



CITY OF DALLAS

## Memorandum

Date: August 29, 2008

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

Subject: Abandonment Procedures and Fees

On Tuesday, September 2, you will be briefed on abandonment procedures and fees. The briefing is attached for your review. This briefing is intended to provide basic information as a precursor to a future policy discussion and possible changes.

If you need further information, please call Theresa O'Donnell at 214-670-4127.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Thomas Perkins, City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Ramon F. Miguez, P.E., Assistant City Manager  
Dave Cook, Chief Financial Officer  
Theresa O'Donnell, Director of Development Services  
Jeanne Chipperfield, Director, Office of Budget Services  
Helena Stevens-Thompson, Assistant to the City Manager  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development



**City of Dallas**

# ***Abandonment Procedures and Fees***

***Economic Development  
Committee***

***September 2, 2008***



# Purpose

- Discuss current regulations and fees
- Review impacts
- Consider next steps

# Background

- Real Estate Task Force formed in 2003
  - 7 members appointed by the Mayor
  - Purpose: review City procedures and policies related to real estate transactions
  - Developed recommendations to improve the abandonment process
- Task Force recommendations resulted in Ordinance No. 25651 approved June 23, 2004, which amended City Code and established new regulations.

# Abandonment Types

- Most common types of abandonment requests:
  - Street, Alley or Storm Water Management Area
  - Utility Easement (utility, water, wastewater, etc.), Drainage Easement or Other Easement Areas (fire lane, etc.)



Log# 32304  
Abandonment area  
Reagan Street facing  
southwest toward Tollway



**Orr Street  
Abandonment Area**

**AUG 20 2004**

2008 Easement Abandonment case





# Current Process

- Applicant submits written request and initial fees
  - \$2,500 application fee, non-refundable
  - \$75 minimum recording fee
  - Additional appraisal fees if required
- Request routed to departments and outside agencies for review
- Market value of the property is determined

# Determination of Market Value

- If DCAD value of the property is less than \$20K, then the code provides that the DCAD value be used as the market value
- If DCAD value \$20K or more, then the code provides that an independent appraisal is used to determine market value
  - Applicant submits \$2,500 minimum deposit for appraisal fee
  - If appraisal bid exceeds \$2,500, applicant pays difference; if less, applicant credited difference

# Fees charged for Abandonments

- Streets, alleys, and storm water management areas

$$\frac{\text{square footage of the area} \times \text{market value}}{\$ \text{ abandonment fee} \geq \$5,400}$$

(City owns fee and is selling to developer for private use)

# Allowable Credits and Discounts

- If City needs additional property owned by an applicant in the area of the proposed abandonment, a square foot for square foot credit will be given against the area to be abandoned (this relieves the City from later purchasing property)
- If area dedicated to City exceeds the area abandoned, the applicant will only be charged a processing fee of \$5,400

# Allowable Credits and Discounts

If property rights are retained by the City, the appraiser may discount up to:

- 15% of encumbrances or easements
- 30% for air rights
- 70% for subsurface rights
- 85% for air rights deed restricted against use

# Summary of Charges

- **Street, alley or storm water management area:**

Market value of area

- discounts applied by appraiser
- any credits from dedications

fee for abandonment or  $\geq$  \$5,400

# Fees Charged for Abandonments

- Utility, drainage or other easements:
  - If originally dedicated to the city at no cost, code provides that the abandonment will be granted for the minimum processing fee of \$5,400

(City normally does not own fee. Easement has been previously granted to City at no charge.)

# Fees Charged for Abandonments

- Utility, drainage or other easements:

If easement was originally purchased by the City:

$$\begin{aligned} & \text{Square footage} \\ & \times \text{Market value} \\ & \times 50\% \\ & \text{abandonment fee or } \geq \$5,400 \end{aligned}$$

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(Not typical)



