



CITY OF DALLAS

Memorandum

DATE March 29, 2013

TO Housing Committee Members: Carolyn Davis (Chair), Scott Griggs (Vice-Chair), Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT Tax Foreclosed Properties

On Monday, April 1st, 2013, you will be given a briefing on tax foreclosed properties. This is a follow-up to a February 19th committee briefing regarding tax property sales.

Please contact Theresa O'Donnell at 670-4127 should you have any questions in the interim.

Ryan S. Evans
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Daniel Solis, Administrative Judge, Municipal Court
A.C. Gonzalez, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Pegues-Cooper, Assistant to the City Manager

Tax Foreclosed Properties

Housing Committee

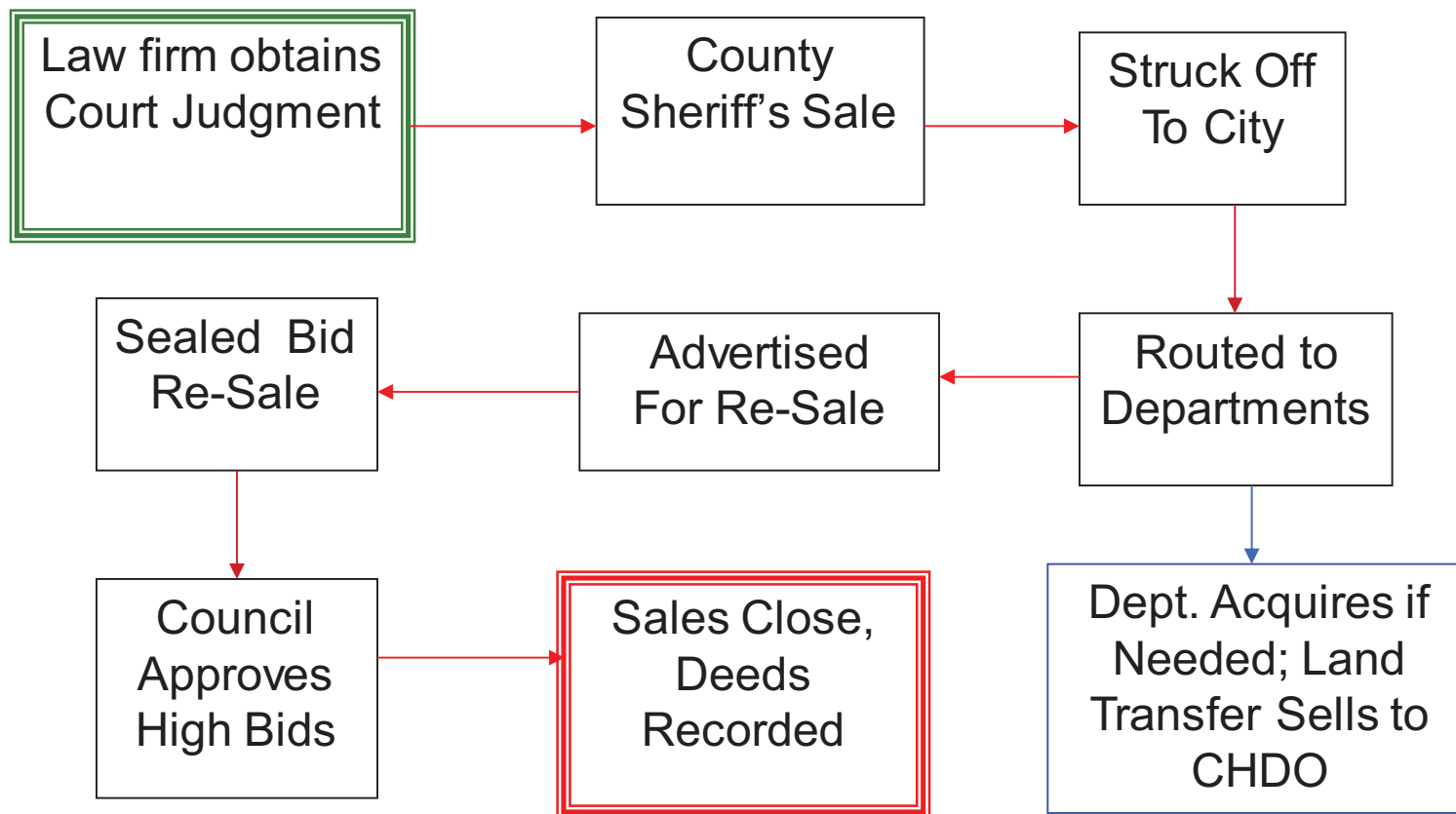
April 1, 2013



Purpose

- Discuss concerns raised at the February 19, 2013 Housing Committee Briefing
- Present possible additional procedures for consideration

