

Memorandum



DATE March 20, 2020

CITY OF DALLAS

TO The Honorable members of the Housing and Homeless Solutions Committee: Chad West, Chair, Casey Thomas, Vice-Chair, Carolyn King Arnold, Lee M. Kleinman, Paula Blackmon, Cara Mendelsohn, Jaime Resendez

SUBJECT **Upcoming Agenda Item: Consideration and Approval of the Sale and Swap of Land Bank Lots to Camden Homes, L.L.C. and Confia Homes, L.L.C.**

This memorandum serves to provide information on the proposed sale of Land Bank lots to two qualified participating developers.

Summary

The Dallas Urban Land Bank Demonstration Program (Land Bank), which is managed by the Dallas Housing Acquisition and Development Corporation (DHADC), currently has an inventory of 53 lots that are offered for sale.

Recently, the DHADC Board of Directors approved the swap and sale of 11 Land Bank lots to two qualified participating developers. This memorandum provides an overview of how the developer proposal was evaluated and describes the development terms that will apply to each Land Bank lot that is approved for sale.

Background

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing development. The City Council designated the DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C on January 28, 2004.

In October 2019 and November 2019, two developers submitted proposals to swap and purchase a collective total of 11 Land Bank lots. Land Bank staff evaluated the proposals pursuant to the standards set forth in the Land Bank application, which included determining whether the developers met the eligibility standards to be deemed a “Qualified Participating Developer” and underwriting the proposals. The proposals were determined to be “complete” and were assigned a score by Land Bank staff. Land Bank staff negotiated with the qualified participating developers regarding the terms of sale of the vacant lots as well as the terms related to the construction and subsequent sale of single-family housing on the vacant lots.

The Developer approved for the swap of 2 lots and sale of 5 lots on October 17, 2019 by the DAHDC Board is Confia Homes LLC. Confia Homes, L.L.C. was organized in Texas in 2015 and the president of the organization is Ken Roberts. The Developer builds single-family homes in the Dallas area with a number of homes completed in West Dallas and Pleasant Grove. The Developer has previously participated in the Land Bank program and successfully completed the lot acquisition, development, and sale of twenty-two (22) homes to income qualified home buyers on Land Bank lots from 2016 to 2019. Past performance strongly suggests that the Developer will continue to construct quality affordable housing units on Land Bank lots while meeting the

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requirements of the Land Bank Program. The proposal requested a swap of 2 previously purchased Land Bank lots. Developer is permitted to swap a previously purchased Land Bank lot with another property owned by DHADC, if DHADC determines, in its sole discretion, that (1) Developer timely made the request, as determined in the sole discretion of the Director, and (2) the cost of development for the affordable housing use on the property is prohibitively expensive. In such instances, the Developer must submit a proposal for the new property in accordance with the current Land Bank Program application process.

The Developer approved for the swap of 3 lots and sale of 1 lot on November 21, 2019 by the DAHDC Board is Camden Homes LLC. Developer is a domestic limited liability corporation formed in Texas in 1998. The managing members are MT Akhavizadeh and Simmie Cooper. The Developer has previously participated in the City's Land Bank Program and successfully completed the lot acquisition, development, and sale of fifteen (15) homes to income-qualified homebuyers on land bank lots. Past performance strongly suggests that the Developer will continue to construct quality affordable housing units on the lots while meeting the requirements of the Land Bank Program. The proposal requested a swap of 3 previously purchased Land Bank lots. Developer is permitted to swap a previously purchased Land Bank lot with another property owned by DHADC, if DHADC determines, in its sole discretion, that (1) Developer timely made the request, as determined in the sole discretion of the Director, and (2) the cost of development for the affordable housing use on the property is prohibitively expensive. In such instances, the Developer must submit a proposal for the new property in accordance with the current Land Bank Program application process.

On October 17, 2019 and November 21, 2019, the DHADC Board of Directors approved the terms of sale and development, subject to City Council approval, for the 11 lots proposed to be sold to two qualified participating developers. The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as Exhibit A.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the 2019 HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** Attached as Exhibit A.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.
- **Restrictive Covenants:** Developer must: (1) sell each lot to a low-income household as specified in the applicable Exhibit A and (2) prior to the sale, must provide to DHADC written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as a low-income household's principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to a low-income household, it must be occupied as the household's principal place of residence for at least five years. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another low-income household.
- **Right of Reverter:** Title to the property may revert to the DHADC if Developer does not apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.

