

Memorandum



CITY OF DALLAS

DATE March 24, 2026

TO Honorable Members of the Housing and Homelessness Solutions Committee: Cara Mendelsohn (Chair), Lorie Blair (Vice Chair), Adam Bazaldua, Zarin Gracey, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT **Upcoming Agenda Items: Authorize (1) the rejection of all bids received in response to the Request for Proposal and Notice of Funding Availability soliciting a general contractor to renovate the property located at 4150 Independence Drive, Dallas, Texas 75237 for a permanent supportive housing development and (2) Resolution amendments to the Council Resolutions for the following development projects: (a) Jeffries Meyers 1 & 3 (Dallas Housing Foundation); (b) Five Mile Infill (Notre Dame Place); (c) Mill City Infill (Good Urban Development); and (d) Spring Avenue Townhomes (Innercity Community Development Corporation)**

The purpose of this memorandum is to brief the Housing and Homelessness Solutions Committee (HHSC) on upcoming agenda items 26-690A, 26-560A, 26-561A, 26-559A, and 26-562A, for the March 25, 2026, City Council agenda.

The Office of Housing & Community Empowerment (OHCE) is undertaking a comprehensive portfolio review to update projects into compliance with current City housing policies, resolve procurement and contractual issues, and position the city to deliver much-needed affordable and supportive housing across Dallas. As part of this effort, OHCE is advancing five items for City Council consideration: **(1)** formal rejection of all bids associated with the solicitation for the City-owned property at 4150 Independence Drive—an initiative originally intended to deliver at least 100 PSH units and subsequently; **(2)** four amendments to existing single-family development resolutions (Jeffries Meyers 1 & 3, Five Mile Infill, Mill City Infill, and Spring Avenue Townhomes) to align with updated requirements of the Land Transfer Program permitted under Resolution 24-0257. These amendments will also address outdated delivery timelines, sales prices, changes in program administration, updates to the HOME affordability limits, and barriers to developer performance, ensuring that the projects can move forward and ultimately deliver 167 affordable owner-occupied homes.

Agenda item: 26-690A

The City of Dallas, via Resolution No. 22-0372 adopted on February 23, 2022, authorized the acquisition of approximately 81,943 square feet at 4150 Independence Drive for the development of affordable and supportive housing, including homeless services. Pursuant to that resolution, OHS issued a Request for Proposals (RFP) on November 30, 2022, seeking a developer/operator to convert the former Townhouse Suites hotel into 108 units—approximately 86 permanent supportive housing (PSH) units and 22 Rapid Rehousing units—with integrated case management and wraparound services. The RFP

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closed January 13, 2023, and three proposals were reviewed by a four-member committee, but none were selected due to significant funding gaps between project budgeting and estimated costs. A second solicitation—a Notice of Funding Availability (NOFA)—was released July 8, 2024, offering an initial \$4.3 million in City capital (via ARPA, G.O. Bond Prop J, and other sources) and a deadline extension from September 13 to November 18, 2024, following limited interest. Despite one submission, it also failed to close the financial gap and was not recommended for award. As the project remains infeasible under current terms and the City now recommends rejecting all bids to formally close the solicitation. In order to repost or consider other options, the existing procurement needs to be closed. No other development incentive application or project can be fully vetted until this procurement is closed.

Agenda items: 26-560A, 26-561A, 26-559A:

The four development items consist of amendments to their respective City Council Resolutions to ensure completion and occupancy of 167 single-family owner-occupied housing units.

- Align with Land Transfer Program policies that were updated after the projects started, while maintaining original intent of the project and City oversight and monitoring.
- Amend the timelines for completion to be based around the date of the contract execution rather than City Council Resolution dates.
- Allow income targets and sales prices to be set in the Conditional Grant Agreements and Supplemental Agreements. This allows adjustments for construction and market changes, and annual HUD updates without requiring staff to seek additional amendments.
- Reduce delays in qualifying homebuyers by removing Dallas Homebuyer Assistance Program (DHAP) buyer eligibility requirements for buyers not part of the program. If a buyer uses DHAP, then DHAP eligibility criteria will remain.

