



AGENDA MEMORANDUM

First Reading at the City Council Meeting of August 21, 2012
Second Reading at the City Council Meeting of August 28, 2012

DATE: August 21, 2012

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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(361) 826-3227

Approval for the resale of twenty-two (22) foreclosed properties

CAPTION:

Ordinance authorizing the resale of twenty-two (22) properties for \$76,450.00 which were foreclosed upon for failure to pay ad valorem taxes, of which the City shall receive \$7,583.99 plus \$12,276.42 for partial payment of City paving and demolition liens.

PURPOSE:

Nueces County, as trustee for each of the taxing entities, has received offers to purchase properties that have been foreclosed upon for failure to pay ad valorem taxes. The governing body from each of the taxing entities (the City of Corpus Christi, Nueces County, Corpus Christi Independent School District, and Del Mar College) must approve the offers for resale.

BACKGROUND AND FINDINGS:

Properties within the City of Corpus Christi are periodically foreclosed due to non-payment of ad valorem taxes. The City and Nueces County entered into an Interlocal Agreement for the collection of delinquent ad valorem taxes. Nueces County has contracted with the law firm of Linebarger, Goggan, Blair, & Sampson, L.L.P. to pursue collections of delinquent ad valorem taxes. When all avenues for collections are exhausted, foreclosed properties with delinquent ad valorem taxes are offered for sale at a public auction by the Sheriff. The opening bid at the "Sheriff's sale" is set by law and must be either the aggregate amount of taxes, municipal liens, and court costs due under the judgment or the adjudged value of the property, whichever is lower. (The

adjudged value is the value stated on the face of the judgment and is the most recent tax appraisal value certified by the Nueces County Appraisal District.) If nobody is willing to pay the opening bid amount for the property, then the Sheriff strikes it off (sells it) to the taxing entities. The taxing entities then get the property in lieu of their delinquent taxes.

The law firm will then put the property on their tax resale list, will nail a “For Sale” sign on the property, and will solicit purchase offers from the public. When an offer or offers are received, they then bring the highest offer forward for consideration and action by the governing bodies of the involved taxing entities. All the entities must approve the offer, or it is rejected.

The law firm has proposed the resale of twenty-three (23) properties at the bid prices listed in Exhibit A. Neighborhood Services has identified one property for City use – leaving twenty-two (22) properties for resale. The monies received from this sale are distributed pursuant to the property tax code. The net proceeds from the sale are first applied to pay off the outstanding court costs and the remaining funds are applied on a pro rata basis to each taxing jurisdiction. Approval of the ordinance will authorize the Nueces County Judge to execute a Resale Deed for the properties listed so they can be returned to the property tax roll for the upcoming year.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

The list of resale properties received from the law firm contained twenty-three (23) properties. Each of the twenty-three (23) properties was reviewed by Neighborhood Services, Engineering Services, and Parks and Recreation for potential City use. One property at 2522 Sarita was identified by Neighborhood Services for potential City use. Neighborhood Services is interested in repairing the house located at this address to sell to low income families. Since Nueces County holds title as Trustee for themselves, the City, Corpus Christi Independent School District, and Del Mar College, the City’s next step would be to acquire the interests from each of these entities by making an offer for the property. This action will take place at a later time as Neighborhood Services proceeds with moving forward on this project.

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 19,860.41	-	\$ 19,860.41
BALANCE	-	\$ 19,860.41	-	\$ 19,860.41
FUND(S): General Fund and Debt Service Fund				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

This item is not an emergency and is scheduled for approval in two readings.

DEPARTMENTAL CLEARANCES:

- Legal Department

LIST OF SUPPORTING DOCUMENTS:

Exhibit A – Tax Resale Property List
Ordinance

cc: Lisa Aguilar, Assistant City Attorney
Eddie Houlihan, Assistant Director of Management and Budget
Margie C. Rose, Assistant City Manager