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Next Steps

Upon receiving Committee approval, staff will place this item on the next available City Council agenda.

Issues

The Land Bank had not sold lots in the previous two fiscal years and, therefore, had not been able to assist the City in meeting its annual housing production goals of 3,733 affordable homeownership units and 2,933 affordable rental units. Furthermore, the Land Bank incurs costs related to maintaining any lots in its inventory. If the Committee does not approve forwarding to the City Council approval of the sale of the 11 vacant lots owned by DHDAC to the two Qualified Participating Developers, the Land Bank will be required to continue expending funds to maintain the unsold inventory.

Fiscal Impact

The City Council recently allocated \$1.5 million in bond funding to support the acquisition and disposition of unimproved tax foreclosed properties by the Land Bank. There is no additional fiscal impact.

Departments/Committee Coordination

The DHADC Board of Directors considered and approved the sale of Land Bank lots on October 17, 2019 and November 21, 2019.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee move this item forward to the City Council so that it may consider and approve of the sale of 35 vacant lots owned by DHDAC to the three Qualified Participating Developers pursuant to the terms of development set forth in this memorandum and as further described on Exhibit A.



David Noguera

Director, Department of Housing & Neighborhood Revitalization

c: Honorable Mayor and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

EXHIBIT A

PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	COUNCIL DISTRICT	QUALIFIED PURCHASER	SALE AMOUNT	AMI TARGET	BED/BATH	AMOUNT OF NON-TAX LIENS
1	3350 Springview Ave Bonnie View Gardens 1st Sec Blk E/6088 Lot 16	4	Confia Homes, LLC	\$2,000.00	81% - 115%	4/2	\$6,312.40
2	4926 Kildare Ave Glendale Acres Blk N/4365 Pt Lot 8	4	Confia Homes, LLC	\$1,700.00	61% - 80%	3/2	\$9,910.69
3	4935 Kildare Ave Glendale Acres Blk O/4366 Lot 3B	4	Confia Homes, LLC	\$2,000.00	81% - 115%	4/2	\$17,774.39
4	4214 Carl St Parks Investment Co Fitzhugh Ave Blk B/1820 Lot 4	7	Confia Homes, LLC	swap	Not greater than 60%	3/2	\$13,106.22
5	2710 Lawrence St HT Lackey Blk 1/2481 Lot 10	7	Confia Homes, LLC	swap	Not greater than 60%	3/2	\$9,798.79
6	2219 E. Ann Arbor Ave Oak Cliff Gardens Pt Lot 5B 50X140 Ann Arbor & 10Fr Lot 6	4	Confia Homes, LLC	\$2,000.00	81% - 115%	4/2	\$19,355.28
7	1125 E. 11th St. Oak Cliff Original Blk 102/3085 SW Pt Lot 8 50X93	4	Confia Homes, LLC	\$1,700.00	61% - 80%	3/2	\$12,618.81
TOTAL				\$9,400.00			\$88,876.58

EXHIBIT A
(continued)

PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	COUNCIL DISTRICT	QUALIFIED PURCHASER	SALE AMOUNT	AMI TARGET	BED/BATH	AMOUNT OF NON-TAX LIENS
1	2718 Council St HT Lackey Blk 3/2483 Lot 3	7	Camden Homes, LLC	\$7,500.00	81% - 115%	4/2	\$12,335.23
2	2338 Macon St Ervay Cedars Blk 6/2529 Lot 10	7	Camden Homes, LLC	swap	61% - 80%	4/2	\$4,850.60
3	7721 Brownsville Ave Honey Springs Blk B/7636 Lot 6	7	Camden Homes, LLC	swap	61% - 80%	3/2	\$6,045.28
4	7735 Brownsville Ave Honey Springs Blk B/7636 Lot 4	7	Camden Homes, LLC	swap	Not greater than 60%	3/2	\$9,255.28
TOTAL				\$7,500.00			\$32,486.39