STRIKE-OFF
BLIGHT PROGRAM
UPDATE

Fast Tracking Tax Foreclosed Dangerous Buildings

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Senior Assistant City Attorney
Tax Foreclosure Sales

- Pursuant to a Court Judgment of back Taxes
- First Tuesday of each month
- Initiated on behalf of taxing entities by Linebarger Goggan Blair & Sampson, LLP
- Minimum past due; $3,000
- Minimum bid at sale:
  - Lesser of taxes and liens due or value of the property

If not sold.......
Strike-Off

- Since 2000, COH in InterLocal Agreement with Harris County and HISD
- Harris County takes in “strike-off” and holds for the other entities
- Harris County did not take dangerous buildings
- Properties not sold: pulled from future tax sale process
- 600 properties were in limbo – many dangerous buildings

- Since April 2014: City may take those properties not taken by Harris County
  - Resolution 2014-14 Authorizes City to take properties in trust for other taxing entities
  - Executive Order 1-2 of April 15, 2014 sets the criteria for properties to be held
City of Houston Strike-Off Program

- Review potential properties not taken by Harris county
- Must be single family residence, potentially in violation of Chapter 10
- Other constraints: environmental issues and cost of maintenance
- At InterLocal meeting, indicate those properties City is willing to take in Strike-Off
- If sold; then contact new owner
- If not sold; brought back for 1st re-sale at Approximately $2500 - $3000 minimum bid + (costs)
- If still not sold, brought back again for 2nd re-sale at $250 minimum bid
- If still not sold, then City may demolish without Hearing (City holds title)
Properties Struck Off to the City

- Since May of 2014
- City approved for potential Strike-off 287 tax delinquent properties
- 113 Sold at first sale
- 150 struck off to the City (24 sales cancelled for payment of back taxes)
- Every property eventually sold
- All but 2 properties have sold for substantially more than the minimum bid
- Tax sales have generated over $5.3 million in revenue
- These properties would have not been put back into tax generating status without this program

<table>
<thead>
<tr>
<th>Account</th>
<th>Site</th>
<th>Suit #</th>
<th>Sale Date</th>
<th>Sale Min. Bid</th>
<th>Sale Results</th>
<th>1st Resale Date</th>
<th>1st Resale Min. Bid</th>
<th>1st Resale Results</th>
<th>2nd Resale Date</th>
<th>2nd Resale Min. Bid</th>
<th>2nd Resale Results</th>
<th>Purchaser Information</th>
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<tbody>
<tr>
<td>013-164-060-0011</td>
<td>2712 Fox St 77003</td>
<td>201216029</td>
<td>8/5/2014</td>
<td>12,296.78</td>
<td>Sold to Oscar Alberas for $47,000</td>
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<td>Oscar Alberas 1623 W Cavalcade St Houston, TX 77009</td>
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<td>040-255-060-0031</td>
<td>1015 Waco St 77020</td>
<td>201335029</td>
<td>8/6/2014</td>
<td>3,851.68</td>
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<td>051-144-024-0016</td>
<td>7902 Woodward St 77051</td>
<td>201309754</td>
<td>8/5/2014</td>
<td>20,800.00</td>
<td>S/O to COH</td>
<td>11/4/2014</td>
<td>3,511.00</td>
<td>Sold to Sheridan Paul Rampaul for $7,000</td>
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<td>Sheridan Paul Rampaul 6625 Clearwood Oaks Estates Houston, TX 77081 (713) 876-2109</td>
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<td>069-116-063-0018</td>
<td>3822 Palm St. 77004</td>
<td>200974468</td>
<td>9/2/2014</td>
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<td>065-125-039-0882</td>
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<td>201317455</td>
<td>9/2/2014</td>
<td>14,769.60</td>
<td>S/O to COH</td>
<td>12/2/2014</td>
<td>2,514.00</td>
<td>Sale Canceled - No Bidders</td>
<td>4/7/2015</td>
<td>259.00</td>
<td>Sold to Miguel Avia for $2,000</td>
<td>Miguel Avia 4018 Chapman Houston, TX 77009</td>
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</table>
After the Tax Sale

- Legal Department contacts the new owner 4-6 months after sale – Redemption period
- While back taxes and liens are erased at a tax sale, Chapter 10 violations follow the property
- To date, 176 new owners have repaired or demolished their buildings with the potentially dangerous conditions.
- 17 have demo permits or repair permits; knowing that they could be taken to a Hearing should they not clean up their property. 58 properties have been too recently purchased to invite letters and 12 have yet to be purchased.

**Beneficial Results:**
- Over the last two fiscal years; Legal has closed, by owner compliance, 125 in FY 15 and 198 in FY 16, and 160 so far in FY 17, for a total of 483 properties. With a savings of $20,000 per property, because the City does not have to mitigate.
- Over that same time, the City of Houston has demolished 134 properties in FY 15 and 110 in FY 16
Additionally

• “Maintenance” costs for properties while being held by the City are paid first out of proceeds from the eventual sale.

• For Example:
  – 7913 Attwater – not sold at initial tax sale: struck-off to the City
  – Order to demolish issued at a previous Hearing
  – City demolition was imminent, but held for tax sale.
  – Demolition occurred between original and 1st resale
  – $17,421 City demo costs added to minimum bid. Sold at 1st Re-sale for $21,000
  – Successful sale recovers costs of demolition, unrecoverable without this program

Questions?