

# 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.

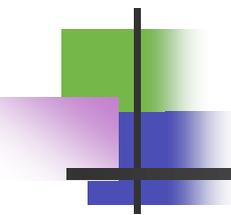
Please let me know if you have any questions.



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 Libro, Public Information Officer  
Bernadette Mitchell, Housing/Community Services, Interim Director  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

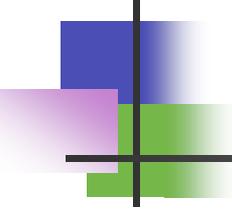
# Dallas Urban Land Bank Demonstration Program



## A Briefing to the **Housing Committee**

**Housing/Community  
Services Department  
September 16, 2013**

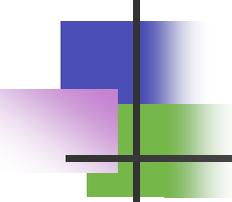




# Purpose

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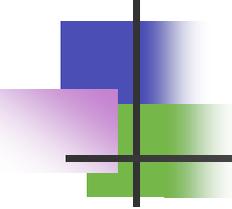
- To provide historic information on the Dallas Urban Land Bank Demonstration Program
- To provide status of the Land Bank



# Background

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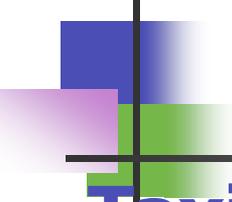
- 2003 State Legislature enacted the Texas Urban Bank Demonstration Program Act: (HB2801)
- 2004 Negotiation and execution of Interlocal Agreement with all taxing entities and began filing law suits
- 2005 Land Bank acquires first properties
- 2006 Land Bank sells first lots to developers
- 2007 First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



# Goal

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- 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

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## **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**