# Council Member Concerns

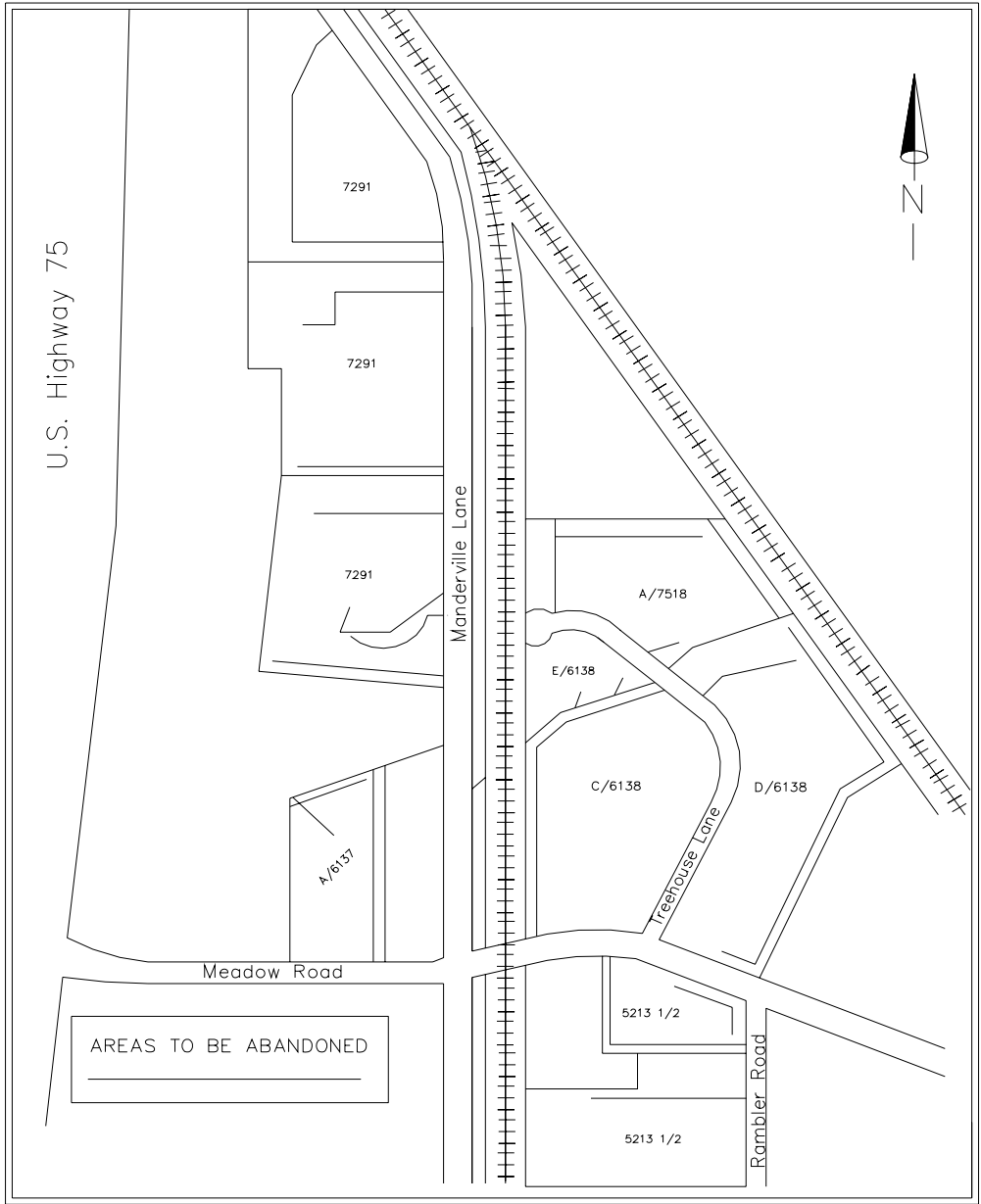
- Are fee amounts appropriate?
- Are new policies appropriate or necessary for redeveloping urban core properties?

# Specific Concerns

- Abandonment applications with multiple easements being requested
- Credits against abandonment fees

# Multiple Easement Abandonments

- On redeveloping multi-family or commercial tracts, there are often high number of easements being abandoned on a single application
- Staff time is not always fully covered
- Staff recommends limiting the number of easements to be abandoned per application



**Current Process:**

32 Easement Abandonment request = \$5,400

# Recommendations

- Limit the number of easements on a single application:
  - 0-5 Easements: charge minimum fee of \$5,400
  - Additional fee of \$1,000 for each easement after the 5<sup>th</sup> one

# Example

- Applicant requests to abandon 10 easement tracts:

