



REQUEST FOR COUNCIL ACTION

Title: County Foreclosure On Real Property City Has Liens On

Preferred Agenda: September 13, 2022

Submitted By: Robert Snyder, City Attorney

Reviewed By: Jeff Lynn, City Manager Pro Tem

Type of Action: Resolution___ Motion_x__ Roll Call___ Other_x__

Relevant Code/Policy: City Liens for SDC and Rehab Loan

Towards Council Goal: Goal 2 (5) Continue to implement strong financial practices. Vision Statement II WE ASPIRE to have an effective and efficient local government

Attachments: None

PURPOSE FOR THIS RCA:

To present to the City Council for a motion on whether or not the City Council directs staff to pay the Linn County back taxes on real property in Sweet Home that the City has liens on in order to preserve the City liens.

BACKGROUND/CONTEXT:

There is real property in Sweet Home that Linn County is going to deed to the County (last step in foreclosure process) for back taxes on September 22, 2022 that the City has liens on. If the real property is deeded to the County the City liens would no longer be liens on said real property. ORS 311.405 states in part that County taxes... "shall be fully satisfied before all other liens, judgments, mortgages, security interests or encumbrances on the property without regard to date of creation, filing or recording."

Property: Address 1320 Tamarack Street, Sweet Home OR 97386 with approximately \$10,500 in Linn County Property tax due to stop the County from deeding the real property to the County and with City liens of approximately \$26,000 (\$6,200 for SDC and \$19,826 for Rehab loan).

THE CHALLENGE/PROBLEM:

Does it make economic sense to pay off the tax bill to preserve the City liens?

STAKEHOLDERS

Community - The general public wants the best use of city funds.

City Council - The City Council has city goals to use city funds in an effective and efficient way.

Owners - The owners of the real property are in a situation of keeping or losing their property.

ISSUES & FINANCIAL IMPACTS:

The financial impact is the money spent to pay the taxes.

ELEMENTS OF A STABLE SOLUTION:

Either solution-pay or don't pay- the tax sets the result. Pay and preserve the City liens or don't pay with city money and the City liens are no longer against the real property.

OPTIONS:

1. Option - Do Nothing-The City liens will no longer be against the real property.
2. Option - Make a motion to pay the Linn County Taxes to preserve the City liens.

RECOMMENDATION:

If the City Council believes that it makes economic sense to pay the back taxes to preserve the City liens then the City Council needs to direct staff by motion to pay the taxes