

June 11, 2025

**WHEREAS**, on November 6, 2012, Dallas voter approved a \$642,000,000.00 million general obligation bond program, of which \$55,000,000.00 was included in Proposition No. 3 (Economic Development/Housing) to promote economic development in the southern area of the City, and in other areas of the City in connection with transit-oriented development, by providing public infrastructure and funding the City's economic development programs for such areas; and

**WHEREAS**, on November 7, 2017, Dallas voters approved a \$1.05 billion general obligation bond program, of which \$55,400,000.00 was included in Proposition No. 1 (Economic Development and Housing) for the purpose of providing funds for promoting economic development throughout the city, through planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefor, and through the city's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and

**WHEREAS**, on May 9, 2018, the City Council authorized the adoption of the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704, which was subsequently amended, most recently on June 12, 2024 by Resolution No. 24-0846; and

**WHEREAS**, on March 27, 2019, the City Council authorized the Mixed Income Housing Development Bonus (MIHDB) program by Resolution Nos. 19-0429 and 19-0460 and Ordinance Nos. 31142 and 31152, which was subsequently amended on May 11, 2022, by Resolution Nos. 22-0743, 22-0744, and 22-0767 and Ordinance Nos. 32195 and 32210, to incentivize affordable housing development through various zoning bonuses; and

**WHEREAS**, on August 7, 2020, the City issued a Notice of Funding Availability (NOFA), as amended, in accordance with the CHP; and

**WHEREAS**, on July 1, 2020, the Housing and Homelessness Solutions Committee, Transportation and Infrastructure Committee, Workforce, Education, and Equity Committee, and the Economic Development Committee of the Dallas City Council issued a joint memorandum titled '*Mixed Income Housing Challenge for TODs for Post-Covid-19 Economic Development Recovery Efforts*' to identify developable City-owned sites; and

**WHEREAS**, on January 21, 2021, after identifying developable City-owned sites, the City issued a Request for Proposals (RFP) through Solicitation No. BYZ21-00015558 for City-owned property at 6601 S. Lancaster Road and four additional properties; and

June 11, 2025

**WHEREAS**, on May 26, 2021, after submission of an RFP for City-owned land at 6601 South Lancaster Road, Dallas, Texas 75241 (Property) and received the highest score, Innovan Neighborhoods, LLC (Applicant) and/or its affiliate(s) were authorized to enter into negotiations for development agreement and right of entry and due diligence period under the 1,000-Unit Housing Challenge by Resolution No. 21-0928; and

**WHEREAS**, on April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443 and the Dallas Housing Resource Catalog (DHRC) to include the approved programs from the CHP by Resolution No. 23-0444; and

**WHEREAS**, the Department of Housing and Community Development continues operating its programs, previously authorized and adopted under the CHP, as restated in the DHRC; and

**WHEREAS**, the Applicant submitted an application for gap financing and received a fundable Notice of Funding Availability score of 100 of 169 points; and passed a third-party underwriting review for their proposed development, a 188-unit single-family mixed-income homeownership housing development; and

**WHEREAS**, the Applicant has proposed the acquisition and development of a 188-unit single-family mixed-income homeownership housing development located in the South Lancaster neighborhood of Dallas, Texas, including 70 two-bed two and a half bath townhomes, 99 three-bed two and a half bath townhomes, and 19 four-bed three and a half bath single-family detached homeownership units ranging from 1,150-2,000 square feet (Project); and

**WHEREAS**, On February 28, 2024, the City Council authorized the transfer and reallocation of American Rescue Plan Act (ARPA) Funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Fund to the ARPA Redevelopment multi-year fund to provide assistance with completing projects by Resolution No. 24-0315; and

**WHEREAS**, on May 4, 2024, Dallas voters approved a \$1.25 billion general obligation bond program, of which \$26,400,000.00 was included in Proposition No. H (Housing and Neighborhood Infrastructure) for the purpose of providing funds for affordable housing and neighborhood revitalization initiatives, including construction affordable housing, infrastructure construction, and land purchase; and

June 11, 2025

**WHEREAS**, to assist in the affordable housing production goals established in the DHP33 and Housing Action Plan in accordance with the DHRC , the City seeks to (i) enter into a conditional grant agreement and development agreement and all necessary documents with Innovan Neighborhoods, LLC and/or its affiliate(s), approved as to form by the City Attorney, in accordance with the NOFA; and (ii) approve the request to receive additional gap financing in the form a conditional grant (\$4,980,000.00) and a development loan agreement (\$3,020,000.00) for a total amount not to exceed \$8,000,000.00

