

# Memorandum



CITY OF DALLAS

DATE March 20, 2020

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

SUBJECT **Consideration and Approval of the Sale of Land Bank Lots to FOCIS Holding Group, L.L.C., Open Mindframe Ventures LLC, and Marcer Construction Company, LLC**

The purpose of this memorandum is to provide information on the proposed sale of Land Bank lots to three 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 sale of 35 Land Bank lots to three 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 November 2019 and January 2020, three developers submitted proposals to purchase a collective total of 35 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 9 lots on January 16, 2020 by the DAHDC Board is Marcer Construction. Developer is a domestic limited liability corporation formed in Texas in 2003. The managing member is Raul Estrada. Developer has previously participated in the City’s Land Bank Program and successfully completed the lot acquisition, development, and sale of eighteen (18) homes to income-qualified homebuyers on land bank lots. Past performance strongly suggests

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that the Developer will continue to construct quality affordable housing units on the lots while meeting the requirements of the Land Bank Program.

The Developer approved for 8 lots on November 21, 2019 by the DAHDC Board is Open Mindframe Ventures. Developer is a domestic limited liability corporation formed in Texas in 2012. The managing member is Tiffany Dent. The Developer has partnered with Ergo Construction, LLC. The contracted homebuilder has over 10 years of experience building a mix of affordable and market rate homes in Dallas. This is the first Land Bank application from this Developer; however, the builder's current portfolio demonstrates the Developer's ability to successfully construct quality affordable housing units on the lots while meeting the requirements of the Land Bank Program and meeting the project timelines.

The Developer approved for 18 lots on November 21, 2019 by the DAHDC Board is FOCIS Holding Group. The Developer is a domestic limited liability corporation formed in Texas in 2016. The managing members are Calvin and Christopher LaMont. Developer has previously participated in the City's Land Bank Program and successfully completed the lot acquisition, development, and sale of nine (9) 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.

On November 21, 2019 and January 16, 2020, the DHADC Board of Directors approved the terms of sale and development, subject to City Council approval, for the 35 lots proposed to be sold to three 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.

### **Next Steps**

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

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### **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 35 vacant lots owned by DHDAC to the three 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 November 21, 2019 and January 16, 2020.

### **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  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor 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	<b>1423 E. Louisiana Ave</b> Trinity Heights No 3 Blk 43/3717 Lot 6 Louisiana & Bruck	4	Marcer Construction Company, LLC	\$2,500.00	61% - 80%	3/2	\$7,792.13
2	<b>2763 Prosperity Ave</b> Oak Cliff Estates Blk 6079 SW Pt Lot 42 50X185	4	Marcer Construction Company, LLC	\$2,500.00	61% - 80%	3/2	\$8,206.36
3	<b>1707 Sicily St</b> Pleasant View Blk B/5905 Lot 3	4	Marcer Construction Company, LLC	\$2,000.00	Not greater than 60%	3/2	\$27,156.95
4	<b>2239 Anderson St</b> Elite Blk 2/2534 Lot 22	7	Marcer Construction Company, LLC	\$2,500.00	61% - 80%	3/2	\$24,578.03
5	<b>2241 Anderson St</b> Elite Blk 2/2534 Lot 23	7	Marcer Construction Company, LLC	\$2,500.00	61% - 80%	3/2	\$17,592.83
6	<b>3907 Cauthorn Dr</b> Clark Gladys H Blk B/4467 Lot 9	7	Marcer Construction Company, LLC	\$2,000.00	Not greater than 60%	3/2	\$16,079.16
7	<b>2539 Lobdell St</b> Jeffers Blk 1/1742 Lot 10	7	Marcer Construction Company, LLC	\$2,000.00	Not greater than 60%	3/2	\$22,499.16
8	<b>3501 Roberts Ave</b> S S Longs Oakwood Addition Blk 1/1541 Lot 14 Roberts & Caviness	7	Marcer Construction Company, LLC	\$2,500.00	61% - 80%	3/2	\$7,807.40
9	<b>2331 Starks Ave</b> Elite Blk 4/2536 Lots 40 & 41	7	Marcer Construction Company, LLC	\$2,000.00	Not greater than 60%	3/2	\$6,420.99
<b>TOTAL</b>				<b>\$20,500.00</b>			<b>\$138,133.01</b>

