



MEMORANDUM

To: Mayor and City Councilors
From: Rich Olson, City Manager
Date: October 25, 2013
Re: Consideration – Pasquotank County Agreement to Collect Taxes

BACKGROUND:

During the Joint City/County Meeting held on September 30, 2013, both governing bodies discussed modifying the Interlocal Agreement for tax collection. Two areas of concern were discussed: (1) the recent change in how motor vehicle taxes are collected by the County and distributed to the City; and (2) a need to address issues associated with tax foreclosure sales.

Due to recent changes in state law, the County will no longer collect motor vehicle taxes on behalf of the City. The collection will be done at the state level; and the state will remit the taxes collected to the County. The County will, in turn, write a check to the City. For this reason, the County is just handling the pass-through payment from the state.

The second reason the tax collection agreement is being rewritten deals with tax foreclosure sales conducted by the County. Periodically, the County needs to foreclose on property because the property owner has not paid their property taxes or a City-imposed special assessment.

ANALYSIS:

Several times a year, the City receives a memo or letter from the County tax office informing us that they will be having a tax foreclosure action; and requesting that the City submit a bid for the amount of City and County taxes owed on the property. Staff has refused to do this, since the City Council has not authorized staff to spend City funds for this purpose.

During the Joint Meeting, the Council discussion centered on the language added to the agreement, which would allow the County to bid the amount of the outstanding taxes for the City and then have the property titled in the City's name. Staff does not believe we did an adequate job in explaining the many issues associated with foreclosed property.

The vast majority of foreclosed properties have multiple code enforcement liens placed on the property in addition to the normal property taxes owed. Because there are code enforcement liens on these properties, they detract from the neighborhoods in which they are located.

Attached you will find a list of properties that are presently subject to foreclosure. Eighteen of these properties are owned by Dashland Properties, LLC. This corporation's principals are David and Shelia Lawyer and they have filed bankruptcy. If a foreclosure sale takes place, the bank that holds the mortgage would bid on them to protect their asset.

If the City does not bid on foreclosed properties and no other individuals bid, the County is forced to place a bid on the property. (They are not required to bid the amount of the outstanding taxes.) They would then own the property, which is located in the City. The County has limited departmental functions that would allow them to mow and keep the properties up.

Staff would propose that the City/County bid in the least amount of money that would be needed to secure the property up to the tax value. The property would be titled jointly to the City and County. The City would maintain the property and work on liquidating the property. At the time of the subsequent sale, the City/County would split the proceeds based on the ratio of original taxes owed on the property (up to the total original tax liability). Any amount received from the sale over that value would be kept by the City (since we will be maintaining the property until the sale).

Staff is bringing this idea forward as a possible method to resolve this issue.

STAFF RECOMMENDATION:

For discussion by the City Council.

ID	tax value	parcel	PROPERTY_L	OWNER1	OWNER2
1	60,300	12-B-4	00207 E CYPRESS ST	AMERICAN GENERAL REAL	ESTATE GROUP INC
2	47,500	39-C-2	00612 FACTORY ST	BURNETT, GLADYS C ETAL	
3	19,800	P122A-191	00410 BEECHWOOD AVE	FELTON, PEARL L HEIRS	C/O MARY HAZEL MCKENZIE
4	66,200	10-H-159	00304 E BROAD ST	HAMILL, THOMAS M & WIFE	
5	19,500	P122A-76	00112 HINES AVE	HINTON, BRENTLY SHERROD &	JOAN W
6	10,800	39-A-4	0618A PARSONAGE ST	MARSH, VINCENT KEITH	
7	6,300	17-C-65	00705 HUNTER ST	MITCHELL, DOROTHY WOOD HEIRS	% ALMETA MITCHELL GRAHAM
8	90,200	26-B-6	00511 SHEPARD ST	NELSON, DAISY LFE EST &	JEANNA MICHELLE MARSHALL
9	163,700	P122-1	01404 PEARTREE RD	PEARTREE DEVELOPERS	
10	30,300	P122-2	00000 PEARTREE RD	PEARTREE DEV LLC	
11	6,800	P122A-221	00000 PINEWOOD AVE	ROBINSON, DOROTHY	
12	6,700	22-F-11	00000 SHANNON ST	ROBINSON, DOROTHY	
13	19,000	22-F-12	00000 SHANNON ST	ROBINSON, DOROTHY	
14	123,100	22-F-14-15-16	01100 SOUTHERN AVE	ROBINSON, DOROTHY	
15	374,500	6-G-3A	00000 CONTINENTAL DR	ROSE HARBOR LLC &	THOMAS W DANA
16	67,100	29-C-3	00604 S ROAD ST	DASHLAND PROPERTIES LLC	
17	27,000	P93-25-22	00104 OLIVET CIRCLE	DASHLAND PROPERTIES LLC	
18	3,600	25-C-99B	00606 WITHERSPOON ST	STALLINGS, NAOMI	
19	42,100	28-F-2	01103 PEARTREE RD	WILLIAMS, JEAN & KOREY SHANNON	
20	93,300	1-C-8	00205 N POINDEXTER ST	CENTER SQUARE PARKING INC	
21	77,500	25-B-49-50	01104 WOOD ST	DILLARD, LA VONNE &	ROSA JOHNSON
22	42,100	P143B-58	00000 N ROAD ST	HOBBS, EVELYN B	
23	106,200	26-E-10	00521 WHITE ST	MCMURREN, JEANNETTE HEIRS	
24	122,200	12-D-4	00209 E BURGESS ST	DASHLAND PROPERTIES LLC	
25	60,700	24-B-40A	00805 MORGAN ST	DASHLAND PROPERTIES LLC	
26	63,700	35-A-11	00200 W BURGESS ST	DASHLAND PROPERTIES LLC	
27	13,200	24-B-40B	00000 MORGAN ST	DASHLAND PROPERTIES LLC	
28	67,800	43-D-567	00611 MAPLE ST	DASHLAND PROPERTIES LLC	
29	95,200	6-F-15	00707 FIRST ST	DASHLAND PROPERTIES LLC	
30	2,800	6-F-14	00000 FIRST ST	DASHLAND PROPERTIES LLC	
31	49,900	36-E-15	00115 E BROAD ST	DASHLAND PROPERTIES LLC	
32	56,300	10-E-135	00907 FIRST ST	DASHLAND PROPERTIES LLC	
33	75,200	12-F-12	00406 N ROAD ST	DASHLAND PROPERTIES LLC	
34	53,200	24-B-20	00901 HUNTER ST	DASHLAND PROPERTIES LLC	
35	81,300	24-B-6	00812 MORGAN ST	DASHLAND PROPERTIES LLC	
36	91,100	34-F-8	00113 W BURGESS	DASHLAND PROPERTIES LLC	

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00815 N ROAD ST
00301 E BROAD ST
00000 WALNUT ST

36-A-31
10-C-15
10-C-5

37 46,300
38 43,900
39 7,500

Foreclosed Properties

