

EXHIBIT A

# Urban Land Bank Demonstration Program Plan Fiscal Year 2008-09



**City of Dallas**

**Housing Department  
1500 Marilla Street  
Room 6DN  
Dallas, Texas 75201**

**April 8, 2009**

## OVERVIEW

The 2003 Texas Urban Land Bank Demonstration Act, as amended, provides an opportunity for Dallas to address the dual needs of insufficient affordable housing and older neighborhoods at risk. The Act allows the governing body of a municipality to adopt an urban land bank demonstration program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale for purposes of affordable housing development.

The governing body of a municipality that adopts an Urban Land Bank Demonstration Program must adopt a plan annually. The plan for fiscal year 2008-09 includes the following elements:

- 1) A list of the parcels of real property that may become eligible for sale to the land bank during the plan year,
- 2) An estimate of the total number of tax lawsuits to be filed to acquire land bank properties in the plan year.
- 3) The proposed sale price of the properties anticipated to be sold to “qualified participating developers” during the plan year.
- 4) A list of community housing development organizations eligible to participate in the “right of first refusal” for acquisition and development of real property sold to the land bank,
- 5) The municipality’s plan for affordable housing development on those parcels of real property, and
- 6) The sources and amounts of funding anticipated being available from the municipality for subsidies for development of affordable housing in the municipality, including any money specifically available for housing developed under the program, as approved by the governing body of the municipality at the time the plan is adopted.

The City of Dallas proposes to implement a local Urban Land Bank Demonstration Program and presents this plan for implementation. Before adopting the amendments to the FY 2008-09 plan, the City of Dallas will hold a public hearing on the proposed plan amendments. The City of Dallas will provide notice of the hearing to all City certified Community Housing Development Organizations (CHDOs) and to neighborhood associations identified by the City as serving the neighborhoods in which properties anticipated to be available for sale to the land bank are located. The City of Dallas will make copies of the proposed plan amendments available to the public not later than the 60<sup>th</sup> day before the date of the public hearing.

Following the adoption of the amended FY 2008-09 Urban Land Bank Demonstration Program Plan, the amended plan will be implemented and the annual performance reports on the amended plan will be available through the Housing Department no later than November 1, 2009. The performance report for the FY 2007-08 Urban Land Bank Demonstration Program Plan will be available no later than November 1, 2008.

## **CITY OF DALLAS' FY 2008-09 URBAN LAND BANK DEMONSTRATION PROGRAM PLAN**

### **Parcels of Property**

The objective of the City of Dallas' Urban Land Bank Demonstration Program is to acquire unproductive, vacant, and developable lots and lots improved with abandoned, vacant and uninhabitable houses to be "banked" for affordable housing development. The acquisition of these lots will enable new single-family homeowner development and rental housing on the lots to house low and moderate income households and stabilize distressed communities. The lots may contain the rental housing units above a retail/commercial/office development for rent to low and moderate income tenants. This initiative will be implemented by means of the tax foreclosure process for properties with five years or more of delinquent property taxes.

The City has identified parcels of real property that may become available for sale to the land bank during the fiscal year beginning October 1, 2008 (see Attachment C). The considerations for parcel identification included vacant residential properties with at least five years or more of delinquent property taxes (reported from Dallas County). Priority is given to properties located in: 1) neighborhoods designated within the City of Dallas Neighborhood Investment Program, 2) neighborhoods with active Community Housing Development Organization projects, and 3) other neighborhoods identified by the City as being in need of new housing development. The parcels listed will follow a process of review to determine suitability for housing development before moving forward to tax foreclosure and possible land banking. This is a list of potential properties for the land bank. At least 200 parcels from Attachment D that were previously referred for tax foreclosure will be resubmitted and up to 100 parcels of property from the attached list will be referred for tax foreclosure by the land bank during the 2008-09 fiscal year.

### **Qualified Participating Developer**

In order to be designated as a Qualified Participating Developer under Section 379C.005 of the Texas Local Government Code ("Code") and participate in the urban land bank development program, a developer must: (1) have built three or more housing units within the three-year period preceding the submission of a proposal to the land bank seeking to acquire real property from the land bank; (2) have a development plan approved by the City for the land bank property; and (3) demonstrate ability to develop, within a two year period, its inventory of residential lots acquired through City of Dallas operated or assisted programs including proposed land bank property to be acquired.

### **Community Housing Development Organizations**

An organization which meets the definition of a Community Housing Development Organization (CHDO), under 24 CFR 92.2 and is certified by the

City of Dallas as such, may be a “qualified organization” under Section 379C.011 of the Texas Local Government Code (“Code”). Only “qualified organizations” as defined in the Code may engage in the “right of first refusal” for this program.

A listing of those CHDOs that may be eligible for the “Right of First Refusal” is available as Attachment A. In order to engage in the “right of first refusal” on the acquisition of a property from the land bank, the CHDO must also have the following to be considered a “qualified organization”:

1. Contain within its designated geographical boundaries of operation, as set forth in its application for certification filed with and approved by the City, a portion of the property that the land bank is offering for sale,
2. Built at least three single-family homes or duplexes or one multifamily residential dwelling of four or more units in compliance with all applicable building codes within the preceding two-year period of the date the property becomes available for purchase through the land bank and within the organization’s designated geographical boundaries of operation, and
3. Built or rehabilitated housing units (within the preceding two-year period) within a one-half mile radius of the offered parcel.

