

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 Good Urban Development, LLC submitted an application that received a fundable score and passed a preliminary underwriting review for the Mill City 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 the surplus lots are being sold pursuant to Section 272.001 of the Texas Local Government 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 Good Urban Development, LLC and/or its affiliates in an amount not to exceed \$2,000,000.00 in consideration of the development of The Mill City Infill development Project on Developer-owned lots and Land Transfer lots located in Mill City clusters 4 and 6.

Now, Therefore,

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

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SECTION 1. That the City Council authorizes **(1)** the sale of up to 25 Land Transfer lots, to be part of a master plan for the development of up to 50 single family homes, 25 on Developer-owned lots and 25 on Land Transfer lots identified as Mill City clusters 4 and 6, to Good Urban Development, LLC and/or its affiliates (Developer), subject to restrictive covenants, a right of reverter, and execution of all necessary documents 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 25 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 \$2,000,000.00 in 2017 General Obligation Bond Funds for public infrastructure and construction costs of up to 50 single family homes.

SECTION 2. That the City Manager is hereby authorized to execute, approved as to form by the City Attorney, **(1)** 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 25 Land Transfer lots, for up to 25 Land Transfer lots, to be part of a master plan for the development of up to 50 single family homes, 25 on Developer-owned lots and 25 on Land Transfer lots identified as Mill City Clusters 4 and 6 as shown in Exhibit A and **(2)** a conditional grant agreement with Developer in an amount not to exceed \$2,000,000.00 in 2017 General Obligation Bond Funds for public infrastructure and construction costs of up to 50 single family homes. 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 the terms of the Project include but are not limited to the following:

1. 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.

SECTION 3. (continued)

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.

2. On each Land Transfer lot purchased by Developer, Developer shall design, redevelop, construct and sell one single-family home on each Land Transfer lot. 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 Developer-owned lots and for Land Transfer lots.

3. 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.

4. 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.

5. Developer shall ensure that all single-family homes (Units) have access to public sewer, public water, public road, and any other necessary utilities.

6. All Project costs must be reasonable and customary and conform with the (CHP, and any other applicable City regulations.

7. City funding must be used for eligible project costs and cannot be used for land acquisition through the Land Transfer Program.

8. All Units are to be sold to households at 60-120% of the Area Median Income (AMI). Each home will range from 1,200 square feet to 2,000 square feet of living space. Developer may sell each Unit for a price between \$150,000.00 and \$242,000.00. All units constructed on Land Transfer lots will remain affordable for a minimum of five years.

9. 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.

SECTION 3. (continued)

10. Developer shall construct and 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 6-month extension of the conditional grant agreement if delays are related to installation or improvement of infrastructure or zoning/platting issues.

11. Developer shall obtain a building permit for at least one Unit within 30 days from the date of sale to Developer from City.

12. Developer shall comply with Chapter 20A of the Dallas City Code, as applicable, 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.

13. The conditional grant agreement 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 than the grant. The lien will be released upon satisfaction of the obligations detailed herein and in the agreement.

14. 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.

15. 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 4. 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 5. 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 6. That upon receipt of the consideration from the Sale, the Chief Financial Officer is hereby authorized to disburse the proceeds in accordance with Chapter 21, Section 21.06 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 5, above.

SECTION 7. That the City Manager is hereby authorized to appropriate an amount not to exceed \$2,000,000.00 in the ECO (I) Fund, Fund 1V52, Department HOU, Unit VI14, Object 3016 for the 2017 General Obligation Bond Fund.

SECTION 8. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds to Good Urban Development, LLC 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 \$2,000,000.00 from ECO (I) Fund, Fund 1V52, Department HOU, Unit VI14, Activity ECNR, Object 3016, Encumbrance/Contract No. HOU-2020-00012144, Vendor VC20826.

SECTION 9. That this contract is designated as Contract No. HOU-2020-00012144.

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 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.