Flow Chart of Current Process



Summary of Committee Concerns

- Neighborhood stability
 - Identify reasons why a bidder is buying a property and when the bidder intends to invest in it
 - Encourage directed sales to non-profits who provide services that benefit neighborhoods
- Maintenance of acquired tax properties
 - Ensure structurally unsound improvements are quickly demolished
 - Ensure grounds are mowed and litter-free

Summary of Committee Concerns

- Reinvestment in neighborhoods
 - Consider expansion of Land Bank Program areas
 - Consider City acquisition of properties to hold for future development (would require consent from County and DISD)

Follow-up: Checklist and Bid Packet

- City Attorney's Office advises to remain true to the tax foreclosure statute
 - Avoid requesting additional information that could be used to prejudice decisions about whether to sell
- Revise City bid packet to correspond with Dallas County's
- Develop a complementary packet of information to be provided to bidders informing of City programs to assist with renovation and home ownership

Follow-up: Potential Enhancements

- Provide staff at Sheriff Sales to advise high bidders of their responsibilities for property maintenance at time of sale
- Following City receipt of struck off tax properties:
 - Aggressively seek to provide directed sales to non-profits, with a reverter provision for each property
 - Independent foundations
 - Certain religious organizations
 - Non-profit developers, low- to moderate-income housing
 - Demolish those deemed unsound

Follow-up: Code Enforcement

- Provide Code with list and photos of struck-off, improved tax foreclosed properties
- Code will visit properties to determine if they are candidates for demolition and whether they are occupied. Currently:
 - 36 properties deemed demo-worthy
 - Four of these appear occupied, for which writs of possession (eviction notices) are needed prior to demo
 - Cost to demo these 36 = approximately \$336,000
- Request consent to demo from County / DISD
- Removed with assistance from the National Guard as part of its drug eradication program

Follow-up: Potential New Procedure

- Section 34.051 of the Texas Property Tax Code
 - Not currently being utilized; requires further review
 - Statutory authority for a municipality to place restrictions on conveyances of qualifying tax foreclosed properties
 - Could only apply to a vacant or distressed property with six or more years tax delinquency
 - Promotes redevelopment or rehab for low- to moderate-income housing to general public, including for-profits and individuals
 - Would require the City to establish a new municipal urban redevelopment plan or affordable housing policy
 - Would require a separate interlocal agreement with other taxing units

Potential New Procedure Cont.

- If new interlocal agreement authorized by all taxing jurisdictions, City could:
 - Develop a plan primarily aimed at providing housing for low-moderate-income families on tax-foreclosed properties
 - Conduct a resale of qualifying properties for less than the required judgment value, subject to right of redemption
 - Establish development restrictions on properties including:
 - Use of property
 - Time frame for development or rehabilitation
 - Reverter provision back to City if:
 - Development or rehabilitation does not occur
 - Property is not used consistent with plan for redevelopment / rehab

Next Steps

- Provide direction to staff on potential procedures
 - Revise bid packet to mirror Dallas County's
 - Provide additional packet of information to bidders on City programs to encourage redevelopment / rehabilitation
 - Provide information at Sheriff's Sale to high bidders about obligations to maintain property
 - Aggressively seek directed sales to non-profits
 - Routinely demo properties determined to be unsound by Code Compliance or the Fire Marshall, prior to resale and after redemption period ends
 - Further explore potential for interlocal agreement to permit Property Tax Code Section 34.051 to be utilized by City for redevelopment or rehabilitation of tax properties by general public

Next Steps

- April 10 Agenda - City Council consideration of December 2012 high bids
 - As Trustee for the other taxing jurisdictions, Dallas has an obligation to expeditiously offer tax-foreclosed properties for resale
 - City must refund high bidders' deposits if properties are held for future resale