

Memorandum



DATE September 18, 2015

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 Monday, September 21 2015, 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.



Theresa O'Donnell
Chief Planning Officer

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, 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
Jeanne Chipperfield, 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
September 21, 2015





Purpose

- Provide information on the:
 - Dallas Housing Acquisition and Development Corporation (DHADC)
 - Dallas Urban Land Bank Demonstration Program
- Review the Land Bank Program Processes
- Make recommendations for the Land Bank Program



Dallas Housing Acquisition and Development Corporation (DHADC)

- DHADC

- 501(c)(3) non-profit corporation
- Quasi-governmental
- Formed in 1991 to develop affordable housing opportunities in Dallas
 - Originally named the Multifamily Housing Acquisition Corporation and changed to DHADC in 2001
- In 2003, the Land Bank Program was initiated
- Eight Board Members
 - City of Dallas Directors of Housing, Development Services & Code Compliance
 - 2 Dallas County representatives
 - 1 DISD representative
 - 1 Real Estate Council representative
 - 1 Non-profit affordable housing organization representative



Land Bank Program

- Proposed by the City of Dallas to the State Legislature in 2003 as a pilot program to:
 - Address blight in established neighborhoods
 - Stabilize “at risk” communities and enhance quality of life
 - Address the need for affordable single family ownership choices
 - Acquire tax-delinquent, unproductive, vacant, and developable properties
 - Provide a system to expedite reclamation of unproductive properties



Land Bank Program (continued)

- All taxing entities must agree upon an annual plan and execute an interlocal contract
 - Dallas County
 - Dallas Independent School District
 - Dallas County Hospital District
 - Dallas County School Equalization Fund
 - Dallas County Education District
 - Dallas County Community College District



Land Bank Program (continued)

- By Statute, the annual plan requires:
 - List of current inventory
 - Lots identified for future acquisition
 - Proposed sales price for properties in inventory
 - List of Community Housing Development Organizations eligible for “right of first refusal”
 - Plan for affordable housing development
 - Any funding anticipated to assist in the development of housing



Required Criteria for Land Bank Program Properties

- Vacant residential and commercial properties that:
 - 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



Examples

- Eligible Property
 - Property Value (DCAD) \$6,000
 - Taxes (5 years) + Liens \$10,000
- Ineligible Property
 - Property Value (DCAD) \$6,000
 - Taxes (5 years) + Liens \$4,000



Additional Selection Criteria

- Lots in Selected Target Areas
- Lots adjacent to Target Areas
- Lots 1 mile on either side of DART Rail Lines
- Lots requested by Community Housing Development Organizations
- Option to acquire property intended for commercial use added to the Statute recently

Acquisition Process Steps

Land Bank assembles list of potential vacant lots and forwards to Law Firm and Title Company

Title Company Abstracts Title, forwards opinion to Law Firm and to City Attorney's Office

After approval by City Attorney's Office, lawsuit is prepared and filed with County Court

County Court adjudicates law suit and Sherriff conducts private sale to Land Bank

Land Bank offers property through a real estate firm (MLS listed) and the City website

Land Bank Board approves development plan and sales, City Council approves, and lot is conveyed to developer



Land Bank Property Development

- Developers/Builders must fill out an application which provides the following information:
 - Experience & references
 - Size of home(s) and elevations
 - Anticipated sales price
 - Timeline for development
- Properties may also be sold to adjacent owners under the following circumstances
 - Undevelopable
 - Commercial use
- Properties must be developed within 3 years or revert back to the taxing entities
- Properties are sold for an average of \$4,500 per lot
- Homebuyers qualifying income must be at or below 115% of area median family income



Outcomes (as of 8/31/2015)

- 281 inventory available for sale
- 624 lots sold to developers and adjacent owners
 - 112 Direct Acquisitions
- 328 lots reverted to taxing jurisdictions over twelve year period
- 342 homes built and sold



DHADC Operation of Land Bank Program

- Land Bank Program is currently self supporting without any General Funds
- Total operating costs for one year are estimated to be \$300,000
- There are 4 staff operating the Land Bank Program
 - 1 manager
 - 2 staff processing real estate acquisitions and sales including researching title reports, liens, judgments, Sheriff's notices & deeds, performing due diligence on lots, site inspections and corresponding with citizens & developers
 - 1 staff updating lot inventory, maintenance reports, audit reports and other administrative duties
- Breakeven total sales is 75 lots per year
- DHADC retains independent audit, title, mowing, environmental, and real estate services



Challenges

- Number of properties that can be referred to the law firm
 - Law firm charges a very reduced rate for services
- Number of properties made available to the Land Bank Program
- Lack of dedicated revenue sources to creatively package land for development and expand programs
- Need for more builders to increase sales and redevelopment
- Misconception that all vacant/dilapidated properties are part of the Land Bank Program



Center for Community Progress

- In April 2015, the Center for Community Progress studied Dallas' code enforcement and blight remediation efforts and recommended:
 - Increase the capacity of the Land Bank Program to acquire, hold, maintain, and assemble substandard properties



Recommendations

- Explore opportunities to assemble City owned, land banked, and privately owned property
- Look for opportunities for land swaps to allow for market rate housing without income restrictions
- Explore dedicated revenue source
 - General Fund Allocation
 - Foundations, Grants, Donors
 - Explore other collected fees or funds for dedication
- Specifically market properties to home builders associations
- Utilize funding to finance “turn-key” building



Recommendations (continued)

- Utilize \$1,500,000 in HOME Investment Partnership Program Funds to build on ten (10) Land Bank Program lots
 - Award funding to DHADC
 - DHADC would:
 - Solicit qualified builders
 - Provide funds to finance the construction of homes
 - Provide for land cost and other allowable soft cost reimbursement
 - Sell homes to eligible buyers
 - Utilize proceeds to build additional homes



Next Steps

- September 22, 2015, City Council to consider:
 - Interlocal Cooperation Contract
 - Contract with Linebarger, Goggan, Blair, Sampson, LLP for legal services
 - Contract with Republic Title of Texas for title services
 - Program Statement for the Land Bank
 - Development contract with City and DHADC for \$1,500,000 of HOME funds

- October 14, 2015, City Council to consider the Land Bank Plan

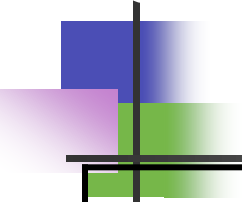
- October- December, 2015- other taxing entities to consider Land Bank Plan



Appendix

Area Median Family Income

For 2015



% Income	Family Size				
	1	2	3	4	5
30%	\$14,800	\$16,900	\$20,090	\$24,250	\$28,410
50%	\$24,650	\$28,200	\$31,700	\$35,200	\$38,050
80%	\$39,450	\$45,050	\$50,700	\$56,300	\$60,850
100%	\$49,280	\$56,320	\$63,360	\$70,400	\$76,032
115%	\$56,672	\$64,768	\$72,864	\$80,960	\$87,437