Background

Historically, the Office of Housing & Community Empowerment (OHCE) managed two programs under the Dallas Housing Resource Catalog (DHRC) to incentivize private investment in affordable housing: the New Construction and Substantial Rehabilitation Program, which provides financial assistance for new construction or major rehabilitation projects, and the Land Transfer Program, which sells City-owned or tax-foreclosed property at below-market value to qualified developers. The Land Transfer program was transferred to the Office of Facilities and Real Estate Management in October 2025, with

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the realignment of functions as part of the City Budget, however, these development projects are still managed by OHCE. On May 9, 2019, a Notice of Funding Availability (NOFA) for single-family housing development under both programs was issued, offering gap financing through loans or grants and access to clustered parcels (5 to 24 geographically proximate parcels) of land at reduced prices.

The 2019 NOFA prioritized proposals that were intended to meet City housing goals, leveraging the Land Transfer Program lots to develop homeownership opportunities serving households between 50-120% AMI.

In 2024, a substantial amendment to the Dallas Housing Resource Catalog was approved that addressed challenges with development projects. The intent of this resolution was to apply this to future projects and that each current project could either continue under their current contract or seek an update to the overall project structure. Developers have encountered challenges to completion due to restrictive requirements, and Resolution 24-0257 approved on February 14, 2024, addresses these challenges.

Resolution 24-0257 was approved to **(a)** release the Land Transfer Program (LTP) deed restrictions initially required when a qualified buyer is also a Dallas Homebuyer Assistance Program (DHAP) participant or receives other funding assistance that requires recapture deed restrictions, and instead impose the federally required DHAP (recapture) deed restrictions on the lots(s) which shall be filed and recorded in the real property records of the county in which the parcel(s) of real property is located; **(b)** no longer require a qualified buyer that is not a DHAP participant to meet DHAP underwriting guidelines; and **(c)** continue to require a qualified buyer that is a DHAP participant to meet DHAP underwriting guidelines; and the terms and conditions of the Single Family Development Requirements/Underwriting (SFDRU) program, and to no longer require Community Housing Development Organizations (CHDOs) to repay HOME-funded loans issued by the City for acquisition and construction financing and instead categorize them as forgivable loans as permitted by HUD regulations.

While these changes improved outcomes, there have been other identified challenges with grant agreements that locked in pricing of home sales rather than allowance of yearly adjustment with updated HUD Home Value Limits and ability to manage the portfolio of lots for sales. Each project below states the intended amendment being sought.

A. Five Mile Infill – Notre Dame Place Inc.
Five Mile Cluster Lots, Council District 8

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The Notre Dame Place (NDP) project was approved on March 25, 2020, by Resolution No. 20-0497 to **(1)** the sale and purchase of up to 99 Land Transfer Lots for the development of up to 100 affordable single-family homes, and **(2)** the execution of a HOME Written Agreement with Notre Dame Place, Inc. and/or its affiliates for the production of up to 100 affordable single-family units known as the Five Mill Infill project.

On May 27, 2021, the City of Dallas and Notre Dame Place, Inc. entered into a HOME Written Agreement for the Five Mile infill project.

On January 19, 2022, the City of Dallas and Notre Dame Place, Inc. executed Supplemental Agreement NO. 1 to the HOME Written Agreement.

