



Real Estate: Process for the Sale of City Property

Finance Committee

January 26, 2026

John Johnson

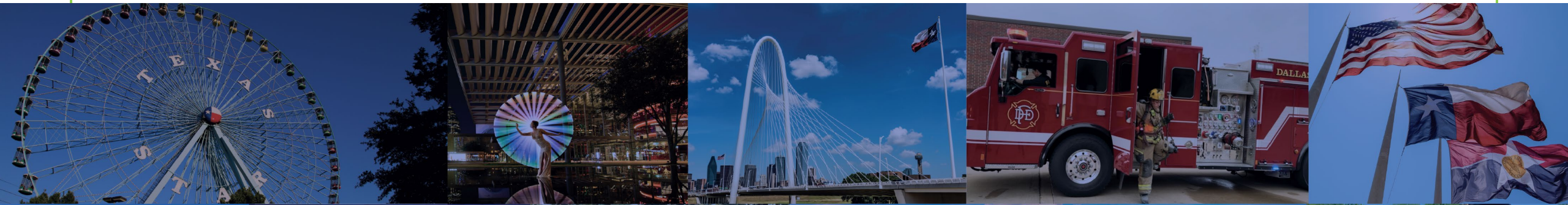
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- **Background**
- **Current Process**
- **Sale Proceeds**
- **Next Steps**

Background

- Types of Surplus Property:
 - Remnant parcels from City right-of-way projects
 - Obsolescent or no longer needed City facilities
 - Underutilized City-owned
- Properties are sold in accordance with the Texas Local Government Code and Section 2-24 of the Dallas City Code.

Background cont'd

- Surplus Property Sale methods:
 - Sealed bid
 - Public auction (Most common method)
 - Listing through a licensed real estate broker
 - Direct sale to abutting owner when the parcel is not developable
 - Direct sale in exchange for other land or right-of-way needed by the City
- Direct sale to others in specific instances:
 - Qualified non-profit organization for affordable housing
 - Governmental entity with eminent domain authority
 - Institution of higher education
 - Foundation under contract with the City for development
 - Developer within a reinvestment zone under an approved project plan (TIF)

Current Process

- The City utilizes a third-party vendor, Hudson & Marshall, to conduct public auctions
- Use of a real estate broker is typically recommended for unique or high-profile properties (City has current contract with CBRE)
- Transportation and Public Works (TPW) prepares field notes for developable properties prior to sale
- Prior to Council declaring a property surplus, it is routed to all City departments and external agencies (including TxDOT, Dallas County, DISD, DART, and Utilities) to determine any other public need

Current Process cont'd

- Pursuant to Dallas City Code Section 2-24, an independent appraisal is required for properties with an estimated value exceeding \$100,000
- A reserve is required for all properties sold at auction
 - Reserve processes will be discussed in executive session
- Upon Council approval declaring a property unwanted and unneeded, the property is advertised and/or listed for sale using the approved disposition method, in accordance with applicable State Law

Current Process cont'd

Public Auction Process:

- State law authorizes the City to sell property after publishing notice of the auction at least 20 days prior to the auction date
- Notice of sale must be published once a week for three consecutive weeks prior to the auction
- If the reserve is met:
 - Purchase and Sale Agreement is executed
 - Standard close of escrow typically occurs within 60 days of contract execution
- If the reserve is not met, the City may:
 - Consider the highest bid received at auction, or
 - Elect not to sell the property and re-advertise it for sale

Sale through a Real Estate Broker:

- State law allows the City to sell a property after it has been listed for 30 days to a ready, willing, and able buyer submitting the highest cash offer
- Close of escrow occurs pursuant to negotiated terms approved by the City

Sale proceeds

- Pursuant to Ordinance No. 15680 (adopted November 1977), proceeds from the sale of real property are governed and used as a funding source for capital improvements
- Proceeds are deposited into the applicable fund:
 - General Capital Reserve (GCR) Fund
 - Aviation Capital Reserve Fund
 - Water Utilities Capital Reserve Fund
- Proceeds from the sale of property belonging to other enterprise Departments are deposited with those departments accordingly
- FRM is reimbursed for costs incurred, including legal descriptions, appraisals, and other administrative expenses

Next Steps

- Brief the Committee in the spring on the results and outcomes of its review of the City's real asset acquisition and disposition processes, conducted in collaboration with CBRE.
- Anticipated outcomes include:
 - Recommendations for a governance model
 - Updated policies and procedures, to include industry best practices
 - Evaluation of real estate staffing and organization needs

Questions



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