



CITY OF HOUSTON

Executive Order

Subject: **Acceptance of Real Property as Tax "Strike-Off"**

E.O. No:

1-21

Effective Date:

April 15, 2014

1. AUTHORITY

- 1.1 Article VI, Section 7a, of the City Charter of the City of Houston, Texas; Sections 34.01 & 34.05, Texas Tax Code.

2. BACKGROUND

- 2.1 By statute, a tax lien against real property is foreclosed by a public auction pursuant to court order. This monthly auction is conducted in Harris County by the various Constables. If the Constable (the "selling officer") does not receive a bid sufficient to pay all taxes and other costs due, at the option of the local taxing jurisdictions or "units" (the City, Harris County, HISD, the Port Authority, HCC, etc.) the Constable may "bid off" (a/k/a "strike off") the property to a taxing unit that agrees to hold the property in trust for itself and the other units. The strike-off process severs the owner's legal interest in the property, with some exceptions: The owner of a single-family residential property is entitled to a 180 day redemption period, during which he may regain title by payment of all taxes, penalties, and fees then due. Other property owners are entitled to a similar 2 year redemption period.
- 2.2 Pursuant to an "Interlocal Agreement for the Sale of Seized and Tax Foreclosed Property" (the "Interlocal") executed in 2000 by the City, Harris County, and HISD, representatives of the taxing units in Harris County meet monthly as an "Interlocal Committee" (a) to decide which properties will be struck off to Harris County if no minimum bid is received at the auction; (b) to set new minimum bids for struck off properties to effect a resale; and (c) to take other actions as may be authorized by statute and the Interlocal Agreement.
- 2.3 The City now intends to accept property to be struck off to the City outside the Interlocal.
- 2.4 In light of the foregoing, the City must give careful consideration to each opportunity to accept real property as a strike off.

3. PURPOSE

- 3.1 To establish a process for the City's consideration of each opportunity to accept real property as a strike off, balancing the resulting benefit to the surrounding community against the financial risk to the City.

Approved:

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4. CREATION OF CITY STRIKE-OFF PANEL

4.1 The Strike-Off Panel (or "Panel") of the City is hereby created. The Strike-Off Panel shall be convened upon the request of the Director of the Department of Neighborhoods and shall be composed of the City Attorney and the Directors of the Departments of Neighborhoods, and Finance or their designees (the Core members), provided that all members of the Panel shall be employees of the City and shall serve at the pleasure of the Mayor. The Departments of Housing and Community Development, and Public Works and Engineering, or their respective designees shall also be invited.

5. DUTIES OF STRIKE-OFF PANEL; CRITERIA; PROCEDURES

5.1 The Strike-Off Panel shall decide by consensus of the Core members whether the City will accept a parcel of real property as a strike-off. The Panel's decisions shall be guided by the following criteria:

5.1.1 Whether the property is likely to require maintenance or other action in accordance with federal, state, or local law, in which circumstance the Panel shall not accept the property as a strike off unless the Panel concludes:

5.1.2.1 Sufficient funds are available to pay for the said action by the City; and

5.1.2.2 The expense of the said action will be reasonably proportionate to the benefit the action is likely to provide to the surrounding community.

5.1.2 Whether acceptance of the property as a strike-off will be in the best interests of the City as a whole.

5.1.3 Whether environmental issues at the site would likely preclude a prompt resale of the property, unless an abatement strategy is identified and is consistent with criteria 5.1.1 and 5.1.2 above.

5.2 The Strike-Off Panel may authorize one or more persons in writing to represent the City's interests at proceedings of the Interlocal Committee.

5.3 The Strike-Off Panel shall comply with all applicable provisions of the Texas Public Information Act (Chapter 552, Texas Government Code).

5.4 The Strike-Off Panel is not subject to the Texas Open Meetings Act (Chapter 551, Texas Government Code), and its proceedings need not be open to the public.

5.5 The Strike-Off Panel shall confer regularly with the Departments of Neighborhoods, Finance, Housing and Community Development, and Public Works and Engineering to ensure the said Departments are taking all actions necessary (including the preparation and maintenance of records) to recoup funds expended as a result of the City's acceptance of a property as a strike-off.

6. NO CREATION OF PRIVATE RIGHT OR PRIVATE CAUSE OF ACTION

6.1 Nothing in this Executive Order creates a private right or a private cause of action.

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