

April 8, 2020

WHEREAS, on August 9, 2017, City Council approved the Consolidated Plan Budget for FY 2017-18 that includes funding for the Community Housing Development Organizations (CHDO) for housing development activities by Resolution No. 18-0987; and

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 June 27, 2018, City Council approved the Consolidated Plan Budget for FY 2018-19 that includes funding for the CHDOs for housing development activities, by Resolution No. 18-0987; 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 22, 2019, City Council authorized amendments to the City of Dallas CHP, by Resolution No. 19-0824; and

WHEREAS, on May 9, 2019, the City issued a Notice of Funding Availability in accordance with the CHP and East Dallas Community Organization (Developer) submitted an application that received a fundable score and passed a preliminary underwriting review for the Dolphin Heights Development Project (Project); and

WHEREAS, Developer submitted an application for CHDO certification, and has met the CHDO requirements; and

WHEREAS, on March 23, 2020, the Housing and Homelessness committee was briefed regarding this item; and

WHEREAS, to assist in the affordable housing production goals established in the CHP, the City desires to enter into a loan agreement with Developer and/or its affiliates in an amount not to exceed \$502,200.00.

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 a development loan, approved as to form by the City Attorney, with Developer in the amount of \$502,200.00, with zero percent interest, in HOME Investment Partnership (HOME) funds for construction of five single-family homes ("Units") on land currently owned by the Developer in the Southeast Dallas neighborhood of Dolphin Heights (Project). The loan amount shall be repayable, except that repayment will be limited to the net proceeds of the City approved sale to income qualified buyers. 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 the terms of the Project include but are not limited to the following:

1. 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.
2. All Project costs must be reasonable and customary and conform with the Comprehensive Housing Policy, and any other applicable City regulations.
3. All Units are to be sold to households at 60-80 percent area family median income. Each home will range from 1,804 square feet to 2,012 square feet of living space with an attached garage. Developer may sell each Unit for a price between \$143,488.00 and \$164,020.00. The Units shall remain affordable for a period of 15 years and shall be secured by recorded deed restrictions.
4. Developer shall construct within 18 months from the start date of construction. The Director may approve one six-month extension. If Developer fails to complete within the two-year deadline, it must repay any HOME funds disbursed to Developer for the project.
5. All Units must be sold to eligible households no more than nine months from completion of construction.
6. 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.
7. Developer shall adhere to the requirements of the CHP, including but not limited to 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 recordkeeping, and structure of transaction), as required by Resolution No. 19-1498, approved on September 25, 2019.

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SECTION 2. (continued)

8. Developer will maintain CHDO certification as required by the HOME regulations for development and long-term affordability requirements. Developer shall recertify as a CHDO annually during the loan term.

9. The loan shall be secured by a first or second lien and a note. The lien shall be subordinate only to a private financial institution's superior lien. The lien will be released upon satisfaction of the obligations detailed herein and in the contract.

SECTION 3. That the City Manager is hereby authorized to appropriate an amount not to exceed \$502,200.00 in HOME funds.

SECTION 4. That the City Manager may execute a release of lien and deed restrictions, approved as to form by the City Attorney, upon compliance with its terms.

SECTION 5. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds to East Dallas Community Organization, 354413, Encumbrance/Contract No. HOU-2020-00012922 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 \$502,200.00 from funding sources listed and described below:

| <u>Fund</u> | <u>Department</u> | <u>Unit</u> | <u>Object</u> | <u>Amount</u> |
|-------------|-------------------|-------------|---------------|---------------|
| HM18 | HOU | 822C | 3015 | \$502,200.00 |

SECTION 6. That the City Chief Financial Officer is hereby authorized to record notes receivable of developers' loan in Balance Sheet Account 033F and deferred revenue-home loans in Balance Sheet Account 0859 in fund HOME for the amount of the loan.

SECTION 7. 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.

SECTION 8. That any and all proceeds from the Second Sale, including funds not received, nor disbursed prior to the April 1, 2001 Tax Collection Consolidation with Dallas County will be deposited to General Fund, Fund 0001, Department DEV, Balance Sheet Account 0519.

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SECTION 9. That upon receipt of the consideration from the Second 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 disbursements shall be provided by the Director 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 8, above.

SECTION 10. 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 11. That this contract is designated as Contract No. HOU-2020-00012922.

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.