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager, is hereby authorized to **(a)** execute a conditional grant agreement in an amount not to exceed \$4,980,000.00 sourced with 2012 general obligation bond fund housing/economic development (Proposition 3); 2017 general obligation bond fund housing/economic development (Prop I); and 2024 general obligation bond fund housing infrastructure (Prop H) with Innovan Neighborhoods, LLC and/or its affiliate(s) (Applicant) for public infrastructure costs related to the construction of 188 single-family homeownership units; **(b)** execute a development agreement with a repayable loan and land conveyance in an amount not to exceed \$3,020,000.00 sourced with Mixed Income Housing Development Bonus Fund and ARPA Redevelopment Fund (name of fund for accounting purposes, but no federal funds are being used) with the Applicant and/or its affiliates(s) for hard construction (e.g. vertical construction such as framing, roofing, carpentry), capital expenditures, and other costs as allowed by the funding source and the DHRC related to the construction of 188 single-family homeownership units, and approved as to form by the City Attorney(a) and (b) for a total amount not to exceed \$8,000,000.00; and **(c)** convey the Property to the Applicant subject to restrictive covenants, a right of reverter with the righty of reentry and recording of all necessary documents pursuant to Texas Local Government Code Section 272.001(g) and applicable law and regulations for the development of the real property located at 6601 South Lancaster Road, Dallas, Texas.

**SECTION 2.** That the City Manager is hereby authorized to establish appropriations in an amount not to exceed \$1,494,276.00 in the Mixed Income Housing Development Bonus Fund, Fund 0T77, Department HOU, Unit 283C, Object 3015.

**SECTION 3.** That the City Manager is hereby authorized to execute a conditional grant agreement and development loan agreement with the Applicant and its affiliate(s), whether in the form of one or more agreements with each party or a single agreement including any financing and associated documents related to the grant agreement(s), applicable subordinations to third-party financial institution lien(s), and release of liens and termination of restrictive covenants on the development lots upon satisfaction of all

**SECTION 3.** (continued)

applicable conditions, approved as to form by the City Attorney and subject to compliance with associated funding source requirements and the DHRC. The Director of Housing and Community Development (Director) may extend deadlines up to two years.

**SECTION 4.** That the terms of the Project include but are not limited to the following:

- a) The conditional grant, \$4,980,000.00 in 2012, 2017, and 2024 general obligation bond funds (which is estimated to be \$26,489.36 per property), shall be used for the Project, which shall be forgiven upon sale of each home to a qualified homebuyer; subject to compliance with the terms and conditions of the agreement.
- b) The development loan agreement, \$3,020,000.00 in MIHDB and ARPA Redevelopment Fund (name of fund for accounting purposes, but no federal funds are being used) shall be used for the Project, which shall be repaid (based on the repayment terms as stated in the DHRC Single Family and Homeownership Development Requirements/Underwriting) upon in full upon sale, refinancing, or transfer of property or upon maturity, except that the repayment will be limited to the net proceeds of a City of Dallas-approved income-eligible homebuyer.
- c) Forty percent (76 of the 188) of the units will be sold to households at 80.00%-100.00% Area Median Income (AMI) and the remaining 112 units will be sold at market rate. Each home will range from 1,150-2,000 square feet. The sales price of each affordable unit shall not exceed the United States Department of Housing and Urban Development (HUD) HOME homeownership sales price limits amended by HUD annually for the Dallas, Texas HUD Metro FMR Area and shall comply with the requirements outlined in the DHP33 and other funding source requirements. These affordable units must remain affordable for a minimum of fifteen (15) years and shall be secured by recorded deed restrictions.
- d) The unit mix will include 70 two-bed two and a half bath townhomes, 99 three-bed two and a half bath townhomes, and 19 four-bed three and a half bath single-family detached homeownership units ranging from 1,150-2,000 square feet. The requirements of this subsection may be modified by the Director were permitted.
- e) No liens shall exist on the lots to be developed, except for liens related to the development of each lot and shall ensure that each lot is free from liens or other encumbrances at the time of sale to each income-eligible homebuyer.
- f) Applicant shall ensure that all single-family home (Units) have access to public sewer, public water, public road, and any other necessary utilities.

