



AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 19, 2020

DATE: April 30, 2020
TO: Peter Zanoni, City Manager
FROM: Heather Hurlbert, Director of Finance and Business Analysis
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Approval for the resale of 30 foreclosed properties

CAPTION:

Ordinance authorizing the resale of 30 properties for \$253,545.00 which were foreclosed upon for failure to pay ad valorem taxes, of which the City shall receive \$29,268.51 plus \$55,116.93 for partial payment of City paving and demolition liens.

SUMMARY:

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 no one 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 30 properties at the bid prices listed in Exhibit C. Each of the 30 properties was reviewed by Engineering, Planning/Environmental and Strategic Initiatives (ESI), and Housing and Community Development for potential City use. No properties were identified to be pulled.

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, which are \$68,845.34. These court costs are for the costs associated with the underlying lawsuits. The remaining funds are then 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:

Not approving the ordinance to move forward with the sale of the properties.

FISCAL IMPACT:

The City will receive \$29,268.51 for the sale of the properties and an additional \$55,116.93 for demo liens, for a total of \$84,385.44 in revenue. The net proceeds from the sale are first applied to pay off the outstanding court costs, which are \$68,845.34. The proceeds of the sale will be deposited into the City's General Fund. For the demo liens, depending on the source of the expense, the proceeds will either be deposited into the City's General Fund or the CDBG grant fund associated with the expense. In addition, this sale will restore \$722,285.00 in taxable property value to the tax rolls.

RECOMMENDATION:

Staff recommends approval of the ordinance.

LIST OF SUPPORTING DOCUMENTS:

Exhibit A – Tax Resale Property List
Exhibit B – Tax Resale Property List
Exhibit C – Breakdown of Tax Resale Property Lists
Letter from Linebarger, Goggan, Blair & Sampson, LLP
Ordinance