



AGENDA MEMORANDUM

First Reading at the City Council Meeting of April 26, 2016
Second Reading at the City Council Meeting of May 10, 2016

DATE: April 8, 2016

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Sale of Foreclosed Properties

CAPTION:

Ordinance authorizing the sale of 112 properties, as shown on the attached and incorporated "2016 Resale Auction List", at a tax resale auction with opening bids of not less than 20% of the most recent tax appraisal value.

PURPOSE:

The purpose of this agenda item is to authorize the sale of 112 foreclosed properties at a tax foreclosure auction to be held on June 4, 2016.

BACKGROUND AND FINDINGS:

Properties within the City of Corpus Christi are periodically foreclosed upon 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, in turn, 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. If not sold at the auction, the law firm will then solicit written bids for these "Struck Off" properties and will bring any future resale offers before the taxing entities for their consideration at that time.

At the present time, there are approximately 250 properties on the Nueces County Resale List. The law firm has reviewed the inventory of tax resale properties in Nueces County and has identified 112 properties for which no offers are pending. As in prior years, these properties are offered for sale at a public auction at the Nueces County Courthouse with a reduced opening bid. The tax foreclosure auction is scheduled for June 4, 2016 with opening bids listed in Exhibit A. 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.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

The list of sale properties received from the law firm contained 112 properties. Each of the 112 properties was reviewed by Engineering, Housing and Community Development, and Parks and Recreation for potential City use. No properties were identified.

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:

- City Attorney's Office
- Engineering
- Housing and Community Development
- Parks and Recreation

FINANCIAL IMPACT:

☒ Not Applicable
(until property is sold)

☐ 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	-	-	-	-
BALANCE	-	-	-	-
FUND(S):				

COMMENTS:

If any of the properties are sold at the tax foreclosure auction, then the City of Corpus Christi will receive its share pursuant to the property tax code, including a pro rata share of the outstanding liens owed to the City. Once payment is made, then the liens will be released on those properties.

RECOMMENDATION:

Staff recommends that City Council approve the proposed Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance

Exhibit A: Tax Resale Property List

Exhibit B: Tax Resale Letter