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## Dallas Land Bank Offers Fantastic Return on Investment for Taxpayers

### The City Should Encourage More Building on Vacant Lots

Over ten years ago, the City of Dallas established the Dallas Housing Acquisition and Development Corporation as its land bank. The land bank's objective is to acquire unproductive, vacant, and developable lots and lots with abandoned, vacant, and uninhabitable houses to be "banked" for affordable housing or grocery store development.

The land bank could be one of the City's most effective tools to fight blight, revitalize neighborhoods, attract private investment into depopulating communities, and increase homeownership. Its top priority should be to transform as many abandoned, tax-delinquent properties into productive, tax-generating properties as possible.

#### The First 10 Years

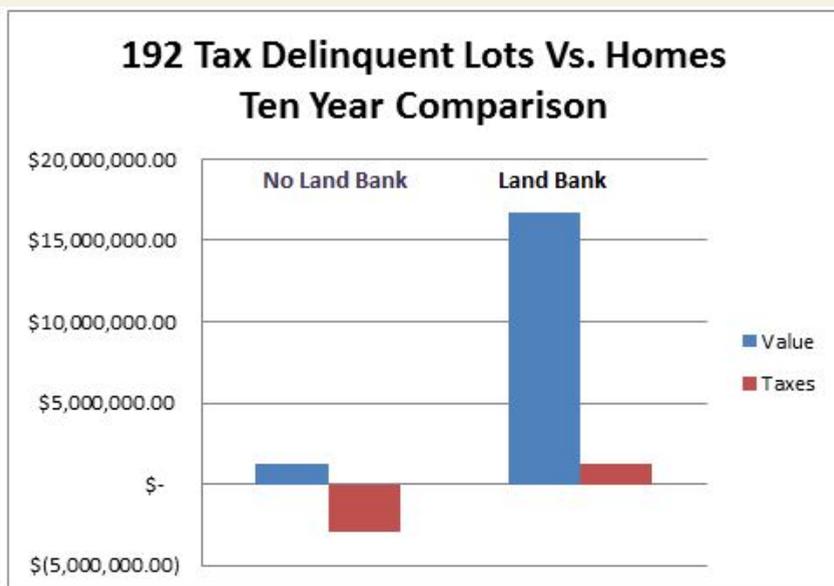
Each year, the land bank acquires tax-delinquent vacant lots, sells lots to developers (and adjacent neighbors), and tracks which of the purchasing developers has built a home and sold it to a homebuyer. [Dallas Habitat is an active participant in the land bank program](#)

sold it to a homebuyer. [Dallas Habitat is an active participant in the land bank program.](#) During the ten-year period between 2004 and 2014, Dallas' land bank was involved in the following activities:

	Count	Aggregate Value	Average Value Per Lot	Aggregate Taxes/Non-Tax Liens	Average Taxes/Non-Tax Liens Per Lot
Acquired Lots	953	\$6,056,920	\$6,362	(\$14,797,407)	(\$15,527)
Sold Lots to Developers	389	\$1,705,420	\$4,384	\$67,888 per year	\$175 per year
Developers Built and Sold Homes to Homebuyers	192	\$16,668,327	\$86,814	\$387,139 per year	\$2,016 per year

In order to qualify for the land bank program, properties have to have been tax-delinquent for at least five years. On average, lots that are acquired by the land bank owe more in liens and taxes than twice the value of the lot itself.

Absent municipal foreclosure, these lots would likely continue to drain public resources to maintain them and drag down the surrounding properties. Had the land bank never acquired the 192 properties that were ultimately transformed into new homes, this vacant lot portfolio appraised at approximately \$1.2 million would continue to owe almost \$3 million in unpaid taxes and liens.



Because of the land bank, owner occupied, affordable homes now stand where before were only abandoned properties. These 192 affordable homes have an aggregate market value of over \$16 million (an almost 14 fold increase), have collectively paid over \$1 million in taxes over the past ten years, and will continue to pay \$387,139 in taxes each year going forward. This is a fantastic return on investment for the taxpayers in Dallas, turning a liability into an asset.

### Looking to the Future

Currently, the land bank covers its operating costs through lot sales. This policy restricts the land bank's impact by limiting the number of lots it can afford to acquire and deterring potential buyers because the standard lot prices are often above market value.

We suggest the land bank:

1. **Offer the lots for free or at extremely reduced prices.**

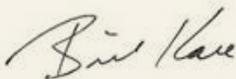
The taxes generated each year from the new homes, combined with the savings from not having to mow the lots, would likely cover the annual operating expenses. The land bank currently has just under two million dollars in available funds (including funds on hand in the operating account (\$307,206.12) and city obligation bonds (\$1,687,442.59) as of 9/30/14). Why forego taxes and spend an estimated \$80,000 a year mowing lots that, if offered for free or at reduced pricing, might be acquired by a developer?

2. **Significantly increase the number of properties acquired.**

The 2014-2015 land bank plan lists over 2100 parcels that owe a total of almost \$27 million in taxes and liens that may become eligible for sale to the land bank during the upcoming year.

The land bank's real return on investment comes from facilitating new development on abandoned properties. All of its policies, procedures, and pricing should aim to maximize this production.

Sincerely,



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