

Memorandum



CITY OF DALLAS

DATE August 29, 2014

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Land Bank Program

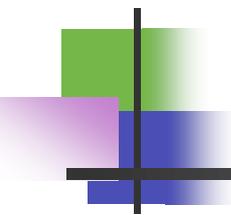
On Tuesday September 2, 2014, you will be briefed on the Land Bank Program. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Theresa O'Donnell'.

Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

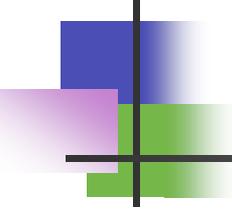


Land Bank Program

A Briefing to the **Housing Committee**

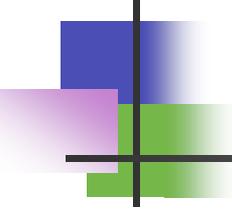
**Housing/Community
Services Department
September 2, 2014**





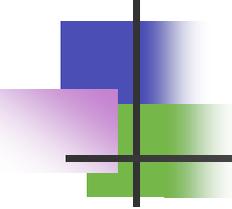
Purpose

- To provide information on the Land Bank Program and schedule next steps



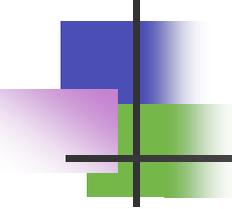
Background

- 2003 State Legislature enacted the Texas Urban Bank Demonstration Program Act: (HB2801)
- 2004 Negotiation and execution of Interlocal Agreement with all taxing entities and began filing law suits
- 2005 Land Bank acquires first properties
- 2006 Land Bank sells first lots to developers
- 2007 First home completed and sold to an eligible family
- 2014 300th home sold to an eligible family



Goal

- The goal of the Land Bank Program is to develop a significant quantity of affordable single-family homes on vacant, tax-delinquent properties within Dallas neighborhoods. Putting these properties to this productive use will:
 - Address the shortage of affordable workforce housing in Dallas;
 - Eliminate blight in target neighborhoods;
 - Stabilize “at risk” communities and enhance quality of life;
 - Stimulate community investment and economic growth; and
 - Increase local government property tax, sales tax and fee revenues.



Partners

Taxing Entities

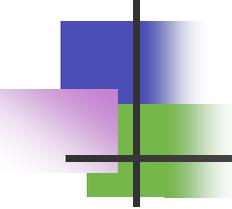
- City
- County
- School District
- Hospital Districts
- Community College District

Developers

- CHDOs
- For-Profit

The Real Estate Council

- Title Companies
- Law firms
- Case filing
- Ad Litem services



Land Bank Board

- Dallas Housing Acquisition and Development Corporation (Land Bank)
 - 501(c)(3) non-profit corporation
 - Quasi-governmental
- Eight Directors
 - City of Dallas Directors of Housing, Development Services & Code Compliance
 - 2 Dallas County representatives
 - 1 DISD representative
 - 1 Real Estate Council representative
 - 1 Non-profit affordable housing organization representative (currently vacant)

Six Basic Steps

Land Bank assembles list of potential vacant lots and forwards to Law Firm and Title Company

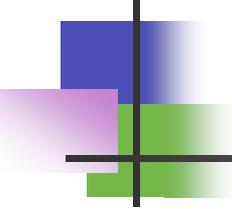
Title Company Abstracts Title, forwards opinion to Law Firm and to City Attorney's Office

After approval by City Attorney's Office, lawsuit is prepared and filed with County Court

County Court adjudicates law suit and Sherriff conducts private sale to Land Bank

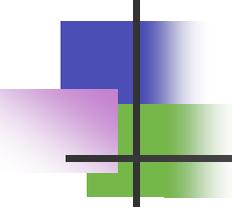
Land Bank solicits Proposals from CHDOs and forwards list of remaining lots to Real Estate Company for marketing

Obtains Land Bank Board approval, obtains City Council approval and conveys lots to developer