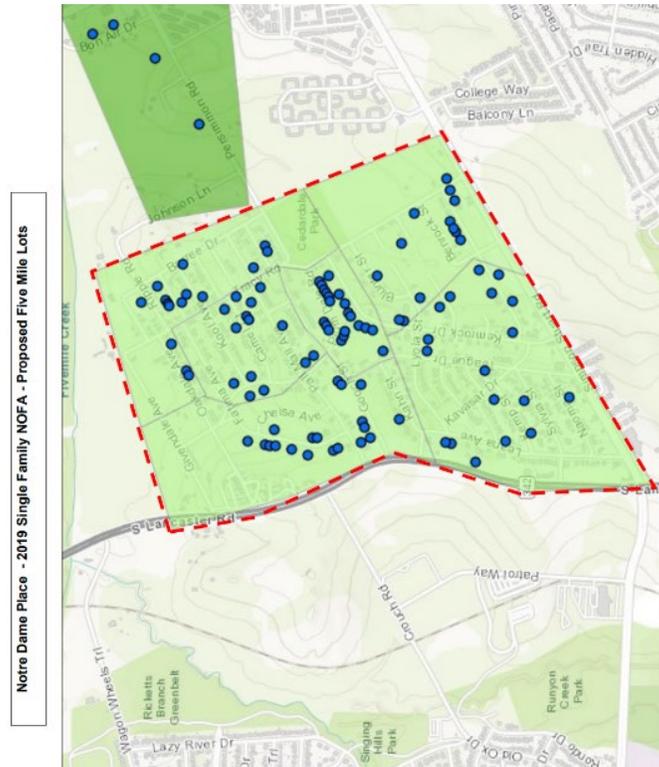
On May 8, 2023, the City of Dallas and Notre Dame Place, Inc. executed Supplemental Agreement NO. 2 to the HOME Written Agreement.

Agenda Item #26-560A on March 25, 2026, will apply the program change from Resolution 24-0257 as listed above. Additionally, the amendment to the Resolution will update HOME Investment Partnership Program (HOME) affordability limits. To date NDP has completed 35 homes, expending a total of \$440,000.00 in HOME funds and is committed to completing the remaining 40 houses by 2029. The overall project scope has been reduced to up to 80 total homes from the originally proposed 99 because the other lots were deemed unbuildable due to various site constraints, including some lots being in a flood plain, having title, or environmental issues.

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B. Jeffries Meyers – Dallas Housing Foundation
Jeffries Meyers 1 & 3 Lots, Council District 7

The Dallas Housing Foundation (DHF) project was approved on February 26, 2020, by Resolution No. 20-0314 City Council authorized the execution of a conditional grant agreement with Dallas Housing Foundation and/or its affiliates not to exceed \$1,427,000.00 in ECO (I) Fund 2017 General Obligation Bond Funds for the sale of up to 17 Land Transfer lots, for up to 34 single family homes, included in Jeffries-Meyers cluster 1 and/or 3.

On October 7, 2021, the City of Dallas and Dallas Housing Foundation entered into a Conditional Grant Agreement and Development Agreement for Land Transfer Lots for the Jeffries Meyers 1 & 3 clusters infill project.

On June 30, 2023, the City of Dallas and Dallas Housing Foundation executed Supplemental Agreement NO. 1 to the Conditional Grant Agreement and Development Agreement for Land Transfer Lots.

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On September 17, 2024, the City of Dallas and Dallas Housing Foundation executed Supplemental Agreement NO. 2 to the Conditional Grant Agreement and Development Agreement for Land Transfer Lots.

Resolution 20-0314 included a fixed two-year delivery timeline with limited extension options. While intended to ensure timely completion, this rigid structure has proven impractical given the complexities of housing development, infrastructure coordination, and market fluctuations.

Agenda Item #26-561A on March 25, 2026, will apply the program change from Resolution 24-0257 as listed above, removes delivery timelines from the resolution and instead establishes them within the Conditional Grant Agreement and Supplemental Agreements, removes fixed sales price limits from the Resolution, and updates the list of lots to be conveyed as part of the overall project. To date DHF has completed 14 homes, expending a total of \$669,036.91 and is committed to completing the remaining 20 houses by end of 2029. Overall, the project will deliver between 26-34 housing units, depending on the buildability of the final batch of lots to be transferred to the developer.

C. Mill City Infill – Good Urban Development

Mill City Cluster Lots, Council District 7

The Good Urban Development (GUD) project was approved on October 13, 2020, by Resolution No. 20-1568 City Council authorized the execution of a conditional grant agreement with Good Urban Development, LLC and/or its affiliates Not to exceed \$2,000,000.00 in ECO (I) Fund 2017 General Obligation Bond Funds for the sale of up to 25 Land Transfer lots, for up to 50 single family homes, included in Mill City Infill cluster.

