

Memorandum

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CITY OF DALLAS

DATE October 12, 2012
TO Members of the Economic Development Committee:
Ann Margolin, (Vice-Chair), Monica Alonzo, Sheffie Kadane, Jerry Allen
CITY SECRETARY
DALLAS, TEXAS

SUBJECT **Economic Development Committee**
Monday, October 15, 2012, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of October 1, 2012 Minutes of the Economic Development Committee
2. Tax Foreclosed Properties
Theresa O'Donnell, Director
Sustainable Development & Construction
(Estimated time 20 minutes)
3. Upcoming agenda items for October 2012
 - Amendment to Resolution 11-1794, previously approved on June 22, 2011, authorizing TIF funding for the 1400 Belleview project (Cedars TIF District)
 - First Amendment to the Development Agreement with SLF III – The Canyon in Oak Cliff, L.P. for the I-30 Frontage Road Design project (Davis Garden TIF District)

Tennell Atkins, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager

Ryan S. Evans, Assistant City Manager
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Joey Zapata, Assistant City Manager
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Stephanie Pegues-Cooper, Asst. to the CMO

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.



Economic Development Committee

Meeting Record

October 1, 2012

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: October 1, 2012 **Meeting Start time:** 9:00 AM

Committee Members Present:

Tennell Atkins
Ann Margolin
Sheffie Kadane
Monica Alonzo
Jerry Allen

Other Council Members Present:

Linda Koop

Staff Present:

Ryan Evans, *Assistant City Manager, City Managers Office*
Karl Zavitkovsky, *Director, Office of Economic Development*
LaToya Jackson, *Assistant Director, Strategic Customer Service*
Theresa O'Donnell, *Director, Sustainable Development & Construction*
Mark Duebner, *Director, Aviation*
Hammond Perot, *Assistant Director, Office of Economic Development*

Other Presenters:

1. Approval of August 20, 2012 Minutes of the Economic Development Committee

Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Item passed unanimously: X

Item failed unanimously:

Motion seconded by: Ms. Margolin

Item passed on a divided vote:

Item failed on a divided vote:

Follow-up (if necessary):

2. FY 2010-11 ICMA Benchmarking Results

Presenter(s): LaToya Jackson, Assistant Director, Strategic Customer Service

Action Taken/Committee Recommendation(s): No Action Taken

Motion made by:

Item passed unanimously:

Item failed unanimously:

Motion seconded by:

Item passed on a divided vote:

Item failed on a divided vote:

Follow-up (if necessary):

3. FY 2011-12 Strategic Plan Review

Presenter(s): LaToya Jackson, Assistant Director, Strategic Customer Service

Action Taken/Committee Recommendation(s): Not Action Taken

Motion made by:

Item passed unanimously:

Item failed unanimously:

Motion seconded by:

Item passed on a divided vote:

Item failed on a divided vote:

Follow-up (if necessary):

4. Upcoming agenda items for October 2012

- Encore International Investment Funds, LLC
- Donation Funds to Promote International Investment Into the City of Dallas for Business Development
- Authorize a Chapter 380 Economic Development Grant to the North Dallas Chamber of Commerce for Valley View/ Galleria Area Planning Study

Action Taken/Committee Recommendation(s): Motion made to recommend items to council for approval.

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 10:07 AM

Approved By: _____

Memorandum



CITY OF DALLAS

DATE October 12, 2012

TO Members of the Economic Development Committee: Tennell Atkins, Chair; Ann Margolin, Vice-Chair; Jerry R. Allen; Monica Alonzo; Sheffie Kadane

SUBJECT Tax Foreclosed Properties Briefing

On Monday, October 15, you will be briefed on the City's process for disposal of tax foreclosed properties and alternatives to the typical process. A proposed tax sale transaction will also be discussed. The briefing is attached.