Code Section 379C.011 explains the elements of the “Right of First Refusal” for “qualified organizations.” The City of Dallas and Land Bank will apply the following points to this process:

1. Written notice will be provided to the “qualified organizations” for the offering;
2. The time period for “right of first refusal” will be six (6) months from the date of the deed of conveyance of the property to the land bank;
3. During this six-month period, the land bank may not sell the property to a qualified participating developer other than a qualified organization (If all qualified organizations eligible to exercise the right of first refusal for that property notify the land bank that they are declining to exercise their right of first refusal during the 6 month period or if an offer to purchase the property is not received from a qualified organization during the 6 month period, the land bank may sell the property to any other qualified developer at the same price that the land bank offered the property to the qualified organization);
4. After the period for the “right of first refusal” expires, the subject property will be offered to a “qualified participating developer” as defined in the Code (a “qualified participating developer” is defined as a developer who has built three or more housing units within the three-year period preceding the submission of a proposal to the land bank and has a development plan approved by the City for the land bank property);

5. At the discretion of the land bank and consistent with the City approved development plan, the subject parcel may be held for up to twelve (12) additional months by the land bank once an offer has been received and accepted from a “qualified organization or “qualified participating developer”;
6. If more than one “qualified organization” expresses an interest in exercising its “right of first refusal,” the organization that has designated the most geographically compact area encompassing a portion of the property shall be given priority; and
7. There will be no requirements for the land bank to give “right of first refusal” for “qualified organizations” if the subject property has reverted to the land bank after going through this entire process.
8. The “right of first refusal” applies only to properties acquired under the State Code for the Urban Land Bank Demonstration Program. There is no “right of first refusal” for properties acquired by the City or its Land Bank through other City programs or initiatives.

### **City of Dallas Plan for Affordable Housing Development**

Based on 2000 census data, the Dallas metropolitan area has grown 29% since 1990 and continues to grow at a rate of 2% annually. With an increase of approximately 273,000 in population since 1990, the City of Dallas has identified high priority needs in the availability and affordability of housing. In fact vacancy rates for single family and multifamily housing units have dropped to 1.4% and 7% respectively. An additional concern is the low rate of 43% for homeownership in Dallas compared to the national average of 67%. However, only 3,300 homes priced less than \$121,000 were built in Dallas between 1995 and 2000 and demolition of substandard homes may have reduced that gain.

In order to achieve a 50% homeownership rate goal, approximately 32,000 single-family units would have to be created. The priority for the City of Dallas is not only to create single-family homes but also to make them affordable. The definition of an affordable homeownership unit is one in which a household with income of 115% or less of area median family income can obtain financing to purchase the home.

The creation of housing for families at 80% or below of median family income is a priority for the City of Dallas and this Urban Land Bank Demonstration Program. Additionally, at least 25% of the land bank properties must be deed restricted for sale to households with gross household incomes not greater than 60% of the area median family income adjusted for household size; and not more than 30% of those land bank properties may be deed restricted for sale to households with gross household incomes greater than 80% of the area median family income, adjusted for household size. The tremendous need for housing in Dallas will also allow the City to take advantage of opportunities to leverage private and public funding for mixed income developments.

The City of Dallas intends to continue implementation of the Urban Land Bank Demonstration Program to produce affordable housing. Attachment D identifies the list of 1391 properties the Land Bank has referred for tax foreclosure under the FY 2003-04, FY 2004-05, FY 2005-06, FY 2006-07 and FY 2007-08 Plans. In the event any properties are removed from Attachment D, an equal number of qualified lots may be substituted. The City of Dallas intends to sell up to 100 properties in FY 2008-09 to “qualified organizations” and “qualified participating developers” for affordable housing development under this program. Subject parcels will first be offered for sale in FY 2008-09 to “qualified organizations” at a price of \$3,500.00 for the first 7,500 square feet of land plus \$0.133 for each additional square foot plus any regulatory and contractual costs, including but not limited to environmental testing, maintenance, post foreclosure property taxes and replatting, required for the Land Bank to acquire and sell developable properties. Buyers will be required to submit development plans for approval along with requests to purchase available parcels. All properties will be deed restricted. Properties to be developed for homeownership will remain deed restricted until construction is complete and sale of the affordable unit occurs. Properties to be developed as rental units will be deed restricted for 15 years for affordability to households with incomes not greater than sixty percent (60%) of area median family income (“AMFI”). Forty percent (40%) of the units would be occupied by households with incomes not greater than fifty percent (50%) of AMFI or twenty percent (20%) of the units would be occupied by households with incomes not greater than thirty percent (30%) of AMFI and as further restricted by statute. All parcels will be conveyed with a right of reverter so that if the “qualified participating developer” does not apply for a construction permit and close on any construction financing within the two-year period following the date of the conveyance of the property from the land bank to the “qualified participating developer,” the property will revert to the land bank for subsequent resale to another “qualified participating developer” or conveyance to the taxing units who were parties to the judgment for disposition as otherwise allowed under the law. If a property is not sold within three (3) years to a “qualified organization” or a “qualified participating developer,” the property will be transferred from the land bank to the taxing units who were parties to the judgment for disposition as otherwise allowed under the law.

### **Supportive Funding**

Attachment B reflects the sources and amounts for funding anticipated to be available from the City for subsidies for development of affordable housing in the city of Dallas, including money specifically available for housing developed under this program, as approved by the City Council of the city of Dallas at the time of adoption of this plan.