

Memorandum



CITY OF DALLAS

DATE January 13, 2017

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Land Bank Program

On Tuesday, January 17, 2017, you will be briefed on the Land Bank Program. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in blue ink, appearing to read 'Alan E. Sims'.

Alan E. Sims
Chief of Neighborhood Plus

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Larry Casto, City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council



Land Bank Program

A Briefing to the Housing Committee

Housing/Community Services Department
January 17, 2017





Purpose

- Provide an overview of the Program
- Review the Procedures
- Discuss possible changes/modifications
- Summarize accomplishments



Land Bank Program

- The Program is governed by State Law through House Bill (HB) 2801, Chapter 379C
- The program has been focused on:
 - Providing a simple, straightforward system to expedite reclamation of unproductive (often undesirable) properties back to the tax rolls
 - Acquiring tax-delinquent, vacant, and developable properties
 - Addressing blight in established neighborhoods and stabilizing “at risk” communities
 - Using this program to create ownership choices for mixed income groups (not just low income)



Current Procedures

- Due Diligence - lot identification and tax status
- Tax Lawsuit
- Environmental Assessment
- Sheriff Sale
- Property Development Proposals
- Board and Council approval
- Deed Conveyance
- Release of liens



Recent Concerns

- Ex-offender builders buying property
- Builders selling/conveying homes to relatives
- Construction timeframe
- Verification of Income for homebuyers
- Buyers owning other property
- Occupancy Requirements



Ex-offender Builders Buying Property

- Policy: State law and City policy do not prohibit
- Possible Change:
 - Require disclosure and consent for criminal and financial background check
 - Conduct criminal background checks
 - Perform financial & legal background checks (Lexis Nexis)
- Possible Impact:
 - City Council has supported many ex-offender/reentry programs in the past
 - May lead to inconsistent criteria across programs



Builders Selling/Conveying homes to relatives

- Policy: State Law and City Policy do not prohibit sale to relatives
- Possible Change:
 - Require disclosure of whether potential buyers are relatives
 - Prohibit the sale to relatives
 - Limit the number of sales to relatives (i.e. max. 10% or no more than 2)
- Possible Impact:
 - Reputable builders might be prohibited from constructing home for aging parents, a relative with a disability, or who is a veteran, or a starter home for adult children



Construction timeframe

- Policy: State law and City Policy allows a building permit and close on financing within three year period
- Possible Change: Reduce the timeframe to 18-24 months
- Possible Impact: Downturn in the economy could impact sales



Verification of Income for Homebuyers

- Policy: State law and City Policy allow for a mixed income program up to 115% (not just low income)
 - Annually, 30% of homebuyers can be from 81% - 115% AMFI (i.e. \$82,455 for a family of four)
 - Balance at 80% AMFI or below
 - Income is self-reported by the buyers
- Possible Changes:
 - Implement requirements similar to lending institutions (pay stubs and tax returns)
 - Restrict program to affordable at or below 80% AMFI
- Possible Impact:
 - Inconsistent with previous goal of mixed income neighborhoods
 - Increase staff time to review additional documentation



Buyers owning other property

- Policy: State law and City policy do not prohibit prior ownership
- Possible change:
 - Modify program to first-time homebuyers
 - Exclude buyers that have previously owned a home in past years (i.e. 1-5 years)
- Possible Impact:
 - Could impact adjacent owner purchases
 - Could prevent buyers from renting their other property to pay mortgage on new property
 - Could prevent buyers from relocating to Dallas



Occupancy Requirements

- Policy: State law and City policy do not have occupancy requirements
- Possible Change:
 - Consider requiring the purchaser to occupy the property for a minimum length of time
 - Restrict the subsequent sale to a household that also qualifies under the income restrictions
- Possible Impact:
 - Add staff time to monitor, transfer, and release deed restrictions
 - May discourage sales and increase rental requests



Accomplishments

- Dallas is the only city in Texas that has all the taxing entities in agreement with the Land Bank Program
- At fiscal year end 2016, 1398 properties have been sold to the Land Bank Program from the Sheriff or directly purchased
 - 677 lots sold to developers
 - 18 lots sold to adjacent owners
 - 403 lots reverted to taxing trustee and sold
 - 55 lots are pending sale
 - 245 lots are in inventory
- 414 homes built and sold as of fiscal year 2016
 - 268 buyers at 60% AMFI or lower
 - 102 buyers between 61% and 80% AMFI
 - 44 buyers between 81% and 115% AMFI



DISCUSSION AND DIRECTION FROM COMMITTEE



Appendix A

Area Median Family Income (AMFI)

FY 2016 AMFI

% Income	Family Size				
	1	2	3	4	5
30%	\$15,050	\$17,200	\$19,350	\$21,500	\$23,250
60%	\$30,114	\$34,416	\$38,718	\$43,020	\$46,462
80%	\$40,150	\$45,900	\$51,650	\$57,350	\$61,950
115%	\$57,719	\$65,964	\$74,210	\$82,455	\$89,051
120%	\$60,228	\$68,832	\$77,436	\$86,040	\$92,923