Please feel free to contact me at 214-670-3296 with any questions.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

Ryan S. Evans
Assistant City Manager

C: Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Edward Scott, City Controller
Stephanie Cooper, Assistant to the City Manager – Council Office
Theresa O'Donnell, Director, Sustainable Development and Construction

Tax Foreclosed Properties

Economic Development
Committee

October 15, 2012





Purpose

- Discuss current procedures for disposing of tax foreclosed properties
- Present possible additional procedures for consideration
- Discuss a specific, proposed transaction

Current Procedure



- 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
 - Judgment and Order of Sale
- Law firm produces a list of properties to be sold at the Sheriff's sale - 1st Tuesday of each month

Current Procedure



- 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 Procedure



- Sheriff's Sale takes place at Frank Crowley Courthouse via public auction
 - Sold to highest bidder on courthouse steps
 - Cash sale – certified funds
 - Properties sold to highest bidder and conveyed by Sheriff's Deed

Current Procedure



- Properties that are not sold at the Sheriff's sale are struck off to the City as Trustee on behalf of itself and the other taxing entities, for disposition
- Real Estate Services routes all properties to:
 - Housing Department to determine if any are suitable for land bank.
 - DART to determine if any are located near transit oriented districts
 - City, County and DISD to determine their needs

Current Procedure



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

Current Procedure



- Schedule resale of properties by sealed bid procedure (Section 272.001 Texas Local Government Code)
- Place an advertisement in the newspaper on two separate days
- Mail notice of proposed sale to all adjacent property owners within the same block and to any interested party

Current Procedure



- 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 Procedure



- 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%

Current Procedure



- Bids opened in public
- Due diligence performed on high bidders
 - No back taxes or City liens owed on any properties owned within City
 - No chronic Code Violators
 - Previous owner or someone acting on behalf of previous owner not qualified to bid
- Sold subject to statutory redemption periods
 - 2 years residential homestead property
 - 180 days other

Current Procedure



- Qualified bids submitted to City Council for authorization
- County and DISD approvals obtained
- Buyers responsible for paying post-judgment taxes
- Taxes, penalties and interest after Judgment years through date of Sheriff's deed to City

Current Procedure

- Quitclaim deeds prepared and all outstanding monies are collected and distributed accordingly:

- Real Estate Services pre-determined formula
- Code Compliance pre-determined formula
- Court Costs
- Taxes (per judgment)
- Special Collections - Liens (per judgment)
- Post Judgment Taxes

Alternative to Current Sealed Bid Procedure

- City has been asked to consider an alternative
- 1502 Pennsylvania
 - Vacant, former convenience store with gas pump struck off to City in February 2012
 - Request from non-profit to acquire property through direct negotiated sale
 - On behalf of adjacent property owner, St. Phillips Church
 - Public Purpose: food bank / grocery
 - Statutory redemption period has expired

Alternative



- Authorized by Local Government Code
- Contemplates contractual commitment by Purchaser with City to develop / use the land in way that benefits public
 - Case-by-case evaluation
 - Individually structured agreements
- The other taxing authorities (County and DISD) must consent to the transaction

1502 Pennsylvania Conditions

○ Negotiated Conditions of Sale

- Payment of post-judgment taxes
- Continued use as food bank / grocery or reverts back to the City
- Property renovation to occur within 18 months
- Property maintained to Code
- Maintain insurance on property and pay current taxes, if any
- No sale without City Council consent

Evaluation



- Does purchaser meet Code provision?
 - Yes, 501(3)(c)
- Is public purpose served?
 - Yes, fulfills need in food desert area
 - Serves homeless / low income population
 - Subject to development agreement and reverter
- Will post-judgment taxes be paid?
 - Yes, \$12,993



Evaluation

- Do County and School District consent?
 - County – Yes, Commissioner Court action Sept. 2012
 - DISD - Action anticipated end of October

Recommendations

- Consider 1502 Pennsylvania transaction
- For future potential requests, additional staff work needed to identify and refine criteria for committee review:
 - Formalize checklist and application
 - Determination of public purpose:
 - Satisfies a Council-identified KFA
 - Applicant's ability to perform:
 - Years in service
 - Success with similar public purpose projects

Possible criteria for similar requests

- Potential positive impact on community at large
- Potential positive impact on adjoining properties
- Appropriate zoning and infrastructure to support the intended use without additional City funds
- Integrity of structure or improvements and extent of mitigation or renovation needed
- Financial capability of entity requesting the property to make necessary improvements
- Impact on tax collection
- Consider redemption period status

