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## Target-Rich Environment for Dallas' Land Bank: 30% of \$280 Million Owed in Taxes, Liens & Interest

Dallas City Council just approved the Dallas Land Bank's [Proposed Program Plan for Fiscal Year 2016/2017](#) that calls for the Land Bank to refer at least 100 parcels for tax foreclosure and resubmit up to 100 parcels that it had previously referred. As we have written [before](#), Dallas' Land Bank provides an invaluable tool to convert unproductive property to productive uses such as affordable homeownership opportunities.

Given the shortage of quality affordable housing and lack of economic development, particularly in distressed neighborhoods, we encourage the City of Dallas to strategically select properties and increase the number of properties that are referred/resubmitted by the Land Bank in the upcoming 2016/2017 fiscal year.

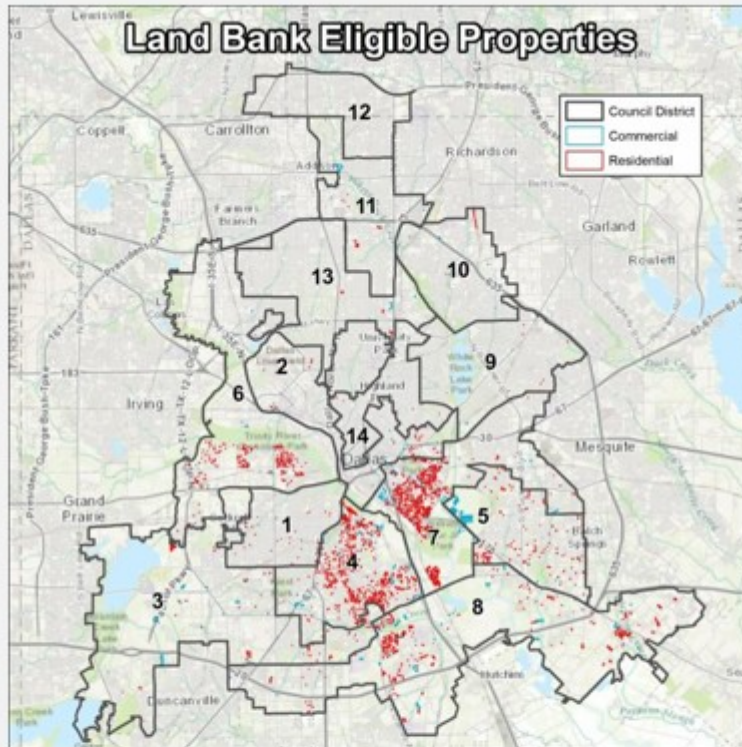
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### Land Bank Criteria

According to [state statute](#), to qualify for the land bank a property must meet the following criteria:

- (1) the market value of the property as specified in the judgment of foreclosure is 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;*
- (2) the property is not 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*
- (3) there are delinquent taxes on the property for a total of at least five years.*

By combining tax data from the Dallas County Tax Assessor, parcel data provided by the Dallas County Appraisal District, and non-tax lien data provided by Dallas Water Utilities, we have identified almost 3,000 residential properties and 500 commercial properties that appear to meet the Land Bank eligibility criteria listed above.



Owning property is both a right and responsibility. Two of the main responsibilities of property ownership are paying property taxes and maintaining the property. Let's examine in more detail these two types of public debt that affect Land Bank eligibility: property taxes and non-tax liens.

## Taxes

There are currently 27,045 properties that are tax delinquent within the City of Dallas, owing a total of \$191,604,807 in back taxes. The average amount owed is \$7,084 and, on average, these properties have been tax delinquent for 5.3 years.

	Tax Delinquent Properties	Back-Taxes Owed	Average Years Unpaid
District 1	1,472	\$8,369,814	3.6
District 2	1,439	\$10,877,830	4.0
District 3	1,983	\$13,023,350	4.3
District 4	5,362	\$37,324,391	6.6
District 5	1,971	\$11,679,528	5.2
District 6	3,040	\$17,476,244	5.0
District 7	4,622	\$27,847,830	7.0
District 8	3,282	\$20,413,753	6.1
District 9	903	\$6,806,278	2.7
District 10	712	\$3,680,503	3.3
District 11	574	\$4,947,714	2.8
District 12	122	\$561,965	2.7
District 13	823	\$20,862,638	3.4
District 14	740	\$7,732,969	2.7
<b>Total</b>	<b>27,045</b>	<b>\$191,604,807</b>	<b>5.3</b>

## Non-Tax Liens

When a property owner fails to maintain her property sometimes, but not always, the City of Dallas will place a lien on the property to recoup maintenance costs. The City may secure an abandoned building to deter squatters and the City often mows properties for example. Currently, the City of Dallas is owed over \$95 million in non-tax liens and interest for nonpayment of those liens, and over \$50 million of this amount is due to weed/mow/clean liens alone, where the City of Dallas is forced to maintain a property because the property owner has failed to do

so. These non-tax liens are sometimes called public expenditure liens because the City actually expends money (boarding up, mowing, etc.); so these liens represent actual out-of-pocket to the taxpayers.

