality, and achievement of greenhouse gas emission reductions and other climate goals.
4. Report back with a final update to the Board of Supervisors (Board) on the items above and potential funding mechanisms within 270 days from initial Board action.

EQUITY IMPACT STATEMENT

The Department of Parks and Recreation’s Conservation Program’s acquisition of open space properties with native habitat contributes to positive public health impacts by improving water and air quality for all residents as well as contributing to greenhouse gas reductions, flood control, and fire risk reduction.

SUSTAINABILITY IMPACT STATEMENT

The potential acquisitions of available tax-defaulted properties could support multiple County Sustainability Goals. Acquisition of any parcels that meet open space criteria supports County Sustainability Goal No. 3, Sustainability Goal No. 7, and the County’s Climate Action Plan by contributing to greenhouse gas reductions through preservation of open space and native habitat. The potential acquisitions could support County Sustainability Goal No. 4 by expanding opportunities for community members to access outdoor recreation and nature. Continued conservation of open space supports Sustainability Goal No. 5 by protecting surface water and groundwater quality. The potential open space acquisitions could support County Sustainability Goal No. 6 and the County’s Multiple Species Conservation Program by expanding open space adjacent to native ecosystems and habitats.

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There may be future fiscal impacts based on recommendations resulting from today’s action. These future impacts may include acquisition costs for the purchase of tax-defaulted properties as well as ongoing maintenance costs to include vegetation management and debris removal as needed. Any such recommendations would return back for consideration and approval by the Board of Supervisors (Board). Upon return to the Board, funding for future costs will need to be identified by the

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department and will proceed once identified. At this time, there will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego (County) Treasurer-Tax Collector (TTC) goes to great lengths to accommodate and assist property owners in the payment of their property taxes. If, however, a property owner is delinquent on their property tax payments for five or more years, the TTC is required by state law to publish a notice of power and intent to sell the property and to dispose of the property at public auction to recover back-taxes.

Thirty days prior to public notice of the power and intent to sell, the TTC provides public agencies and nonprofit organizations with a list of pending sales. Counties, cities, taxing agencies, revenue districts, special districts, the State of California, and other state agencies may purchase properties prior to auction for public use. The County Board of Supervisors (Board), as the governing body of the County's taxing agency, has the authority to file written objections to specific tax-defaulted property sales accompanied by applications to purchase the properties under the provisions of the California Revenue and Taxation Code, Part 6, Chapters 7 & 8 (referred to as a "Chapter 8 purchase") (R.T.C. § 3695.4.; R.T.C. § 3791). In the event of multiple applications for pre-auction purchase, applications are considered on a first come, first-serve basis.

"Chapter 8" purchase agreements are negotiated between the TTC and the interested public agencies or nonprofit organizations. The "Chapter 8" purchase price is set by the minimum bid established by TTC in accordance with RTC § 3793.1 and includes all defaulted taxes, assessments, associated penalties and costs, costs of sale, and the "outstanding balance of any property tax postponement loan." The TTC typically sets the minimum bid at roughly half of the assessed value of the defaulted property. Given the rural, undeveloped nature of most tax-defaulted properties proposed for sale, minimum bids are typically well below \$10,000.

Although purchase agreements must ultimately be ratified by the Board, the short window in which the County has the opportunity to object to sale and apply for "Chapter 8 purchase" requires County staff to independently assess listed properties, determine that "Chapter 8" acquisition is beneficial to the public, and file the necessary objections and applications with the TTC. It is therefore essential that County staff have Board direction establishing protocol, distribution of responsibility, and criteria of public benefit.

Because it has taken the lead on land acquisition in the context of the Multiple Species Conservation Program (MSCP), the Department of Parks and Recreation (DPR) has participated in reviewing the notice of pending sales and initiated "Chapter 8" purchase applications for applicable properties. DPR recently convened the County Acquisition Roundtable with staff from

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the Land Use & Environment Group, Planning & Development Services, Department of Public Works, Department of Environmental Health and Quality, Department of General Services, and Agriculture, Weights, and Measures to discuss acquisition criteria and methodology. In developing processes, responsibilities, authorities, and criteria for “Chapter 8” acquisition, County staff should build on the “Acquisition Roundtable Open Space Guidelines” currently being used by the cross-departmental County Acquisition Roundtable in evaluating land acquisition opportunities. The criteria proposed by the Acquisition Roundtable include habitat and species conservation, connectivity, public access, flood control, water quality, and climate action. In relation to the latter, staff should consider the climate mitigation and resilience benefits of potential acquisitions, including stormwater management, fire risk reduction, groundwater conservation, air quality improvement, and avoidance and reduction of greenhouse gas emissions.

ENVIRONMENTAL STATEMENT

The Recommended Actions are not a project subject to the California Environmental Quality Act (‘CEQA) Section 15378(a) because the development of acquisition criteria is an administrative action that will have no direct or foreseeable indirect physical change in the environment.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support Sustainability and Equity initiatives in the County's 2023-28 Strategic Plan by combatting climate change through innovative policies, including reducing hazards; protecting and promoting our natural resources, diverse habitats, and sensitive species; and cultivating a natural environment for residents, visitors, and future generations to enjoy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Terra Lawson-Remer', with a stylized flourish at the end.

TERRA LAWSON-REMER
Supervisor, Third District

ATTACHMENT(S)

N/A