



Legislation Text

File #: 19-1141, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 25, 2019
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing & Neighborhood Revitalization
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize the Dallas Housing Acquisition and Development Corporation (DHADC) to enter into a one-year contract commencing on October 1, 2019, with four one-year renewal options with Republic Title of Texas, Inc. to provide title abstract services related to the acquisition and sale of up to 300 lots acquired by DHADC during the one-year term of the contract and same number of lots for each subsequent renewal - Not to exceed \$120,000.00 annually - Financing: Economic and Southern Area Transit-Oriented Development Fund (2006 Bond Funds)

BACKGROUND

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. The DHADC is an instrumentality 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.

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

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

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. DHADC contracts with a title company to provide these services.

Before the DHADC refers a parcel of real property to its legal services provider to initiate the tax foreclosure process, or otherwise seeks to acquire a property, the title company will:

- Perform a title examination for all matters affecting title, including examining public records related to the property and the current owner. Specifically, the title company will provide information regarding the chain of title, current and past due taxes, and any judgments and liens, bankruptcies, easements, encroachments, or other claims to or encumbrances on the property;
- Provide the results of the title examination as well as any updates to the DHADC in an electronic format;
- Provide DHADC with a listing of all encumbrances that appear on Schedule C of the title commitment for the property, including all City liens; and
- Schedule the closing for the property and supervise the full execution of all required documents authorizing the transfer of title from DHDAC to the developer and disbursement of all funds.

The term of this contract will be for one year with the possibility of four one-year renewal options subject to appropriation and approval by the DHADC or City Council, if necessary.

In order to select a title company to perform the necessary services, a Request for Qualifications (RFQ) was sent to seven title companies and two proposals were received. Program staff evaluated the proposals pursuant to the standards set forth in the RFQ, which included determining whether the title company had the experience and capacity to perform all title-related functions necessary to effectively operate the Program. Each proposal was reviewed and scored by an evaluation committee. After determining that Republic Title of Texas, Inc. was the most qualified proposer, Program staff negotiated with the title company regarding the terms of the contract. On August 8, 2019, the DHADC Board of Directors authorized a contract with Republic Title of Texas, Inc., subject to City Council approval.

This action will authorize the DHADC to enter into a one-year contract and to exercise four one-year renewal options to extend the contract, with Republic Title of Texas, Inc. to provide title services related to the acquisition and sale of up to 300 lots acquired by the DHADC during the one-year term of the contract in an amount not to exceed \$120,000.00 annually, subject to appropriation and approval by the DHADC or City Council, if necessary.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 28, 2004, City Council designed the DHADC to operate its Program for the purpose of acquiring, holding and transferring unimproved real property under Chapter 379C of the Local Government Code by Resolution No. 04-0458.

On September 12, 2018, City Council authorized an appropriation of up to \$1,500,000.00 in Economic and Southern Area Transit-Oriented Development Fund (2006 Bond Funds) to the Program for capital costs related to acquisition and disposition of unimproved, tax-foreclosed, real property for the development of affordable housing or other commercial purposes by Resolution No. 18-1287.

On January 9, 2019, City Council held a public hearing to receive comments on the proposed City of Dallas FY 2018-19 Program Plan and approved the FY 2018-19 Urban Land Bank Demonstration Program Plan by Resolution No. 19-0117.

On August 8, 2019, the DHADC Board of Directors authorized a one-year contract with Republic Title of Texas, Inc. with four one-year renewal options, subject to City Council approval.

City Council will be briefed by memorandum regarding this matter on September 20, 2019.

FISCAL INFORMATION

Economic and Southern Area Transit-Oriented Development Fund (2006 Bond Funds) - \$120,000.00