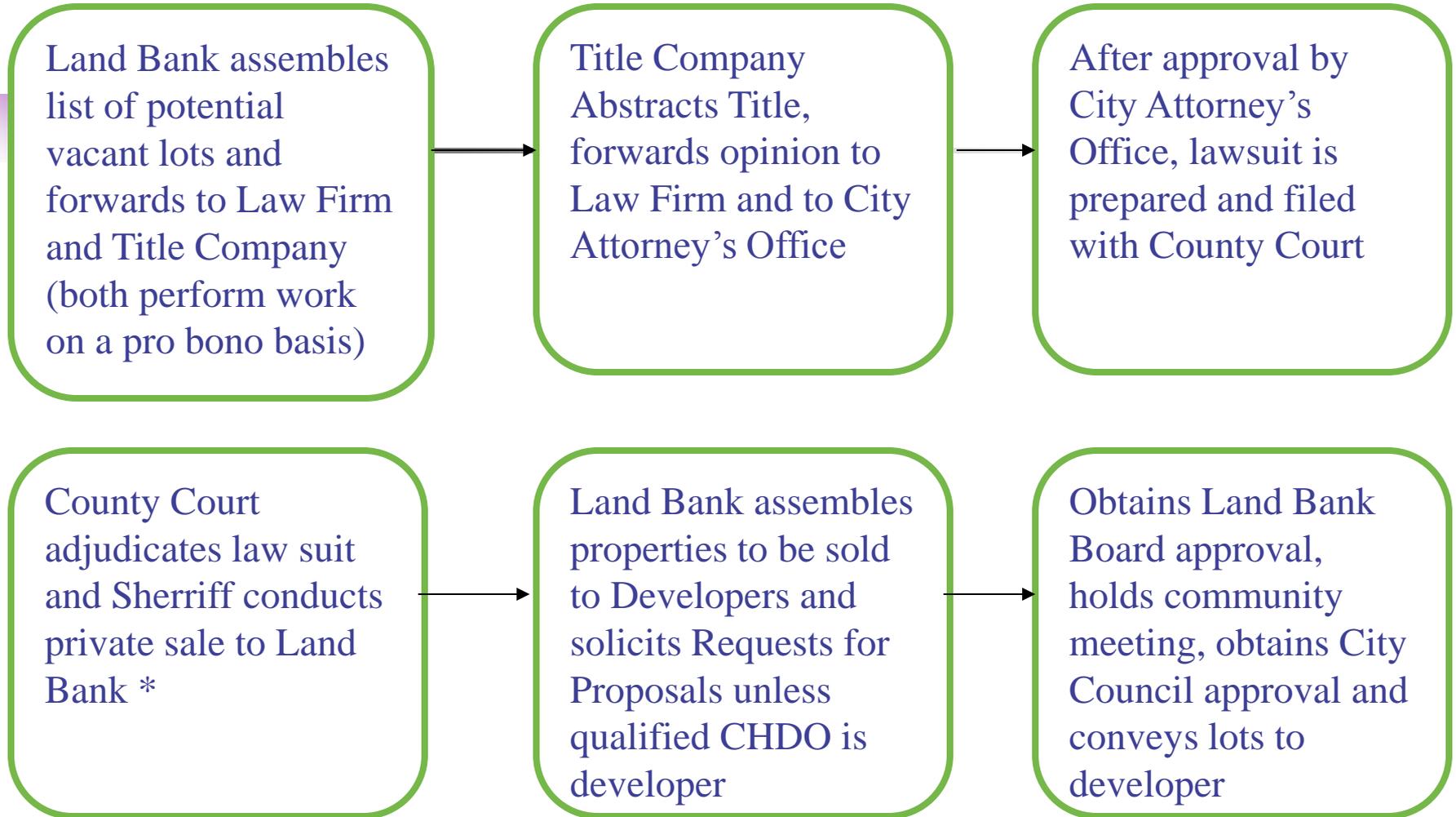
- CHDOs
- For Profit

## **Community**

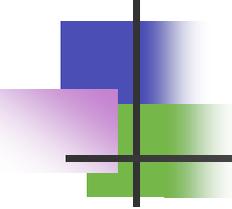
## **Land Bank Board**

## **City Council**

## Six Basic Steps



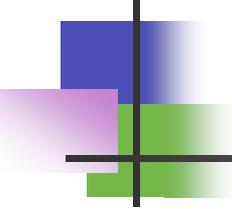
\* Ad Litem attorneys are required on about 70% of the cases and are furnished through TREC member law firms on a pro bono basis



# Land Bank Criteria

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- 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

