



AGENDA MEMORANDUM

First Reading at the City Council Meeting of February 12, 2019
Second Reading at the City Council Meeting of February 19, 2019

DATE: January 31, 2019

TO: Keith Selman, Interim City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Approval for the resale of 13 foreclosed properties

CAPTION:

Ordinance authorizing the resale of 13 properties for \$183,553.00 which were foreclosed upon for failure to pay ad valorem taxes, of which the City shall receive \$32,475.02 plus \$38,933.42 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 13 properties at the bid prices listed in Exhibit A. Each of the 13 properties was reviewed by Engineering, Planning/Environmental and Strategic Initiative (ESI), and Housing and Community Development for potential City use. Per Rudy Bentancourt, Housing and Community Development Director, each project has been vetted for potential removal from the list. Each property, however, is currently under a 2-year statutory right of redemption period with the earliest of four (4) properties being released in November 2019. Section 34.21 of the Texas Property Tax Code gives any person who loses their property at a tax sale, the absolute right to redeem the property from the tax sale purchaser within a limited amount of time – in this case, two (2) years. Additionally, removing any property from the list will require a funding source to maintain the abatement of the properties - as well as a funding source to purchase the properties from the governing body of each of the taxing entities. As a result, City staff decided not to pull any of the 13 properties from the list.

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:

Do not accept offers.

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
- Planning/ESI
- Housing and Community Development

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR: 2018-2019	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 71,408.44	-	\$ 71,408.44
BALANCE	-	\$ 71,408.44	-	\$ 71,408.44
FUND(S): General Fund				

COMMENTS:

n/a

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

- Exhibit A – Tax Resale Property List
- Exhibit B – Letter from Linebarger Goggan Blair & Sampson, LLP
- Ordinance
- Presentation