Memorandum

DATE September 13, 2013

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

SUBJECT Dallas Urban Land Bank Demonstration Program

On Monday September 16, 2013, you will be briefed on the Dallas Urban Land Bank Demonstration Program. A copy of the briefing is attached.

Please let me know if you have any questions.

Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, Interim City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, Interim 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
Frank Librio, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

"Dallas, The City That Works: Diverse, Vibrant and Progressive."
Dallas Urban Land Bank Demonstration Program

A Briefing to the Housing Committee

Housing/Community Services Department
September 16, 2013
Purpose

- To provide historic information on the Dallas Urban Land Bank Demonstration Program
- To provide status of the Land Bank
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
The goal of the Dallas Urban Land Bank Demonstration 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:

1. Address the shortage of affordable workforce housing in Dallas;
2. Eliminate blight in target neighborhoods;
3. Stabilize “at risk” communities and enhance quality of life;
4. Stimulate community investment and economic growth; and
5. Increase local government property tax, sales tax and fee revenues.
Partners

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

The Real Estate Council
- Title Companies
- Law firms
- Case filing
- Ad Litem services

Developers
- CHDOs
- For Profit

Community
Land Bank Board
City Council
Six Basic Steps

1. Land Bank assembles list of potential vacant lots and forwards to Law Firm and Title Company (both perform work on a pro bono basis).

2. Title Company Abstracts Title, forwards opinion to Law Firm and to City Attorney’s Office.

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

4. County Court adjudicates lawsuit and Sheriff conducts private sale to Land Bank *

5. Land Bank assembles properties to be sold to Developers and solicits Requests for Proposals unless qualified CHDO is developer.

6. Obtains Land Bank Board approval, holds community meeting, obtains City Council approval and conveys lots to developer.

* Ad Litem attorneys are required on about 70% of the cases and are furnished through TREC member law firms on a pro bono basis.
Land Bank 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
Focus Selection Process

1. Lots in Neighborhood Investment Program (NIP) Areas
2. Lots 1 mile on either side of DART Rail Lines
3. Selected Lots for CHDOs
Financial Update

- Land Bank is currently self supporting without any General Funds
- Goal is to maintain 12 months operating capital of $300,000
- Breakeven total sales is 65 lots per year
Balance Sheet (as of 8/31/2013)

**Assets**
- Cash on Hand $340,225
  - **Current Assets** $340,225
- Real Estate Owned
  - 385 Land Bank Lots $1,925,000
- **Total Assets** $2,262,225

**Liabilities**
- None $0
- **Total Liabilities & Net Worth** $2,262,225

*Not Included: General Obligation Bonds and Commercial Paper used to pay foreclosure costs
  - $0.7M 2003 Bonds
  - $1.5M 2006 Bonds (Commercial Paper)
# Operating Proforma (FY2013–14)

- **Total Estimated Funds 9/30/13**: $328,725
- **Projected Sales (75 lots @ $5,000/lot)**: $375,000

## Projected Expenses (2013-14)

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Staffing Costs</td>
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<tr>
<td>Acquisition Fee Reimbursement (100 lots @ $1,000/lot)</td>
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<td>Mowing Expense (400 lots average)</td>
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<tr>
<td>Audit Fee</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Recording Fees</td>
<td>$ 4,000</td>
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<tr>
<td>Misc. Expense (training, marketing, supplies)</td>
<td>$ 10,000</td>
</tr>
</tbody>
</table>

**Subtotal**: $321,500

**Estimated Funds Available @ 9/30/14**: $382,225

*The Land Bank, as of FY2009-10, covers its operating costs through the sale of Land Bank lots*
Production (as of 8/31/2013)

- 1,632 lawsuits filed
- 873 properties sold to the Land Bank
- 401 lots sold to CHDOs and Developers with 60 lots pending sale
- 250 homes completed and sold
- Goal is to add to the pipeline each year:
  - Up to 150 additional lawsuits brought to the Sheriff’s sale
Challenges

- Maintaining our lot inventory
- Finding enough qualified home buyers given the current and projected market conditions
- Ensuring there is sufficient developer capacity
Economic Considerations

- Land Bank is well positioned with surplus inventory
- Previously depended on non-profit developers
- Recently contracted with Real Estate company to market inventory
- For-profit developers will become a larger buyer of lots
Annual Agenda Process

- August – Calling of Public Hearing for Land Bank annual plan
- August – Authorize Interlocal Cooperation Contract between taxing entities
- September – Amend Land Bank Program Statement to align with state statute changes if needed
- October – Hold public hearing and authorize approval of Land Bank annual plan
Questions & Answers