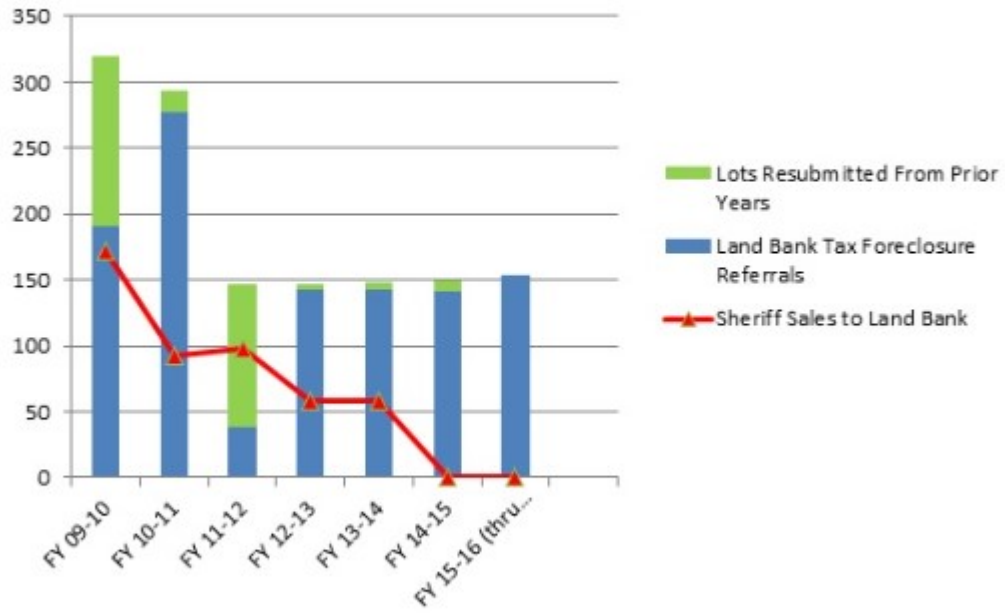
## Land Bank Eligible Lots in Dallas

Not all properties that are tax delinquent or have a non-tax lien are eligible for the Land Bank. Only those properties that meet the criteria listed above can be considered. Notably, LandBank-eligible properties account for a very significant portion of delinquent properties; the money owed on Land Bank-eligible properties accounts for 30% of the total amount owed in the city of Dallas. Based on the data provided, it appears that 3,457 properties within the City of Dallas meet these criteria and are eligible for referral by the Land Bank. Certainly, many of these properties will not be suitable for the Land Bank for one reason or another, and many of the properties identified using these datasets may have incorrect data entered. Each lot will need to be vetted for eligibility and suitability. Nevertheless, a strategic approach to refer properties that have redevelopment potential and are clustered in areas in need of revitalization could be an effective way to entice development, recoup lost revenue for the taxing entities, and provide affordable homeownership options.

Since FY 2011-2012, the Land Bank has submitted or resubmitted a combined total of approximately 150 lots per year for possible inclusion in the Land Bank. Because of the length of the foreclosure process, there is typically at least a two-year process from when the lot is referred by the Land Bank to when the foreclosure is completed and the sheriff sells the lot to the Land Bank.

The Land Bank tracks its lots by the year in which the lot was referred/resubmitted:

## Land Bank Lot Acquisition (By Fiscal Year of the Referral)



Based on Land Bank Production and Inventory Report Dated 8/31/2016

Many of the lots that are referred/resubmitted by the Land Bank do not ultimately result in a sheriff sale, so the Land Bank is unlikely to actually acquire each of the lots that it refers in any given year. For example, of the 320 lots that were referred or resubmitted seven years ago (FY 09/10), only 172 (or 54%) have been acquired by the Land Bank through a sheriff's sale. Assuming a 50% acquisition rate (which may be a bit high since the years FY03 through FY09 have only a 46% acquisition rate), this would equate to roughly 75 lots a year being acquired by the Land Bank as a result of the 150 lots that have been referred/resubmitted over the past several years.

**This is simply not enough.**

Given the abundant amount of lots that appear to meet the eligibility criteria, the Land Bank should refer at least **300 lots a year** and strategically select these lots to increase the chances of redeveloping entire neighborhoods.

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