\$5,400

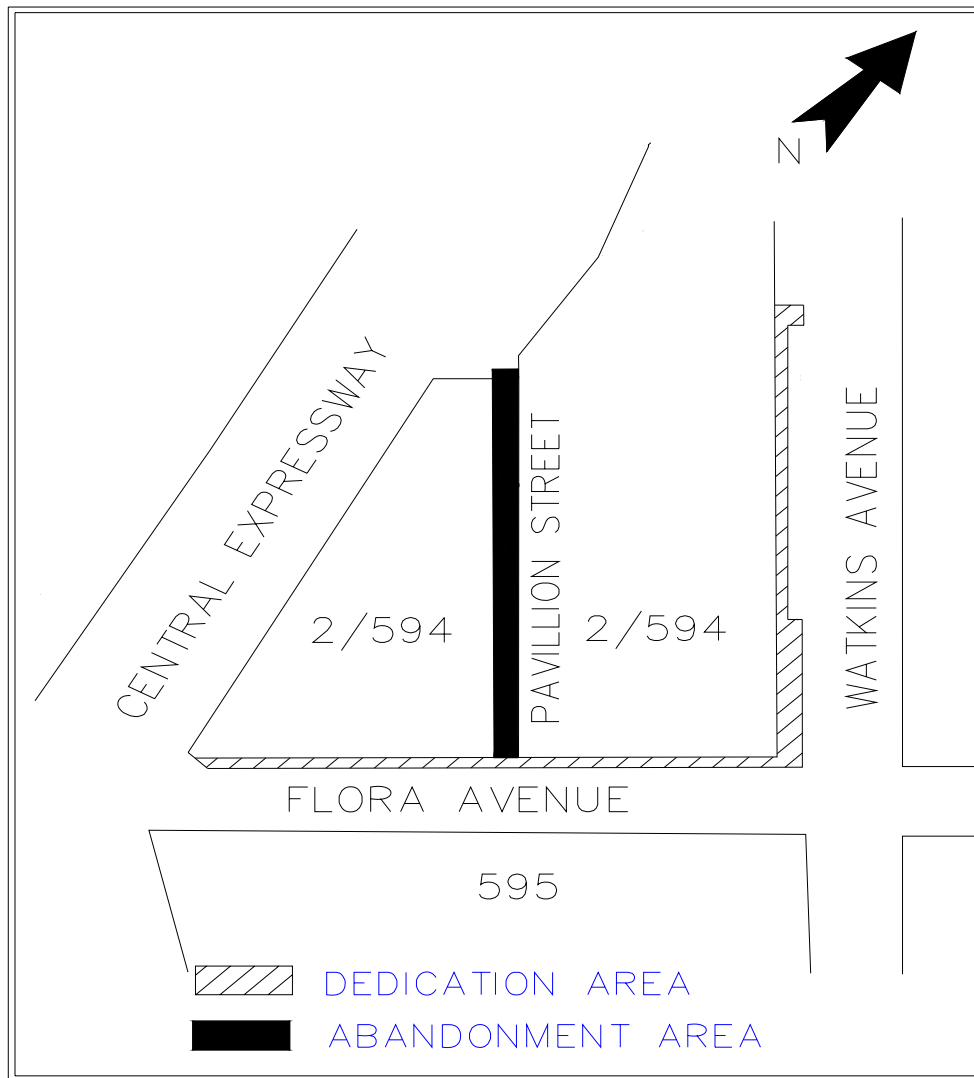
+ (5 x \$1,000)

\$10,400 abandonment fee

# Credits for Abandonments

- Developers receive full credit for dedications
- Crediting abandonment fees for dedications to the City significantly reduces revenues and can be inadequate to cover staff and processing costs.

# PAVILLION ABANDONMENT



## Current Process:

Abandonment Area: 3,179sf x  
\$25/sf = \$79,475

Dedication Area: (to be  
credited to abandonment fee)  
5,894sf x \$25/sf = \$147,350

Abandonment Fee = \$5,400



# Recommendations (cont.)

- Continue to allow credits for dedications for required street right-away or other necessary City projects
- Consider allowing some credits for non-traditional right-of-way improvements such as streetscaping amenities, pedestrian linkages, and trails or open space amenities
- Do not allow credit for dedications that are not required by the City
- Always require a minimum fee to recoup staff/processing costs of \$5,400

# Next Steps

- Receive further direction from the Committee
- Prepare proposed code amendments to reflect fee changes