**SECTION 4. (continued)**

- g) All funds will be provided on a reimbursable basis.
- h) All Project costs must be reasonable and customary and conform with the DHP33 and any other applicable City regulations.
- i) The City Manager may authorize minor modifications to the Project to modify the home sales price to account for market changes in the construction and housing industry, so long as such modifications comply with the DHP33 and DHRC.
- j) The Applicant shall adhere to the requirements of the DHP and DHRC, including but not limited to the New Construction and Substantial Rehabilitation Program and the Single-Family and Homeownership Development Requirements/Underwriting program statement (including but not limited to ongoing project requirements, reporting and record keeping and structure of transaction).
- k) The City's lien for the development agreement may be subordinate to a financial institution's lien provided that: i) the City's deed restrictions or regulatory agreement, as applicable, have priority over any monetary liens and ii) any such subordination is in compliance with the requirements of the DHP33 and DHRC. In the event subordination agreements are required, the City agrees to provide the subordination agreement in a form acceptable to the City.
- l) The Applicant must provide payment and performance bonds or guarantees, or acceptable equivalent methods of guarantees to the City in the total amount of the construction of the development.
- m) The Applicant must execute a promissory note(s) for the total development loan agreement amount.
- n) The Applicant shall complete the Project in accordance with development schedule and milestones outlined in the agreements requiring a minimum of 50 homes built per year after substantial completion of the land development phase and sell all 188-units by June 30, 2030. The Director may extend this deadline, as determined in his/her sole discretion.

June 11, 2025

**SECTION 5.** That the City of Dallas conditional grant and development agreements are conditioned upon:

- A. Approval of equity, construction financing, and documentation in a form acceptable to the City; and
- B. Satisfaction of applicable funding source requirements including environmental review, cost reasonableness, and underwriting; and
- C. The Applicant shall make a good faith effort to comply with the City's Business Inclusion and Development goal of 32 percent participation by certified Minority/Women-owned Business Enterprises for all hard construction expenditures of the Project (i.e., public and private improvements) and meet all reporting requirements of the City of Dallas Business Enterprise HUB in the Office of Procurement Services; and
- D. All conditions listed in the DHP33 and DHRC for applicable developer programs; and
- E. Final underwriting; and
- F. Closing on equity and all other financing for the development.

**SECTION 6.** That the City Manager is authorized to obligate the Applicant to make payment for the City's outside counsel legal fees for the drafting and negotiation of the conditional grant agreement and development loan agreement and any related financing, subordination and associated documents for the Project, approved as to form by the City Attorney (the Conditional Grant and Development Loan Documents), directly to the City's outside legal counsel on the date that all of the financing for construction of the Project and execution of the Conditional Grant and Development Loan Documents, as approved by the City, the Applicant's other lenders and all necessary parties, (the Closing) takes place. In the event that the Closing does not occur, then the Applicant shall be obligated to pay the City an amount equal to the City's outside legal fees incurred by the City to draft and negotiate the Conditional Grant and Development Loan Documents within thirty days of the date on which the Closing was to occur.

**SECTION 7.** That the Chief Financial Officer is hereby authorized to encumber and disburse funds in an amount not to exceed \$8,000,000.00 to Innovan Neighborhoods, LLC or its affiliates as follows:

Housing and Neighborhood Infrastructure (H)

Fund 1Y54, Department HOU, Unit YH04, Object 3016

Contract No. HOU-2025-00027909, Vendor (VC23121) \$2,880,000.00

ECO (I)

Fund 1V52, Department HOU, Unit VI44, Object 3016

Contract No. HOU-2025-00027909, Vendor (VC23121) \$1,000,000.00

June 11, 2025

**SECTION 7.** (continued)

Economic Development and Housing Development Program Fund  
Fund 4U53, Department HOU, Unit X224, Object 3016  
Contract No. HOU-2025-00027909, Vendor (VC23121) \$1,100,000.00

Mixed Income Housing Development Bonus Fund  
Fund 0T77, Department HOU, Unit 283C, Object 3015  
Contract No. HOU-2025-00027909, Vendor (VC23121) \$1,494,276.00

ARPA Redevelopment Fund  
Fund 0A72, Department HOU, Unit AR10, Object 3015  
Contract No. HOU-2025-00027909, Vendor (VC23121) \$1,525,724.00

Total amount not to exceed \$8,000,000.00

**SECTION 8.** That the Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue in Balance Sheet Account 050A for the amount of the loan in Section 7.

**SECTION 9.** That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in ARPA Redevelopment Fund, Fund 0A72, Department BMS, Unit ARD1, Revenue Code 8520 and interest payment revenue in Fund 0A72, Department BMS, Unit ARD1, Revenue Code 8521.

**SECTION 10.** That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in MIHDB Program Income, Fund 0T77, Department HOU, Unit 283C, Revenue Code 847G and interest payment revenue in MIHDB Program Income Fund 0T77, Department HOU, Unit 283C, Revenue Code 847H.

**SECTION 11.** That it is FURTHER RESOLVED that the City of Dallas hereby confirms that its Governing Body has voted specifically to authorize the Project to move forward.

**SECTION 12.** That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to this transaction, until such a time as the documents are duly approved by all parties and executed.

**SECTION 13.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.