

January 26, 2022

WHEREAS, on May 9, 2018, City Council adopted a Comprehensive Housing Policy (CHP) that set citywide production goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation by Resolution No. 18-0704; and

WHEREAS, on May 22, 2019, City Council authorized amendments to the City of Dallas Comprehensive Housing Policy to establish a Land Transfer Program by Resolution No. 19-0824; and

WHEREAS, KH Solutions, Inc. (Developer) submitted a proposal to purchase 11 vacant Land Transfer Program lots to develop 11 single-family affordable housing units; and

WHEREAS, the surplus lots are being sold in accordance with 272.001(g) of the Texas Local Government Code and the tax foreclosed lots are being sold pursuant to 34.051 of the Texas Property Tax Code; and

WHEREAS, to assist in the affordable housing production goals established in the Comprehensive Housing Policy, the City desires to enter into a development agreement with KH Solutions, Inc.

Now, Therefore,

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

SECTION 1. That the City Manager hereby authorizes the **(1)** sale of up to 11 Land Transfer Program lots to KH Solutions, Inc., and/or its affiliates (Developer) subject to restrictive covenants and a right of reverter and conditioned upon execution of all necessary documents pursuant to the City's Land Transfer Program; **(2)** release of all non-tax City liens, notices, or orders that were filed on the subject lots prior to or subsequent to the deeds transferring the lots to the City of Dallas; and **(3)** execution of a development agreement with Developer for the construction of up to 11 single-family homes on the Land Transfer Program lots, approved as to form by the City Attorney.

SECTION 2. That the City Manager is hereby authorized to execute all documents, including, but not limited to deeds without warranty (subject to right of redemption for tax lots), restrictive covenants, deeds of trust and any necessary documents to effectuate the sale of up to 11 Land Transfer Program lots shown in **Exhibit A** to Developer pursuant to the terms of development as described herein, as approved as to form by the City Attorney. All lots may revert to the City if City Manager or his/her designee determines that the Developer has:

SECTION 2. (continued)

1. failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
2. failed to complete construction of all required housing units or other required development on the real property, or failed to ensure occupancy by eligible households within the development timeframe set forth in the development agreement;
3. incurred a lien on the property because of violations of city ordinances and failed to fully pay off the lien within 180 days of the City's recording of the lien; or
4. sold, conveyed, or transferred the land without the consent of the City.

Upon determination by the City Manager that a condition described above has occurred, the City Manager is authorized to execute an instrument, approved as to form by the City Attorney, exercising against the parcel of real property the City's possibility of reverter with right to reentry. The City shall file notice of the reverter and reentry of the land by the City in the real property records of the county in which the parcel of real property is located, which notice must specify the reason for the reverter and reentry. The City shall provide a copy of the notice to the Developer in person or by mailing the notice to the Developer's post office address as shown on the tax rolls of the City or of the county in which the land is located.

SECTION 3. That each lot shall be sold to the Developer for a fixed price of \$1,000.00 for up to 7,500 square feet of land purchased under a single proposal, plus \$0.133 for each additional square foot of land purchased under the proposal, as detailed in **Exhibit A**. The proceeds from sale will be deposited to General Fund, Fund 0001, Department DEV, Balance Sheet Account 0519.

SECTION 4. That the City will provide Developer with a 120-day right of entry and due diligence period. During this period, the Developer will identify lots with significant development challenges that may be undevelopable or may require significant remediation. Following the 120-day period, Developer must submit a final list of requested lots.

SECTION 5. That the City Manager is hereby authorized to release all non-tax City lien notices and orders that were filed on the subject lots, shown in **Exhibit A**, prior or subsequent to the deed transferring the lots to the City of Dallas, approved as to form by the City Attorney.

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SECTION 6. That in addition to the conditions set out in the sections above, the development agreement shall include the following:

1. Developer is required to design, redevelop and construct at least one but not more than two single-family homes for sale on each Land Transfer Program lot obtained by Developer from the City. Developer shall submit a development plan and the development plan must be approved by the City.
2. Upon transfer of ownership of the lots from the City to the Developer, Developer must maintain all vacant lots in compliance with all applicable city, state and federal regulations including maintaining the lots free of high weeds.
3. No liens shall exist on the lots, except for liens related to the development of each lot. However, Developer shall ensure that each lot is free from liens or other encumbrances at the time of sale to each income eligible homebuyer.
4. Developer shall ensure that all single-family homes (units) have access to public sewer, public water, public road and any other necessary utilities.
5. All Project costs must be reasonable and customary and conform with the Comprehensive Housing Policy, and any other applicable City regulations.
6. Each unit must range from 1,700 square feet to 1,750 square feet with a minimum of three bedrooms and two baths.
7. Units must be equipped with the following Energy Star rated appliances in conformity with the development standards outlined in the Comprehensive Housing policy: refrigerator, range/oven, dishwasher and garbage disposal.
8. Units must meet applicable Section 504 Rehabilitation Act and Uniform Federal Accessibility Standards requirements. If units are presold, Developer must make the unit accessible upon the request of the prospective buyer.
9. Units must be sold to an income eligible homebuyer between 61-120 percent of the area median income, at a sales price between \$206,000.00 and \$215,000.00.
10. All income eligible homebuyers must meet the eligibility criteria set forth in the Comprehensive Housing Policy – DHAP, or a successor program.
11. Developer shall construct and sell each unit to eligible homebuyers within two years from the date of sale by the City to Developer. Developer may receive one one-year extension of any deadlines in the development agreement, subject to prior approval of the City Manager or designee.

SECTION 6. (continued)

12. Developer shall submit a marketing plan to the City for review and approval prior to construction. The marketing plan must identify the steps it is proposing to take in marketing the housing units to income eligible homebuyers.
13. The term of affordability for each unit is five years from the filing date of the deed transferring the unit from Developer to homebuyer, which shall be enforced by the restrictive covenants filed against each property.
14. The City Manager may authorize minor modifications to the Project to reduce the amount of lots sold to Developer and to modify the purchase price.
15. Developer shall obtain a building permit for at least one unit within 60 days from the date of sale to Developer from the City.

SECTION 7. 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 time as the documents are duly approved by all parties and executed.

SECTION 8. 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.