

May 27, 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 Bonton Rental 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, on March 23, 2020, the Housing and Homelessness committee was briefed by memorandum regarding this item; 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 conditional grant agreement with Notre Dame Place, Inc. and/or its affiliates in an amount not to exceed \$730,072.00 in consideration of the development of The Bonton Rental Infill development Project on Developer-owned lots and Land Transfer lots located in Bonton clusters #2.

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 **(1)** the sale of up to 17 Land Transfer lots, for up to 35 rental units, identified as Bonton Land Transfer Cluster #2, to Notre Dame Place, Inc. and/or its affiliates (Developer), subject to restrictive covenants, a right of reverter, pursuant to the City's Land Transfer Program and the New Construction and Substantial Rehabilitation Program; **(2)** the release of all non-tax City liens, notices, or orders that were filed on the 17 Land Transfer lots prior or subsequent to the deeds transferring the lots to the City of Dallas; and **(3)** execution of a conditional grant agreement with Developer in an amount not to exceed \$730,072.00 in 2017 General Obligation Bond Funds for public infrastructure and construction costs for up to 35 rental units, 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 deed without warranty (subject to right of redemption for tax lots), restrictive covenants, sales contract, and any necessary documents to effectuate the sale with Developer of up to 17 Land Transfer lots, for up to 35 rental units, included in the Bonton cluster, 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.

SECTION 3. That all lots may revert to the City if the City Manager or his/her designee determines that the Developer has:

- a. failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
- b. 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 conditional grant agreement;
- c. 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
- d. 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 4. That the terms of the conditional grant 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. The Development plan submitted must include a specific plan of development for the development of the rental units.
- 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 but not limited to 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 each unit is leased to each income-eligible tenant.
- d. Developer shall ensure that all 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 and shall include only capital construction costs for public infrastructure and construction of the affordable rental units.
- g. All Units are to be rented to households at 30-120% of the Area Median Income (AMI). 7 units will be rent restricted for households at less than 80% of the AMI; 14 units will be rent restricted for households at 30% of the AMI; and the remaining 14 units will be rented to households up to 120% of the AMI Each unit will range from 450 square feet to 940 square feet of living space. Developer may rent each Unit at a monthly rate that does not exceed 30% of an eligible household's annual income. All units will remain affordable for a minimum of 20 years, beginning on the date that the first rental unit is occupied by an eligible tenant.
- h. Developer shall rent the units in accordance with Affirmative marketing standards and rental standards set forth in the CHP.
- i. The City Manager may authorize minor modifications to the Project to reduce the amount of lots sold to Developer and to modify rent rates where applicable, so long as such modification complies with the CHP.

SECTION 4. (continued)

j. Developer shall construct and rent each Unit to eligible households within two years from the date of zoning and replatting approval. Developer may receive one (1) six-month extension of the conditional grant agreement if delays are related to installation or improvement of infrastructure or zoning/platting issues.

k. Developer shall obtain a building permit for at least one Unit within 30 days from the date of zoning and replatting approval.

l. 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.

m. The conditional grant shall be secured by a first or second lien on all lots sold to Developer. 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.

n. 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, as applicable, (including but not limited to Ongoing Project Requirements, Reporting and Record Keeping, and Structure of Transaction), authorized by Resolution No. 19-1498.

o. 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 5. 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 6. 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. All proceeds from sale will be deposited to General Fund, Fund 0001, Department DEV, Balance Sheet Account 0519.

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SECTION 7. That each surplus lot shall be offered at fair market value. A discount is available if project underwriting indicates that the discount is needed either to ensure the viable lease to an income qualified tenant. The lots located at 6026 Bexar Street, 6116 Bexar Street, 6106 Bexar Street, 2416 Budd Street, 2605 Rochester Street, 2513 St. Clair Drive, 2514 St. Clair Drive, 2516 St. Clair Drive, 2500 St. Clair Drive, 2501 St. Clair Drive, and 2615 Valentine Street are surplus lots being sold at a discounted price of \$1,000.00—a combined discount of \$99,000.00.

SECTION 8. 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 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 6, above.

SECTION 9. That the City Manager is hereby authorized to appropriate an amount not to exceed \$730,072.00 in the ECO (I) Fund, Fund 1V52, Department HOU, Unit VI24, Object 3016 for the 2017 General Obligation Bond Fund.

SECTION 10. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds to Notre Dame Place, Inc. 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 \$730,072.00 from ECO (I) Fund, Fund 1V52, Department HOU, Unit VI24, Activity ECNR, Object 3016, Encumbrance/Contract No. HOU-2020-0013378, Vendor VS0000068164.

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.