On June 9th, 2023, the City of Dallas and Good Urban Development, LLC entered into a Conditional Grant Agreement and Development Agreement with Good Urban Development, LLC for the Mill City infill project.

On July 10th, 2025, the City of Dallas and Good Urban Development, LLC executed Supplemental Agreement NO. 1 to the Conditional Grant Agreement and Development Agreement for Good Urban Development, LLC.

Agenda Item #26-559A on March 25, 2026 will apply the program change from Resolution 24-0257 as listed above and extend the timelines in the original Resolution. To date GUD has completed 16 homes, expending a total of \$2,000,000.00 and is committed to completing the final 34 houses by 2029. Overall, the project will deliver 50 total housing

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units, as anticipated by the original Resolution and the developer has committed to deeper affordability for the second phase of the development. Phase two consists largely of Land Transfer Program lots, and of the 25 lots, the developer commits to selling at least half to households at or below 100% AMI rather than 120% AMI.

Agenda item: 26-562A amendment:

In 2003, the City of Dallas launched the Neighborhood Investment Program (NIP) initially targeting five census tracts for revitalization and later expanding to adjacent areas. Following voter approval of a \$1.35 billion bond package in 2006, \$41.5 million was allocated for economic development in Southern Dallas and transit-oriented areas. Between 2008 and 2013, \$3.4 million in bond funds supported the South Dallas/Greater Fair Park Community Revitalization Plan through property acquisition, remediation, and demolition, reducing blight and fostering new housing, healthcare, education, and business opportunities. In 2021, the City Council extended its partnership with Innercity Community Development Corporation (ICDC), authorizing demolition of a property and construction of eight affordable townhomes.

D. 4850 Brashear Street / Innercity Community Development Corporation Council District 7

The Innercity Community Development Corporation (ICDC) project was approved on November 10, 2021, pursuant to Section 253.022 of the Texas Local Government Code, City Council authorizing the transfer of City-owned property located at 4850 Brashear Street to ICDC for redevelopment as part of the Spring Avenue project by Resolution No. 21-1809. The project was structured to support the demolition of an existing structure and the construction of eight (8) single-family townhomes intended for sale to income-qualified homebuyers, with affordability requirements enforced through the development agreement.

Since adoption of the original resolution, updates to City housing policy and program administration, as well as market conditions affecting construction and home sales, have created a need to modify certain project terms.

Agenda Item #26-562A on March 25, 2026, will approve a project timeline extension and adjust homes sales to families at 80%AMI rather than 120%AMI from the original resolution. To date no homes have been constructed. The project faced delays due to several factors including the impact of COVID-19, an extended City-led demolition on the

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lot at 4850 Brashear (transferred to ICDC), a year-long rezoning process, and difficulties in securing funding. However, funding was secured in 2025, in part due the Communities Foundation of Texas HouseDTX fund and preconstruction activity began in January 2026 around the site.

Summary

The proposed actions across agenda items #26-690A, #26-560A, #26-561A, #26-559A, and #26-562A are critical components of OHCE's portfolio-wide advancement effort, addressing both the closure of an unproductive procurement for the Permanent Supportive Housing project at 4150 Independence Drive and the advancement of four single-family development amendments needed to complete long-standing homeownership projects. Rejecting all bids for Independence Drive will formally close the prior solicitation and allow the City to pursue a new, feasible path to delivering PSH units, or other affordable housing that align with strategic priorities. The four single-family amendments realign each project with updated Land Transfer Program requirements under Resolution 24-0257, modernize delivery timelines and sales-pricing, incorporate updated HOME affordability limits, resolve administrative barriers, and reduce delays for qualified homebuyers. Together, these actions are essential to completing 167 affordable owner-occupied homes and enabling OHCE to advance delivery of both affordable and supportive housing in Dallas.

Should you have any questions or require any additional information, please contact me or Thor Erickson, Director, Office of Housing & Community Empowerment at Thor.Erickson@dallas.gov or 214-670-3632.

Service First, Now!



Liz Cedillo-Pereira
Assistant City Manager

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c: Kimberly Bizer Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Ahmad Goree, Chief of Staff to the City Manager
Directors and Assistant Directors