Memorandum

Date February 27, 2009

To City Council Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry Allen, Dwaine Caraway,
Sheffie Kadane, Linda Koop, Mitchell Rasansky, Steve Salazar

Subject Tax Foreclosure Property Sale

On December 11, 2008, the Real Estate Division received several bids on 16 tax
foreclosed properties. Due to questions raised by City Council previously about the sale
of tax foreclosed properties, staff will present the attached briefing at your March 2
meeting. The briefing will provide basic information on the Tax Foreclosure Sale
process.

Please contact Theresa O'Donnell at 214-670-4127 should you need additional
information.

A.C. Gonzalez
Assistant City Manager

C: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Forest Turner, Interim Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave K. Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Budget and Management Services
Edward Scott, Director, Controller’s Office
Helena Stevens-Thompson, Assistant to the City Manager—Council Office
Theresa O’Donnell, Director, Development Services
Tax Foreclosure Property Sale

Economic Development Committee
March 2, 2009
Purpose

- Provide additional information on the sale of 16 tax foreclosed properties received at the December 11, 2008 tax foreclosure sale

- Recommend approval of high bids received
Background

On December 19, 2008, Real Estate Services held a bid opening for the sale of 47 tax foreclosure properties

- Several bids were received on 16 of these properties (see appendix)

- Properties receiving no bids will be offered at the next bid opening
Current Process

- Law firm files lawsuit for delinquent taxes and other unpaid taxing authority liens against the property on behalf of Dallas County, DISD, DCCCD, PHD and DCSEF

- Law firm produces a list of properties to be sold at the Sheriff’s sale - 1st Tuesday of each month
Current Process

- Staff reviews the list for “undesirable” properties in the event the properties are not sold at Sheriff’s sale

- Properties generally considered “undesirable” by the City are:
  - Occupied multi-family structures
  - Obvious legal description problems which would prevent a legal conveyance
  - Probability of environmental issues
Current Process

- Sheriff’s Sale takes place at Frank Crowley Courthouse via open bid process (verbal)
  - Sold to highest bidder on courthouse steps
  - Cash sale – certified funds
  - Properties sold to highest bidder and conveyed by Sheriff’s Deed
Current Process

- Properties that are not sold at the Sheriff’s sale are struck off to the City as Trustee on behalf of the other taxing entities, for disposition.

- Real Estate Services routes all properties to:
  - Housing Department to determine if any are suitable for land bank or non-profit organizations
  - DART to determine if any are located near transit oriented districts
  - County and DISD to determine their need
Current Process

- Real Estate Services notifies:
  - Code Compliance to add properties to the Mow/Clean schedule for routine maintenance; and
  - Prior owner to state that the City has possession of the property and that the property is being offered for sale
Current Process

- Place an advertisement in the newspaper on two separate days
- Place a “for sale” sign on the property
- Mail notice of proposed sale to all adjacent property owners within the same block and to any interested party
- Post bid packets on the City of Dallas’ website and made available in Real Estate office
- Have bid packets translated into Spanish; and
- Make tax foreclosure files available for review by the general public
Current Process

- **Property due diligence**
  - Property is sold “as is”, “where is” and “with all faults”
  - Legal description is verified by Real Estate and CAO for accuracy and adequacy

- **Minimum bid established by:**
  - Reviewing DCAD market values; and
  - Struck off amounts set out in the Sheriff’s deed

- Minimum bid amounts for properties receiving no bids from a previous sale are reduced up to 50%.
  - In no case is the minimum bid amount set at less than $1,000.
Revenue from sale

Once Council approval of bids is received, quitclaims deeds will be prepared and the balance of the purchase price will be collected. Proceeds from the sale are distributed accordingly:

- Development Services: $500.00
- Code Compliance: $400.00
- Post Judgment Liens
- Court Costs
- Taxes (per judgment)
- Liens (per judgment)
- Excess Funds

Special Collections
Dallas County
Dallas County Tax Assr
Special Collections
Dallas County Tax Assr
Costs to maintain

- Code Compliance Mow/Clean Division incurs the following costs:
  - Mowing for one lot smaller than 10,000 sft is approx. $35
  - Mowing for one lot greater than 10,000 sft is approx. $60

- Annual estimated cost of mowing 16 properties is between $9,000 and $17,000
  - In addition to mowing, many of these lots need cleaning or boarding, which is an additional cost burden
Recommendations

- Increase Development Services and Code Compliance processing fees to $1,000 and $900, respectively
Further Action

- Prepare agenda item for City Council approval of high bids
<table>
<thead>
<tr>
<th>Address</th>
<th>High Bidder</th>
<th>Min/Bid Amnt</th>
<th>High Bid Amnt</th>
<th>Bids Recv’d</th>
<th>Sqft</th>
<th>Struck off</th>
<th>DCAD</th>
<th>Zoning</th>
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<th>Prev sale/min bid</th>
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<td>Improved Properties</td>
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## Appendix (cont’d)

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<td>Wilson A. Gonzalez</td>
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### Vacant Properties

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<tr>
<td>2511 Cedar Crest</td>
<td>John Spike</td>
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<td>1033 Church</td>
<td>Deborah Wittenburg</td>
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<td>2028 Shaw</td>
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</tbody>
</table>
Improved Properties

1725 Fordham
3117 Fordham
3921 Hamilton
2754 Locust
5191 Lauderdale
3736 W. Ledbetter
1706 Sicily
4205 Malcolm X
9526 McClung
10302 Nantucket Village
2707 Weir
Vacant Properties

2511 Cedar Crest

1033 Church

2028 Shaw

4510 Solar Lane

459 St. Augustine
QUESTIONS