

June 12, 2024

WHEREAS, on May 9, 2018, the City Council adopted the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704; and

WHEREAS, after the adoption of the CHP, the City Council authorized multiple amendments to the CHP on November 28, 2018, by Resolution No. 18-1680; on May 22, 2019, by Resolution No. 19-0824; on March 27, 2019, by Resolution No. 19-0429 and Ordinance No. 31142; on June 12, 2019, by Resolution No. 19-0884; on June 26, 2019, by Resolution No. 19-1041; on September 25, 2019, by Resolution No. 19-1498; on December 11, 2019, by Resolution No. 19-1864; on September 9, 2021, by Resolution No. 21-1450; on January 22, 2020, by Resolution No. 20-0188; on August 26, 2020, by Resolution No. 20-1220; on January 27, 2021, by Resolution No. 21-0212; on September 9, 2021, by Resolution No. 21-1450; on October 13, 2021, by Resolution No. 21-1655; on October 13, 2021, by Resolution No. 21-1656; on May 11, 2022, by Resolution No. 22-0744; and on September 28, 2022, by Resolution No. 22-1432; 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 DHP33 and the DHRC, which sets forth the City's housing programs, including developer programs: New Construction and Substantial Rehabilitation Program (NCSR), Single-Family Development Requirements (SFDRU), and the Land Transfer Program (LTP); and

WHEREAS, state law authorizes the City to sell real property lots without public notice and bidding in certain instances including when the sale is for a public purpose – affordable housing; and

WHEREAS, the City sells surplus lots (subject to Texas Local Government Code, Section 272.001(g)) and tax-foreclosed lots (subject to Texas Tax Code, Section 34.051) to qualified developers through the City's LTP for the construction of affordable single-family homes and rental units for low- to moderate-income households; and

WHEREAS, the LTP requires the city to impose various deed restrictions and a right of reverter (ROR) with right of reentry on the lots to ensure compliance with the public purpose; and

WHEREAS, the LTP requires developers to sell newly constructed single-family homes to a qualified buyer and any subsequent resale of the home by the initial qualified homebuyer must be to another qualified household during the five-year affordability period; and for affordable rental housing, each unit must be leased by a qualified tenant for the 20-year affordability period; and

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WHEREAS, the conditions under which the City exercises the right of reverter with right of reentry are if the developer: 1) fails to take possession of land within 90 calendars after receiving the deed; 2) fails to complete construction of housing units or other development on real property, or fails to ensure occupancy by eligible households within timeframe set forth in the development agreement; 3) incurred a lien on property due to violations city ordinance and failed to fully pay off lien within 180 days of the City's recording of lien; or 4) sold, conveyed, or transferred land without City's consent; and

WHEREAS, numerous developers and lenders state that the City's ROR decreases the developers' ability to obtain construction financing because the City's ROR is superior to a third-party lender's foreclosure; and

WHEREAS, the City desires to amend the LTP to provide the defaulting developer's third-party lender with a right to cure a developer's default before the city exercises its ROR in instances when the third-party lender's construction loan exceeds the amount of the City's loan; and

WHEREAS, under the DHRC, the NCSRP and SFDRU provides gap financing to developers constructing single-family homes through a competitive Notice of Funding Availability (NOFA); and

WHEREAS, in an effort to be more equitable in the disbursement of gap funding to small, mid-size, and large-scale developers, setting parameters around the number of times a NOFA application is submitted, capping the amount of gap funding provided would create equitable outcomes for all; and

WHEREAS, the City desires to allocate 50% of the Department of Housing & Neighborhood Revitalization's annual funding to targeted investments in Equity Strategy Target Areas; and

WHEREAS, exceptions will be made to the amount of gap funding provided to affordable housing project in target areas and developments with specific project initiatives to meet housing production goals and objectives as outline in the DHP33 and DHRC; and

WHEREAS, to incentivize developers to utilize gap funding to for development of additional single-family homeownership developments throughout the City of Dallas, a preference will be added to the SFDRU.

Now, Therefore,

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

June 12, 2024

SECTION 1. That the City Council is hereby authorizes the City Manager or his/her designee to amend **(1)** the Dallas Housing Policy 2033, as shown in the attached Exhibit A page 11 to **(a)** require 50% of the Department of Housing and Neighborhood Revitalization's annual funding to Equity Strategy Target Areas; **(2)** the Dallas Housing Resource Catalog New Construction and Substantial Rehabilitation Program, as shown in the attached Exhibit B pages 31-39 to **(a)** add a preference to award to developer partners with no current outstanding housing projects with the City; **(b)** cap all gap funding provided to a developer at a maximum 25% of total development cost or \$5,000,000.00, whichever is less (subject to exceptions for affordable housing projects in target areas and developments with specific project initiatives); **(c)** revise and provide consistency in repayment terms for annual cash surplus payments for developers; **(3)** Single Family Development Requirements/Underwriting, as shown in the attached Exhibit B pages 71-81 to: **(a)** add a preference for single-family and homeownership development; **(b)** add a preference to award to developer partners with no current outstanding housing projects with the City; **(c)** cap all gap funding provided to a developer at a maximum 25% of total development cost or \$5,000,000.00, whichever is less (subject to exceptions for affordable housing projects in target areas and developments with specific project initiatives); **(d)** revise and provide consistency in repayment terms for annual cash surplus payments for developers; and **(4)** amend the Land Transfer Program, as shown in the attached Exhibit D to **(a)** authorize the City Manager to provide a defaulting developer's third-party private financial institution an opportunity to cure the developer's default before the City exercises its right of reverter with a right of reentry for affordable single-family homes and multi-family rental projects when the third-party lender's loan is in an amount greater than the city's financing.

SECTION 2. 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.