Memorandum

Date: March 20, 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 24 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 Landers, 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

Dallas, The City That Works. Diverse, Vibrant, and Progressive
Tax Foreclosure Property Sale

March 24, 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 all outstanding monies will be collected and distributed accordingly:

- Development Services $500.00
- Code Compliance $400.00
- Post Judgment Liens Special Collections
- Court Costs Dallas County
- Taxes (per judgment) Dallas County Tax Assr
- Liens (per judgment) Special Collections
- Excess Funds 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 processing fees to a minimum of $1,500 or 10%, whichever is greater
  - Increases opportunity for full cost recovery
- Increase Code Compliance processing fees to $900
Further Action

- Prepare agenda item for City Council approval of high bids
## Appendix

<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>
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<th>DCAD</th>
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<td><strong>Improved Properties</strong></td>
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## Appendix (cont’d)

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Vacant Properties

2511 Cedar Crest

1033 Church

2028 Shaw

4510 Solar Lane

459 St. Augustine
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
Questions