



KING COUNTY AUDITOR'S OFFICE




AUGUST 3, 2020

Follow-Up on Tax Title Properties Audit

The Real Estate Services section of the Facilities Management Division has made great progress in establishing and implementing practices for the assessment and sale of tax title properties. Since our April 2019 follow up, the Real Estate Services section (RES) has sold more than 160 tax title properties and has also done important work to establish practices that will help ensure the County is able to assess and sell risky properties more quickly in the future.

The Real Estate Services section has fully implemented six of our audit recommendations and made significant progress on the remaining recommendation. The actions it has taken range from the immediate—selling or otherwise making plans to transfer ownership of seven parcels containing play structures—to the longer term—developing and implementing standard operating procedures for the assessment and sale of existing and incoming tax title properties. By implementing these recommendations, RES has helped reduce the County's overall liability related to tax title properties and established practices to continue its risk-based approach to tax title properties in the future.

Of the seven audit recommendations:

 <div>6 DONE</div>	 <div>1 PROGRESS</div>	 <div>0 OPEN</div>
Fully implemented Auditor will no longer monitor.	Partially implemented Auditor will continue to monitor.	Remain unresolved Auditor will continue to monitor.

Please see below for details on the implementation status of these recommendations.

Recommendation 1

DONE



The Real Estate Services Section should work with the Office of Risk Management to take immediate action to mitigate the risks posed by play structures on tax title properties within King County.

STATUS UPDATE: Since our follow up in April 2019, RES has sold the five land parcels that our 2018 audit identified as containing play structures. In further review of its tax title property inventory, RES staff identified two additional parcels containing play structures. The County sold one of these parcels at online auction and the other is pending a custodial transfer to the County's Department of Natural Resources and Parks. RES staff stated that, in the future, if a tax title property containing a play structure could not be sold at auction, RES would reduce liability to the County by requesting the Office of Risk Management provide funding for fencing around the play structure.

IMPACT: By implementing this recommendation, RES has reduced the likelihood that the County would be held responsible for adverse events occurring on these properties.

Recommendation 2

DONE



The Real Estate Services Section should conduct and document an assessment of its tax title holdings as of January 1, 2018 to identify risks presented by properties.

STATUS UPDATE: RES conducted and documented a review of tax title holdings as of March 2019. For each parcel owned by the County, RES staff conducted a review of information available through parcel viewer, Google maps, and other sources and used that information to describe the physical characteristics of the property and potential liabilities. Potential liabilities RES assessed for include access roads, driveways, fences, landscaping, illegal dumping, parking, structures, and trees. RES also identified when a tax title property appeared to be vacant.

IMPACT: By implementing this recommendation, RES has a better understanding of the risks of tax title properties held by the County and can estimate the amount of resources needed to mitigate those risks.

Recommendation 3

DONE



Based on the types of risks identified in the assessment in Recommendation 2, the Real Estate Services Section should set up practices to assess and address the risks of current tax title properties and new tax title properties that enter the county's portfolio each year.

STATUS UPDATE: RES established standard operating procedures for what course of action to take based on the results of the initial parcel risk assessment detailed in Recommendation 2. RES now assesses new tax title inventory immediately upon receipt and also reviews the entire tax title inventory prior to each auction in order to prioritize properties for sale.

IMPACT: By establishing a process for assessing new tax title properties as they enter the County's portfolio, RES is enabling the County to learn about risks earlier and, in turn, decreasing the likelihood of adverse events.

Recommendation 4

PROGRESS



The Real Estate Services Section should use its authority to require special use permits for the ongoing use of tax title properties when current users are unwilling to purchase the property.

STATUS UPDATE: RES has begun to propose special use permits as an alternative to purchasing tax title parcels when discussing options with adjoining property owners. While most neighbors do not choose this option, there is at least one case where an adjoining property owner consented to the special use permit.

RES has begun working with the Prosecuting Attorney's Office to determine the best options to reduce the County's liability in situations where adjoining property owners are actively using tax title parcels. RES also stated it plans to explore enforcement power for special use permits for tax title parcels that have not been sold after one year.

WHAT REMAINS: In order to fully implement this recommendation, RES should continue its efforts to explore the use of special use permits as a means to encourage the sale of tax title parcels and/or to reduce the County's liability related to tax title properties. RES should document its decisions related to the use of this tool into standard operating procedures or other appropriate guidance.

Recommendation 5

DONE



The Real Estate Services Section should establish and document practices to identify and prioritize tax title properties to include in future auctions.

STATUS UPDATE: As detailed in the status of recommendation 3, RES has established standard operating procedures for assessing the risk of and auctioning tax title properties, including identifying possible courses of action and prioritizing properties for sale at auction. RES prioritizes properties with elements that can create liability for the County, such as structures, parking, access roads or driveways, and landscaping for earliest sale.

IMPACT: By establishing and documenting these practices, RES is reducing the County's overall liability by increasing the likelihood that risky properties will be sold as soon as possible.

Recommendation 6

DONE



The Real Estate Services Section should establish and document practices to identify potential buyers of tax title properties.

STATUS UPDATE: RES has established a standard operating procedure for logging requests to purchase tax title properties. In July 2019, RES updated its website to include information about its

tax title inventory, including parcels available for direct sale, a frequently asked questions section, and a contact form. RES staff reports that providing more information on the website and providing a pathway for interested buyers to contact the County has helped to generate more interest in purchasing tax title properties. RES prioritizes auctioning properties for which it has received purchase requests.

RES has also developed a standard practice to contact all adjoining property owners for parcels offered for sale at the online auction. This was done for the June 2019, October 2019, and March 2020 auctions. According to RES, approximately 1,200 letters have been sent to neighbors to provide notification of and advertise properties for sale.

IMPACT: By having an established practice for identifying potential buyers, RES is helping ensure that important work is done, lessons are learned, and is increasing the likelihood that risky properties will be sold.

Recommendation 7

On April 1, 2019

DONE



Brooke Leary conducted this review. If you have any questions or would like more information, please contact the King County Auditor's Office at KCAO@KingCounty.gov or 206-477-1033.