



Legislation Text

File #: 19-1140, **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 Linebarger Goggan Blair & Sampson, LLP to provide legal services related to the acquisition and sale of up to 300 lots sought to be acquired by DHADC during the one-year term of the contract and up to the same number of lots for each subsequent renewal - Not to exceed \$600,000.00 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.

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.

The legal services provider will be required to provide the following services to foreclose on properties to be included in the Land Bank inventory:

- Review the title examination provided by DHADC;
- Provide DHADC: (1) a brief legal analysis of any issues that would prevent or negatively impact the efficient and successful litigation of a tax foreclosure lawsuit, including existing tax foreclosure lawsuits against the parcel and/or issues that make the parcel ineligible for foreclosure pursuant to the Land Bank Statute, and (2) an estimate of the time it will take for Proposer to effect service on all necessary parties; and
- File a civil lawsuit seeking a foreclosure of the parcel due to delinquent taxes and eligible liens in accordance with the Land Bank Statute, the Texas Property Tax Code, and other applicable statutes (Lawsuit);
- Upon filing the Lawsuit, ensure that the Dallas City Attorney's Office is included as a party to receive electronic notification of all filings and other activity related to the Lawsuit;
- Perfect service on all necessary parties or file a motion seeking court approval for an alternative method of service;
- Appear fully prepared on DHADC's behalf at all court hearings and trials;
- Upon obtaining a judgment of foreclosure, timely seek an order of sale to be conducted pursuant to Section 379C.008(a)(4)(d) of the Texas Local Government Code; and
- Upon request, provide reports and in-person briefings to DHADC staff and Board of Directors.

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 legal services provider to perform the necessary services, a Request for Qualifications (RFQ) was sent to three law firms and one proposal was received. Land Bank staff evaluated the proposal pursuant to the standards set forth in the RFQ, which included determining whether the law firm had the experience and capacity to perform all legal services-related functions necessary to the efficient operation of the Land Bank. The proposal was reviewed and scored by an evaluation committee. After determining that Linebarger Goggan Blair & Sampson, LLP (Linebarger) was the most qualified proposer, Land Bank staff negotiated with the law firm regarding the terms of the contract. On August 8, 2019, the DHADC Board of Directors authorized the Land Bank staff to enter into a contract with Linebarger, subject to City Council approval.

This action will authorize the DHADC to enter into a one-year contract with Linebarger and to exercise four one-year renewal options to extend the contract, to provide legal services related to the acquisition and sale of up to 300 lots sought to be acquired by the DHADC during the one-year term of the contract and up to the same number of lots for each subsequent renewal, in an amount not to exceed \$600,000.00 annually.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 28, 2004, City Council authorized the designation of the DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C by Resolution No. 04-0458.

On September 12, 2018, City Council authorized the City Manager to appropriate up to \$1,500,000.00 in 2006 General Obligation 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 Program Plan by Resolution No. 19-0117.

On August 8, 2019, the DHADC Board of Directors authorized a one-year contract with Linebarger 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) - \$600,000.00