Next Steps



- Schedule 1502 Pennsylvania Avenue for Council consideration on November 14, 2012 agenda
- Develop new criteria and procedures for Committee review and approval

Memorandum



CITY OF DALLAS

DATE October 12, 2012

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Amendment to Resolution 11-1794, previously approved on June 22, 2011, authorizing TIF funding for the 1400 Belleview project (Cedars TIF District), October 24, 2012 Council Agenda**

Background

On June 22, 2011, City Council approved 1400 Belleview GP, LLC.'s request for \$1,657,916 in TIF reimbursement for costs related to public infrastructure improvements supporting the development of 1400 Belleview, a mixed use project that will be located at 1401 Browder Street (to be named 1400 Belleview Street). The amendment to Resolution 11-1794 will extend the 1400 Belleview project's deadlines by 12 months and modify the minimum requirements for the project's use of space.

The project was awarded a low-income housing tax credit on July 26, 2012, from the Texas Department of Housing and Community Affairs. However, the agency's process for approving the tax credit assistance took longer than anticipated, thereby delaying the start of its construction. The requested extensions to the project deadlines will resolve this issue. The requested modification for its use requirement provides the developer with leasing flexibility.

Financing

No Cost Consideration to the City

Owner

1400 Belleview GP, LLC.
A Texas limited liability company

Kristian Teleki, Principal

Staff

Karl Stundins, Manager, Area Redevelopment Division
Telemachus Evans, Economic Development Analyst

First Amendment to the Development Agreement with 1400 Belleview GP, LLC. for the
1400 Belleview project (Cedars TIF District)
October 12, 2012
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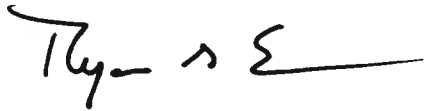
Recommendation

Staff recommends City Council's approval of the amendment to Resolution No. 11-1794.

Map

Attached

Should you have any questions or concerns, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

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Stephanie Pegues-Cooper, Assistant to the City Manager

1400 Bellevue Project




City of Dallas
Office of Economic Development



Area Redevelopment Division
<http://www.Dallas-EcoDev.org>

Created 2/15/2011

Legend

-  Cedars TIF District Boundry
-  1400_Bellevue

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SUBJECT **First Amendment to the Development Agreement with SLF III – The Canyon in Oak Cliff, L.P. for the I-30 Frontage Road Design project (Davis Garden TIF District), October 24, 2012 Council Agenda**

Background

On November 9, 2009, City Council approved SLF III – The Canyon in Oak Cliff, L.P.'s request for \$436,919 in TIF reimbursement for costs related to engineering and design (design services) for Phase 1 of a new eastbound frontage road for I-30 located between Cockrell Hill Road and Westmoreland Road.

The project's design and engineering work was completed after the specified deadline due to a delay caused by the process to secure approvals from TxDOT and the Federal Highway Administration. Staff recommends a 16 month extension for the completion of the project's design and engineering work until June 30, 2013.

Financing

No Cost Consideration to the City

Owner

SLF III – The Canyon TIF, L.P.
A Texas limited partnership

Phillip F. Wiggins, Manager of Stratford Fund III GP LLC, General Partner of Stratford Land Fund III, L.P., Sole and Managing Member of SLF III PROPERTY GP, LLC, the General Partner

Staff

Karl Stundins, Manager, Area Redevelopment Division
Telemachus Evans, Economic Development Analyst

Recommendation

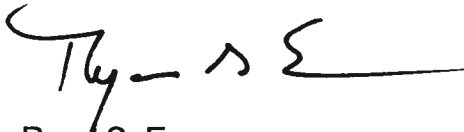
Staff recommends City Council's approval of the 16 month extension to complete the I-30 Frontage Road design project's design and engineering work.

First Amendment to the Development Agreement with SLF III – The Canyon in Oak Cliff,
L.P. for the I-30 Frontage Road Design project (Davis Garden TIF District)
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Map

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I-30 Frontage Road Design

