

Memorandum



CITY OF DALLAS

DATE June 17, 2024

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Jesse Moreno (Chair), Cara Mendelsohn (Vice Chair), Zarin Gracey, Chad
West, Gay Donnell Willis

SUBJECT **Upcoming Agenda Item for Consideration and Approval of the Sale of Land
Transfer Program Lots to a Qualified Participating Developer-Cornerstone
Community Development Corporation**

The purpose of this memorandum is to brief the Housing and Homelessness Solutions Committee (HHS Committee) on an upcoming Dallas City Council agenda item for a proposed sale of Land Transfer Program lots to a qualified participating developer, Cornerstone Community Development Corporation (Cornerstone).

The City of Dallas Land Transfer Program, which was established by City Council on May 22, 2019 and is administered by the Department of Housing & Neighborhood Revitalization (Housing), currently has two (2) lots in inventory that are offered for sale. Lots in the Land Transfer Program are sold to eligible developers via an application process for the purpose of constructing affordable housing units and sale to income eligible homebuyers. Recently, staff received and reviewed an application from an eligible developer, Cornerstone, for the purchase of (two) 2 Land Transfer Program lots. This memorandum provides an overview of the application submitted by Cornerstone for HHS Committee consideration.

The application for the Land Transfer Program requires (1) the development of quality, sustainable housing that is affordable to the residents of the City and (2) the development of other uses that complement the City's Comprehensive Housing Policy, Economic Development Policy, or redevelopment policy. Specifically, the Land Transfer Program authorizes the City to sell qualifying City-owned real property and resell tax-foreclosed real property to for-profit, non-profit and/or religious organizations, as applicable, in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or City ordinance. The tax foreclosed lots are being sold pursuant to 34.051 of the Texas Property Tax Code.

In January of 2022, Cornerstone a non-profit 501(C)3 in Dallas for 30 years, submitted an application (proposal) to purchase a total of two (2) Land Transfer Program lots. Housing staff evaluated the application pursuant to the standards set forth in the Land Transfer Program guidelines, which included determining whether the developer met the eligibility standards to be deemed a "Qualified Participating Developer" and underwriting

the proposal. The application was determined to be “complete” and was assigned a score. Housing staff collaborated with Qualified Participating Developer regarding the terms of sale of the vacant lot(s) as well as the terms related to the construction and subsequent sale of single-family housing units to income eligible homebuyers.

The lots at 1 South Blvd will be combined with Cornerstone’s already owned property to produce a building with (six) 6 single family housing units. These townhomes on this lot will be sold to families at 60-80% AMI. The developer will sell these 3 bedroom, 2 bath, 1590-1640 square feet homes for a maximum of \$228,000. Each unit will have a minimum of a one car garage.

The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as Exhibit A.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the current HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** 60-80% AMI
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 60 days of purchase from the City. In addition, Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within 2 years of the date of acquisition of the vacant lot utilized for construction of the unit.
- **Restrictive Covenants:** Developer must: (1) sell each lot to an income eligible household and (2) prior to the sale, must provide to Department of Housing and Neighborhood Revitalization staff written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as an income eligible household’s principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to an income eligible household, it must be occupied as the household’s principal place of residence for at least five years. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another income eligible household.
- **Right of Reverter:** Title to the property may revert to the City if Developer does not apply for a construction permit and close on any construction financing within 60 days of purchase from the City or does not complete the construction and sale of the affordable housing unit to an income eligible homebuyer within 2 years.

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The City of Dallas will receive revenue from the sale of the lots, see attached Exhibit A, in the amount of \$5,637.28. The sales price for each lot is a minimum of \$1,000.00 for lots up to 7,500 square feet and an additional \$0.133 per square foot for lots which exceed 7,500 square feet. Upon completion of the proposed (six) housing units the expected property tax revenue is expected to be approximately \$10,584.14 annually. There are no delinquent taxes or non-tax City liens associated with either lot. The City of Dallas will also collect recording fees at closing to ensure property legal documents are properly recorded in the amount of \$60.

Staff Recommendation

Staff recommends that the Housing and Homelessness Solutions Committee move this item forward to City Council so that it may consider and approve the sale of the two (2) vacant lots to Cornerstone Community Development Corporation pursuant to the terms of development set forth in this memorandum.

Should you have any questions or require any additional information, please contact me or Cynthia Rogers-Ellickson, Director, Department of Housing & Neighborhood Revitalization at Cynthia.Rogersellic@dallas.gov or 214-670-3601.



Robin Bentley
Assistant City Manager(I)

[Attachment: Project Map]

C: Kimberly Bizer Tolbert, Deputy City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

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Exhibit A
SOUTHFAIR COMMUNITY DEVELOPMENT CORPORATION

Lot #	Street #	Street Name	Neighborhood	CD	Area (SF)	Purchase Price	Type	Proposed Homebuyer AMI	Non-Tax Lien Amount
1	1A	South	Edgewood	7	43,560	\$4,637.28	Tax foreclosed	60-80%	\$0
2	1B	South	Edgewood	7	2,178	\$1,000.00	Tax foreclosed	60-80%	\$0
Total Purchase Price¹						\$5,637.28	Total Non-Tax Lien Amount²	\$0	
Total Recording Fees						\$60.00			
Total Purchase Price and Recording Fees						\$5,697.28			

¹ Dallas City Code Section 2-26.9

² DWU Revenue and Business Systems Division