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	<b>2722 Goodwill Ave</b> LA Spring Addition Blk A/1841 Lot 9	7	Open Mindframe Ventures LLC	\$11,000.00	61% - 80%	3/2.5	\$2,976.46
2	<b>2715 Goodwill Ave</b> LA Spring Addition Blk B/1841 Lot 6	7	Open Mindframe Ventures LLC	\$11,000.00	61% - 80%	3/2.5	\$17,566.60
3	<b>4006 Roberts Ave</b> HT Lackeys Second Avenue Blk 3/1783 Lot 8	7	Open Mindframe Ventures LLC	\$8,500.00	61% - 80%	3/2	\$21,180.74
4	<b>4010 Roberts Ave</b> HT Lackeys Second Avenue Blk 3/1783 Lot 7	7	Open Mindframe Ventures LLC	\$8,500.00	Not greater than 60%	3/2	\$6,457.13
5	<b>4014 Roberts Ave</b> HT Lackeys Second Avenue Blk 3/1783 Lot 6	7	Open Mindframe Ventures LLC	\$8,500.00	Not greater than 60%	3/2	\$18,836.64
6	<b>3715 Carpentar Ave</b> Feltons John B Blk A/2122 Lot 5	7	Open Mindframe Ventures LLC	\$12,000.00	61% - 80%	3/2	\$27,169.65
7	<b>4211 Carpentar Ave</b> Bertrand Place Blk 4/2386 Lot 4	7	Open Mindframe Ventures LLC	\$12,000.00	81% - 115%	4/2	\$18,481.59
8	<b>4226 Carpentar Ave</b> Bertrand Place Blk 3/2386 Lot 10	7	Open Mindframe Ventures LLC	\$12,000.00	81% - 115%	4/2	\$22,812.55
<b>TOTAL</b>				<b>\$83,500.00</b>			<b>\$135,481.36</b>

## 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	<b>3807 Frank St</b> Second Ave Blk C/1845 Lot 8	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$6,312.40
2	<b>3926 Metropolitan Ave</b> Blk 1846 Lot 15	7	FOCIS Holding Group, LLC	\$2,000.00	81% - 115%	3/2	\$9,910.69
3	<b>2414 Meyers St</b> Barnes & Mitchell Grand Ave Blk 3/854 Lot 4&5	7	FOCIS Holding Group, LLC	\$2,000.00	81% - 115%	3/2	\$17,774.39
4	<b>2609 Myers St</b> Barnes & Mitchell Grand Ave Blk 6/854 Lot 16	7	FOCIS Holding Group, LLC	\$2,000.00	81% - 115%	3/2	\$13,106.22
5	<b>2302 Moffat Ave</b> Southern Crest Lot 16 Moffatt & Garrison	4	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$9,798.79
6	<b>4311 Montie St</b> Struceleys Blk A/4472 Lot 11	7	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$19,355.28
7	<b>3922 Penelope St</b> Paschalls Addition Blk 1846 Lot 4	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$12,618.81
8	<b>3603 Penelope St</b> Brown Harris Blk A/1824 Lot 21	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$13,075.88
9	<b>4520 Philip Ave</b> Carroll Avenue Heights Blk 1404 SW 35' Lot 16	2	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$3,903.09

### EXHIBIT A (continued)

10	<b>4524 Philip Ave</b> Carroll Avenue Heights Blk 1404 NE 15' Lot 16 & 40X85 TR Inside 90FR Philip	2	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$15,473.47
11	<b>2515 Samoa Ave</b> Lincoln Manor 2 Blk 26/2568 Lots 22 & 23	7	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$8,506.60
12	<b>2519 Samoa Ave</b> Lincoln Manor 2 Blk 26/2568 Lots 19 & 20	7	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$6,045.28
13	<b>4806 Silver Ave</b> White Rock Heights 2 Blk C/2626 Lot 1	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$12,335.23
14	<b>3300 Rutledge St</b> Glenrose Blk 5/1789 Lot 9	7	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$7,495.75
15	<b>3315 Rutledge St</b> Glenrose Blk 4/1788 Pt Lot 2 50X150 225FR RR	7	FOCIS Holding Group, LLC	\$2,000.00	81% - 115%	3/2	\$1,969.17
16	<b>3323 Rutledge St</b> Glenrose Blk 4/1788 Lot 1	7	FOCIS Holding Group, LLC	\$2,000.00	61% - 80%	3/2	\$19,309.00
17	<b>3707 Spence St</b> Ervey Street Heights Blk 5/1208 Lot 19	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$6,268.01
18	<b>3810 Spence St</b> Cavens Colonial Avenue Blk B/1260 Lot 3	7	FOCIS Holding Group, LLC	\$2,000.00	Not greater than 60%	3/2	\$5,693.68
<b>TOTAL</b>				<b>\$36,000.00</b>			<b>\$188,951.74</b>