

Memorandum



CITY OF DALLAS

DATE September 20, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **September 25th Upcoming Council Agenda Item No. 23, No. 24, and No. 25 – Urban Land Bank Demonstration Program Vendor Contracts**

The Council action will authorize the Dallas Housing Acquisition and Demonstration Corporation (DHADC) to enter into a one-year contract and to exercise four one-year renewal options to extend the contract, with Linebarger Goggan Blair & Sampson, LLP for legal services; Republic Title of Texas, Inc. for title services; and Terracon Consultants, Inc., for environmental services to provide services related to the acquisition and sale for up to 300 lots acquired by the DHADC during the one-year term of the contract in an amount not to exceed a total of 1,500,000.00 annually, subject to appropriation and approval by the DHADC or the City Council, if necessary.

Summary

The primary objective of the Urban Land Bank Demonstration Program (Program) is to acquire unproductive, vacant, and developable parcels of real property and parcels improved with abandoned, vacant, and uninhabitable structures for affordable housing or commercial development. DHADC is an instrument of the City and has been designated by the City to administer the Program on its behalf. The acquisition of unproductive parcels will enable the DHADC to facilitate the development of new single-family homeownership units, multifamily rental units, and lease-purchase units on the parcels to house low- and moderate-income households and, on appropriate parcels, allow commercial development that will complement the City's affordable housing strategy.

As an instrument of the City, certain actions of the DHADC are approved by both the Board of Directors of the DHADC and the City Council, including the vendor contracts discussed below.

For a parcel to be eligible for sale to the DHADC:

- The market value of the property as specified in the judgment of foreclosure must be less than the total amount due under the judgment, including all taxes, penalties, and interest, plus the value of nontax liens held by a taxing unit and awarded by the judgment, court costs, and the cost of the sale;
- The parcel of land must not be improved with a habitable building or buildings or an uninhabitable building or buildings that are occupied as a residence by an owner or tenant who is legally entitled to occupy the building or buildings; and

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- The parcel of land must have delinquent taxes on the property for a total of at least five years as reported by Dallas County.

In order for the DHADC to operate the Program, it is necessary to obtain certain professional services, including title, legal and environmental.

Legal Services

The acquisition of properties to be included in the Program's inventory involves utilization of a foreclosure process. DHADC contracts with a legal services company to complete the foreclosure process for the properties that are strategically identified by the Program staff. The Urban Land Bank Demonstration Program Plan includes a list of properties eligible for acquisition to bring into the Program inventory. The DHADC anticipates that it will refer up to 25 properties per month for tax foreclosure and the contract considered by this item is to retain the services of the legal firm to provide the required foreclosure services.

Title Services

After strategic identification of properties to be included in the Program's inventory, due diligence must be completed on each property including a title review to identify encumbrances on the title. The encumbrance information is provided to the law firm completing the foreclosure process for DHADC. A review of title is also required after the foreclosure process as part of the closing process when the properties are sold to a qualified developer. The DHADC anticipates that it will refer up to 25 properties per month for title services and the contract considered by this item is to retain the services of the title company to provide the required foreclosure services.

Environmental Services

After strategic identification of properties to be included in the Program's inventory, due diligence must be completed on each property including an environmental review to determine if the property has environmental issues that need to be addressed. The environmental review is required to allow DHADC to make an informed decision regarding whether to acquire the property or not.

Selection of Service Providers

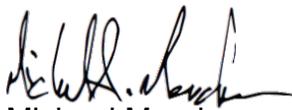
In order to select qualified companies to perform the necessary services, a Request for Qualifications (RFQ) was sent to respective firms and proposals were received. Staff evaluated the proposals pursuant to the standards set forth in the RFQ, which included determining whether the services companies had the experience and capacity to perform all related functions necessary to effectively operate of the Program. Each proposal was reviewed and scored by an evaluation committee. After determining the most qualified

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proposer for each service, staff negotiated with each company regarding the terms of the contract. On August 8, 2019, the DHADC Board of Directors authorized a contract with Linebarger Goggan Blair & Sampson, LLP for legal services; Republic Title of Texas, Inc. for title services; and Terracon Consultants, Inc., for environmental services, subject to the City Council approval.

Should you have any questions please contact David Noguera, Director of Housing and Neighborhood Revitalization at (214) 670-5988.



Michael Mendoza

Chief of Economic Development and Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors