

February 26, 2020

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 November 28, 2018, City Council authorized amendments to the CHP to make technical changes to the Home Improvement and Preservation Program, the Dallas Homebuyer Assistance Program, and the New Construction and Substantial Rehabilitation Program by Resolution No. 18-1680; and

WHEREAS, on May 9, 2019, the City issued a Notice of Funding Availability in accordance with the CHP and Notre Dame Place, Inc. submitted an application that received a fundable score and passed a preliminary underwriting review for the Five Mile Single-Family Infill Development Project (Project); and

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

WHEREAS, the Project is located in the Five Mile area on 99 vacant Land Transfer lots and is an affordable single-family residential development providing up to 100 affordable homeownership units to households earning between 60-120% of the Area Median Income (AMI); and

WHEREAS, the Project has a funding gap of approximately \$1,600,000.00; and

WHEREAS, the tax-foreclosed lots are being sold pursuant to Section 34.051 of the Texas Tax Property Code; and

WHEREAS, to assist in the affordable housing production goals established in the CHP, the City desires to enter into a loan agreement with Notre Dame Place, Inc. and/or its affiliates in an amount not to exceed \$1,600,000.00 in consideration of the development of the Five Mile Single-Family Infill Development Project on Land Transfer lots identified as Five Mile clusters 1 through 6.

Now, Therefore,

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

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SECTION 1. That the City Manager is hereby authorized to execute all documents, including, but not limited to deed without warranty (subject to right of redemption for tax lots), restrictive covenants, sales contract, and any necessary documents to effectuate the sale with Notre Dame Place, Inc. and/or its affiliates (Developer) for the sale of up to 99 Land Transfer lots shown in Exhibit A; and a loan agreement with Developer in an amount not to exceed \$1,600,000.00 in HOME Investment Partnership Program (HOME) Funds, approved as to form by the City Attorney. An "affiliate" shall be an individual or entity that is either a parent company to the Developer or a subsidiary of the Developer. The loan amount shall be fully repayable upon the sale, refinancing, or transfer of the property or upon maturity, except that repayment will be limited to the net proceeds of the City approved sale to income qualified buyers with an interest rate of 0%. Net sales proceeds will exclude any portion of the sales proceeds used to repay senior construction debt, return of City of Dallas-recognized developer equity, approved-sales costs, and any HOME-assistance transferred to the buyer(s) at closing as direct homebuyer assistance.

SECTION 2. That all lots may revert to the City if the City Manager or his/her designee determines that the Developer has:

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.

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SECTION 3. That each tax-foreclosed 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. City will give the Developer an option to purchase 20 lots at a time. Once the Developer is under contract for 60% of the homes, Developer is eligible to purchase the lots in the subsequent phase. This will occur through completion.

SECTION 4. That upon receipt of the consideration from the Sale, the Chief Financial Officer is hereby authorized to disburse the proceeds in accordance with Chapter 34, Section 34.06 of the Texas Property Tax Code. Calculations for disbursement shall be provided by the Director of the Department of Sustainable Development and Construction to the City of Dallas Land Based Receivables, the Dallas County District Clerk, and the Dallas County Tax Office from the account specified in Section 3, above.

SECTION 5. 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 to the City.

SECTION 6. That the City Manager is hereby authorized to release all non-tax City liens, notices, and orders that were filed on the lots sold to Developer, 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.

SECTION 7. That the Chief Financial Officer is hereby authorized to encumber and disburse funds to Notre Dame Place, Inc. (VS0000068164), as the City receives and reviews reimbursement requests and related supporting documentation submitted by Developer, for eligible expenditures and accepts supporting evidence as defined in the agreements for the total amount not to exceed \$1,600,000.00 from the funding sources listed and described below:

<u>Fund</u>	<u>Department</u>	<u>Unit</u>	<u>Object</u>	<u>Amount</u>	<u>Encumbrance/Contract No.</u>
HM15	HOU	640H	3015	\$ 310,000.00	HOU-2020-00012425
HM16	HOU	541A	3015	\$1,000,000.00	HOU-2020-00012425
HM17	HOU	271B	3015	\$ 290,000.00	HOU-2020-00012425

SECTION 8. That the City Controller is hereby authorized to set up receivable Balance Sheet Accounts (033F) and deferred revenue - HOME loans in (0859), in Fund HM16, HM17, and HM17 for the amount of the loan.

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SECTION 9. That the Developer shall design, fund, and construct up to 99 single-family homes on the Land Transfer lots identified as the Five Mile clusters 1 through 6 in the Five Mile area as described herein.

SECTION 10. That the terms of the loan agreement shall include, but is not limited to the following terms:

- A. Developer shall submit a development plan and the development plan must be approved by the City.
- B. Upon transfer of ownership of each Land Transfer lot 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 and litter.
- C. No liens shall exist on the lots, except for liens related to the development of each lot, as detailed herein. However, Developer shall ensure that each lot is free from liens or other encumbrances at the time of sale to each income-eligible homebuyer.
- D. Developer shall ensure that all single-family homes (Units) have access to public sewer, public water, public road, and any other necessary utilities.
- E. All Project costs must be reasonable and customary and conform with the CHP, and any other applicable City regulations.
- F. City funding must be used for eligible project costs and cannot be used for land acquisition through the Land Transfer Program.
- G. All hard costs associated with the Project should be certified and result from a competitive bidding process.
- H. In general, all HOME-assisted units shall have an affordability period congruent with HOME regulations based on the amount of HOME subsidy invested in the unit (5 years for \$15,000.00, 10 years for \$15,000.00-\$40,000.00, and 15 years if over\$40,000.00). Developer shall be responsible for informing the buyer and ensuring that the appropriate affordability term is included in their sales contract. The affordability period shall be enforced by restrictive covenants filed against each property. Additionally, Developer shall only sell to homebuyers who meet the eligibility criteria set forth in the City of Dallas Homebuyer Assistance Program, or a successor program.

SECTION 10. (continued)

- I. The Project will consist of up to 99 new construction single-family homes, all of which will be built on Land Transfer lots. All homes are to be sold to households at 60-120% of the AMI. Of the 99 units, the Project will include 40 HOME-assisted units. All HOME-assisted units are to be sold to households at 60-80% of the AMI. Each home will range from 1,400 square feet to 2,336 square feet of living space with a garage. Developer may sell each Unit for a price between \$175,000.00 and \$220,000.00. The sales price of each HOME-assisted Unit shall comply with the requirements outlined in the CHP and the HOME regulations. All units will remain affordable for a minimum of five years. Affordability periods for HOME-assisted units will conform to HOME rules based on the amount of subsidy included in the Unit, as detailed above.
- J. Units shall be equipped with the following Energy Star-rated appliances in conformity with the development standards outlined in the CHP: refrigerator, range/oven, dishwasher, and garbage disposal.
- K. Units shall 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.
- L. Upon completion of construction of each Unit or prior to construction, Developer shall present a marketing plan to the City of Dallas identifying the steps it is taking to market the homes to income-eligible renters or homebuyers.
- M. The City Manager may authorize minor modifications to the Project to reduce the amount of lots sold to Developer and to modify the sales price, so long as such modification complies with the CHP.
- N. Developer shall construct and rent or sell each Unit to eligible homebuyers within two years from the date of sale of the lot by the City to Developer. Developer may receive one one-year extension of the loan agreement if delays are related to installation or improvement of infrastructure or zoning/platting issues. However, each HOME funded Unit must be sold within nine months of completion of construction or the Units must be converted to rental housing or the project will be deemed ineligible and all HOME Funds paid to Developer for such unit(s) must be repaid to the City.
- O. Developer shall obtain a building permit for at least one Unit within 30 days from the date of sale to Developer from City.

SECTION 10. (continued)

- P. Developer shall comply with Chapter 20A of the Dallas City Code including, but not limited to, Developer shall not discriminate against holders of any housing vouchers, including vouchers directly or indirectly funded by the federal government.
- Q. The loan shall be secured by a first or second lien on all lots sold to Developer and a note. The lien shall be subordinate only to a private financial institution's superior lien for a loan in a greater amount. The lien will be released upon satisfaction of the obligations detailed herein and in the contract.
- R. Developer shall adhere to the requirements of the CHP, including but not limited to the Land Transfer Program, the New Construction and Substantial Rehabilitation Program and the Appendix 1 - Single Family Development Underwriting (including but not limited to Ongoing Project Requirements, Reporting and Record Keeping, and Structure of Transaction), authorized by Resolution No. 19-1498.

SECTION 11. 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 12. 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.