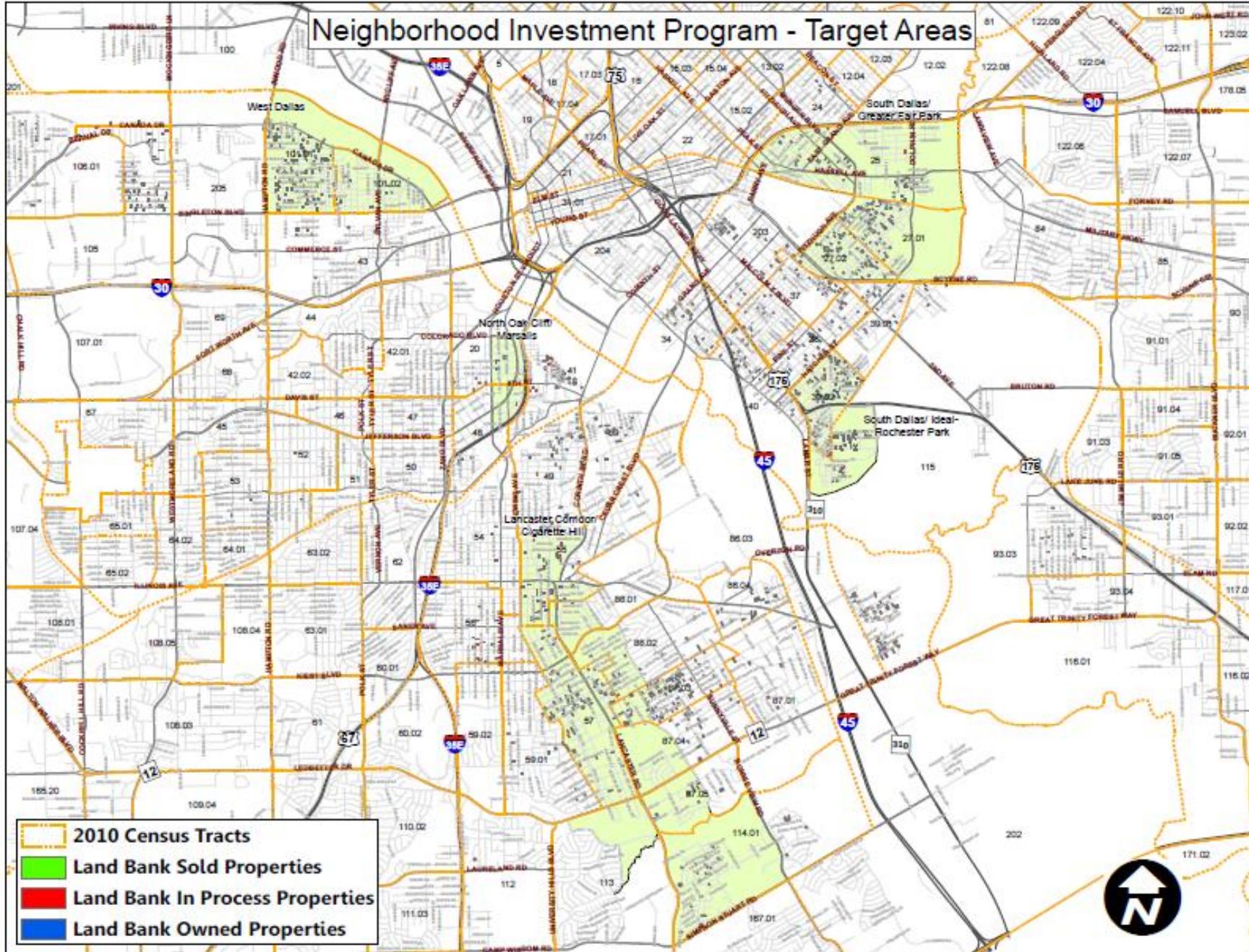


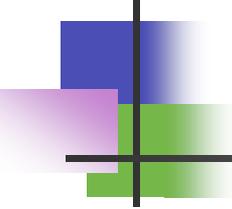
# Focus Selection Process

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

# Neighborhood Investment Program - Target Areas

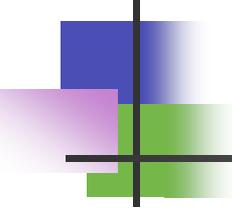




# Financial Update

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- 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



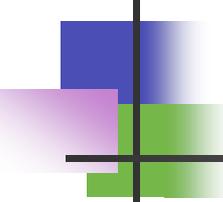
# Balance Sheet (as of 8/31/2013)

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■ <b>Assets</b>		
■ Cash on Hand		\$ 340,225
	<b>Current Assets</b>	\$ 340,225
■ Real Estate Owned		
■ 385 Land Bank Lots		<u>\$1,925,000</u>
	<b>Total Assets*</b>	\$2,262,225
■ <b>Liabilities</b>		
■ None		<u>\$ 0</u>
	<b>Total Liabilities &amp; Net Worth</b>	\$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)

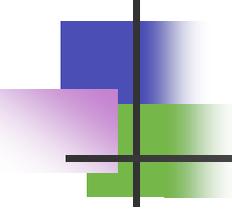


# Operating Proforma (FY2013–14)

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Total Estimated Funds 9/30/13		\$328,725
Projected Sales (75 lots @ \$5,000/lot)		\$375,000
<u>Projected Expenses (2013-14)</u>		
Staffing Costs	\$315,000	
Acquisition Fee Reimbursement (100 lots @ \$1,000/lot)	(\$100,000)	
Mowing Expense (400 lots average)	\$ 75,000	
Audit Fee	\$ 8,500	
Insurance	\$ 9,000	
Recording Fees	\$ 4,000	
Misc. Expense (training, marketing, supplies)	\$ 10,000	
	subtotal	<u>\$321,500</u>
	Estimated Funds Available @ 9/30/14*	\$382,225

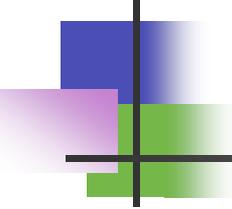
\*The Land Bank, as of FY2009-10, covers its operating costs through the sale of Land Bank lots



# Production (as of 8/31/2013)

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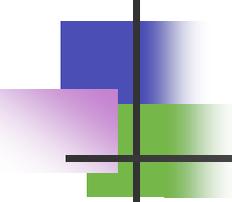
- 1,632 lawsuits filed
- 873 properties sold to the Land Bank
- 401 lots sold to CHDOs and Developers with 60 lots pending sale
- 250 homes completed and sold
- Goal is to add to the pipeline each year:
  - Up to 150 additional lawsuits brought to the Sheriff's sale



# Challenges

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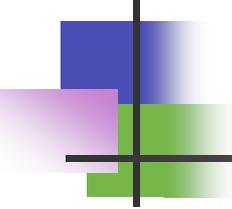
- Maintaining our lot inventory
- Finding enough qualified home buyers given the current and projected market conditions
- Ensuring there is sufficient developer capacity



# Economic Considerations

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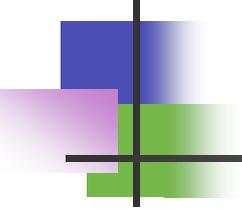
- Land Bank is well positioned with surplus inventory
- Previously depended on non-profit developers
- Recently contracted with Real Estate company to market inventory
- For-profit developers will become a larger buyer of lots



# Annual Agenda Process

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- 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



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# Questions & Answers