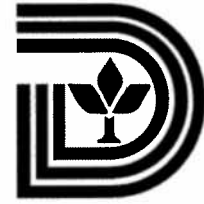


Memorandum



CITY OF DALLAS

DATE December 4, 2009

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Dallas Urban Land Bank Demonstration Program Policy Changes

On Monday, December 7, 2009, you will be briefed on Dallas Urban Land Bank Demonstration Program Policy Changes. A copy of the briefing is attached.

Please let me know if you have any questions.

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

A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Administrative Judge, Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing/Community Services Director
Jeanne Chipperfield, Director, Financial Services
Helena Stevens-Thompson, Assistant to the City Manager

Dallas Urban Land Bank Demonstration Program Policy Changes

A Briefing to the Housing Committee

Housing/Community Services
Department
December 7, 2009





Purpose

- To provide an update on Policy Changes for the Dallas Urban Land Bank Demonstration Program



Land Bank Functions

- Permits direct sale of qualified tax-foreclosed properties to a municipally created Land Bank;
- Authorizes the Land Bank to assemble tax-foreclosed properties and sell those properties at below market prices to non-profit and for-profit affordable housing developers; and
- Provides Community Housing Development Organizations (CHDOs) with a limited right of first refusal to purchase properties.



Production (as of 11/30/2009)

- Over 950 lawsuits filed
- 520 properties sold to the Land Bank
- 72 lots sold to CHDOs and Developers with 147 lots pending sale
- 33 homes completed and sold
- Goal is to add to the pipeline each year:
 - 300 lawsuits brought to the Sheriff's sale
 - 300 lots sold
 - 300 homes built



Current Land Bank Policy

- Linebarger Goggan Blair & Sampson, LLP has provided pro bono legal services since the inception of the Land Bank
 - Estimated annual cost to Linebarger is \$1,000,000
- Republic Title of Texas has provided pro bono title abstract services since the inception of the Land Bank
 - Estimated annual cost to Republic is \$210,000



Proposed Change

- Use General Obligation Bond Funds to help defray part of the cost to our partners by:
 - Paying Linebarger \$1,000 per case upon acquisition of up to 300 lots not to exceed \$300,000
 - Paying Republic for two title abstractors to complete 300 title reports not to exceed \$93,000
- Approved by Land Bank Board on November 19th

3-Year Program Budget (10/1/09–9/30/12)

Bond Balance as of 9/30/09	\$2,237,968	
Sheriff's Cost	\$525,000	
Environmental Cost	\$287,500	
Linebarger Cost	\$300,000	
Republic Title Cost	\$93,000	
Total Expenses per 300 Lots		<u>\$1,205,500</u>
Bond Balance as of 9/30/10		\$1,032,468
Sheriff's Cost	\$525,000	
Environmental Cost	\$287,500	
Linebarger Cost	\$300,000	
Republic Title Cost	\$93,000	
Total Expenses per 300 Lots		<u>\$1,205,500</u>
Bond Balance as of 9/30/11		(\$173,032)
Bond Sale Last Quarter of 2011		<u>\$1,500,000</u>
Bond Balance as of 10/1/11		\$1,326,968
Sheriff's Cost	\$525,000	
Environmental Cost	\$287,500	
Linebarger Cost	\$300,000	
Republic Title Cost	\$93,000	
Total Expenses per 300 Lots		<u>\$1,205,500</u>
Bond Balance as of 9/30/12		\$121,468

Land Bank Cash Flow (10/1/09 – 9/30/12)

Cash on Hand as of 9/30/09	\$261,047
Per Lot Sales Price	\$4,650
2009-2010	
Projected Sales @ 116 Lots*	\$539,400
Expenses**	\$539,000
Projected Cash on Hand	\$261,447
2010-2011	
Projected Sales @ 166 Lots	\$771,900
Expenses**	\$539,000
Projected Cash on Hand	\$493,947
2011-2012	
Projected Sales @ 216 Lots	\$1,004,400
Expenses**	\$539,000
Projected Cash on Hand ***	\$726,447

*Breakeven

**Expenses: Salaries, Mowing expenses, Recording fees,
Audit fees, Insurance & Misc. expenses

***ADDITIONAL FUNDS AVAILABLE FOR LOT ACQUISITION



Funding Requirements

- Land Bank will need the \$1.5m in bond funds in the last quarter of 2011
- Remaining bond balance plus cash flow from operations is insufficient to sustain present level of production
- Land Bank will need additional bond funds by 2012 in order to continue operating at present level of production



Next Steps

- City Council approval of both contracts
December 9th
- Contracts executed January 2010