Required Criteria

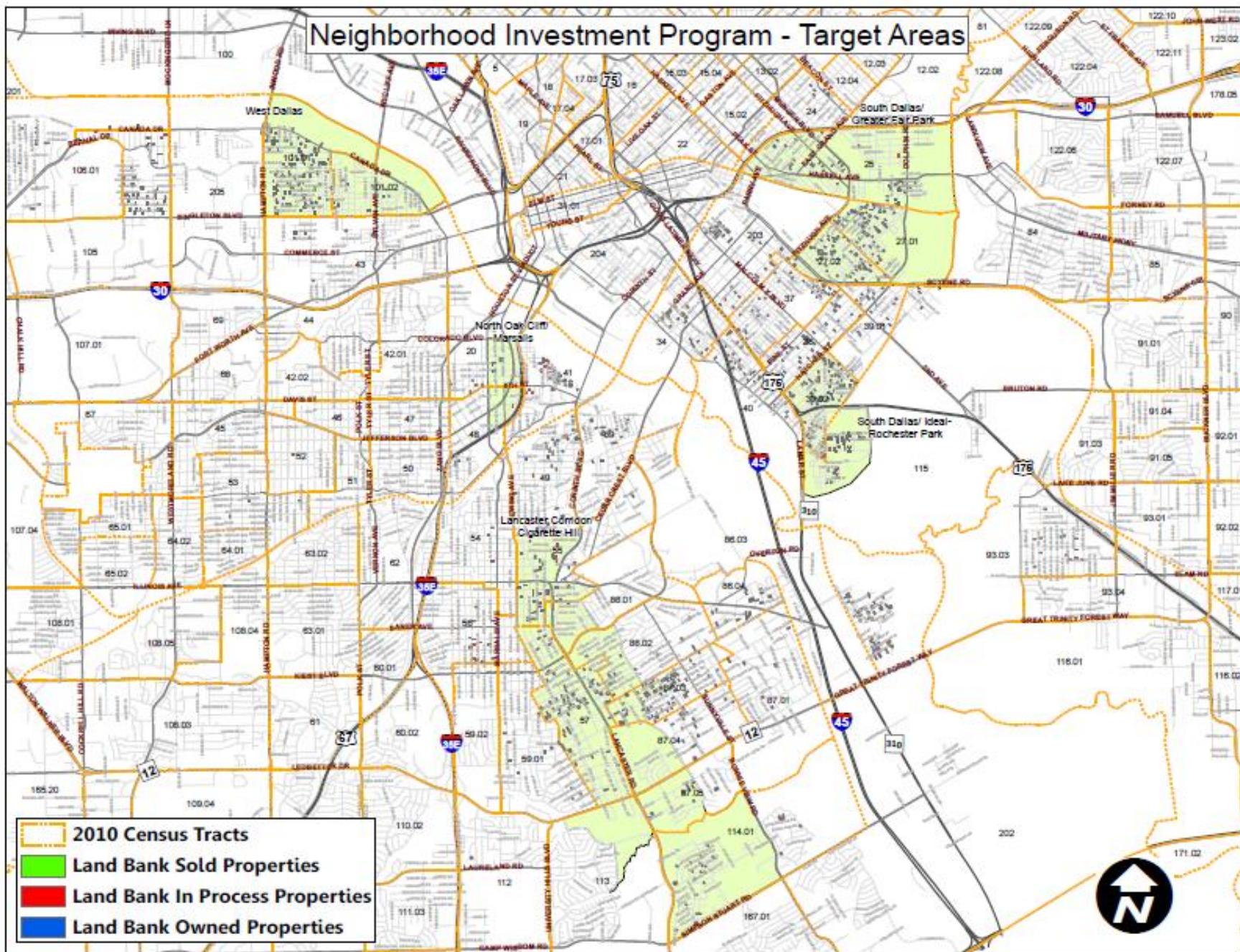
- Eligible Properties must:
 - have at least 5 years of delinquent taxes
 - have an appraisal district value less than the amount of taxes and non-tax liens
 - be zoned residential
 - have a minimum frontage of 40' and minimum size of 4,000 square feet
 - may also allow for 6,000 square foot enclosed grocery store that offers fresh produce for home consumption

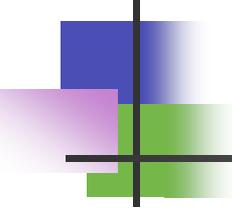


Additional Selection Criteria

- Lots in Neighborhood Investment Program (NIP) Areas
- Lots adjacent to NIP Areas
- Lots 1 mile on either side of DART Rail Lines
- Selected Lots for CHDOs

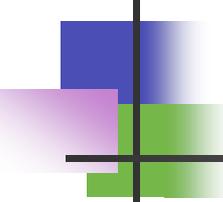
Neighborhood Investment Program - Target Areas





Financial Update

- Land Bank is currently self supporting without any General Funds
- Total operating costs for one year are estimated to be \$300,000
- There are 4 staff operating the Land Bank
 - 1 manager
 - 2 staff processing real estate acquisitions and sales including researching title reports, liens, judgments, Sheriff's notices & deeds, performing due diligence on lots, site inspections and corresponding with citizens & developers
 - 1 staff updating lot inventory, maintenance reports, audit reports and other administrative duties
- Breakeven total sales is 75 lots per year



Operating Proforma (FY2014–15)

Total Estimated Funds 9/30/14 \$300,000

Projected Sales (75 lots @ average net price of \$4,500/lot) \$337,500

Projected Expenses (2014-15)

Staffing Costs \$315,000

Acquisition Fee Reimbursement (100 lots @ \$1,000/lot) (\$100,000)

Mowing Expense (300 lots average) \$ 65,000

Audit Fee \$ 8,500

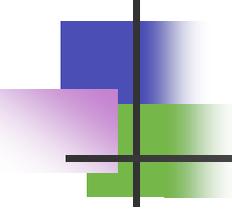
Insurance \$ 9,500

Recording Fees \$ 6,000

Misc. Expense (training, supplies, tree removal) \$ 15,000

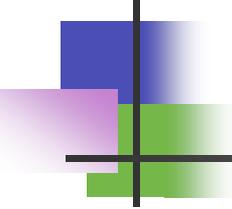
subtotal \$319,000

Estimated Funds Available @ 9/30/15 \$318,500



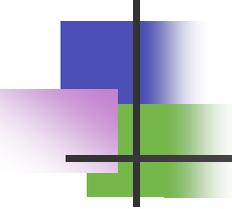
Outcomes

- 1,759 lawsuits filed
- 1,065 properties acquired by the Land Bank
- 480 lots sold to CHDOs and Developers
- 102 lots currently approved for sale
- 300 homes completed and sold



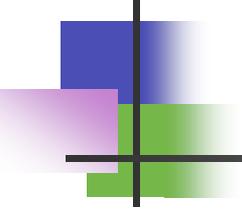
Potential Changes for Land Bank

- Public comment period is open from August 27th – November 12th
- Staff will collaborate with internal city departments, City Attorney's Office and Land Bank clients to research and discuss possible changes to current Land Bank processes and policies
- Staff will brief committee on potential changes in September/October



Upcoming Actions

- August – Calling of Public Hearing for Land Bank annual plan
- September – Authorize Interlocal Cooperation Contract between taxing entities
- November– Amend Land Bank Program Statement
- November – Hold public hearing and authorize approval of Land Bank annual plan



Questions & Answers