



City of Dallas

Overview of the Community Land Trust Application Procedures

**City Council Briefing
September 16, 2020**

David Noguera, Director
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Presentation Overview



- Purpose
- Background
- Where in Dallas
- Eligibility for Designation
- Application Process
- Application Review / Designation
- Next Steps



Purpose



- Discuss the concept of Community Land Trusts (CLTs)
- Address some common questions pertaining to CLTs
- Review the application process for designation and criteria that the City will use to designate CLTs



Background



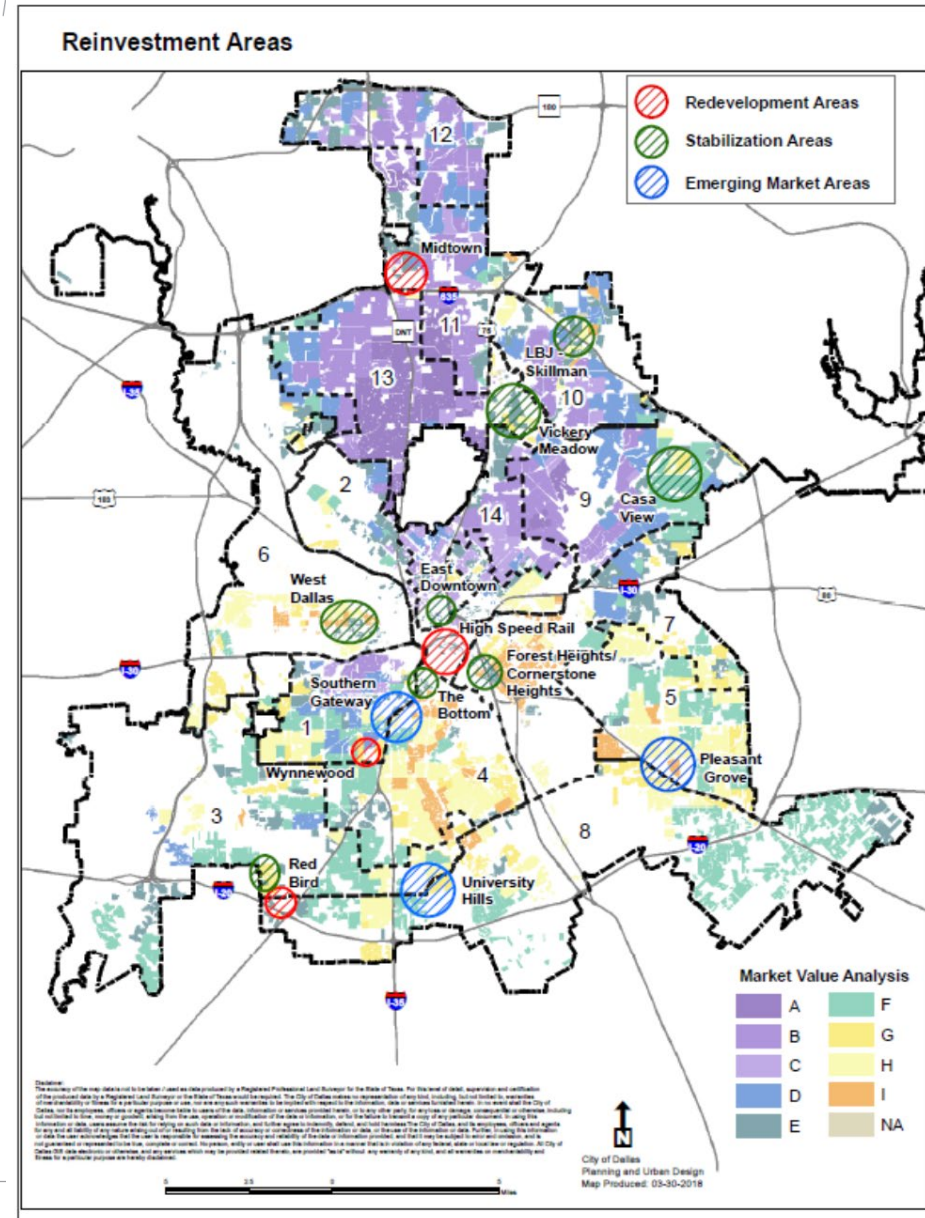
- On January 1, 2012, the State of Texas established guidelines for the operation of Community Land Trusts (CLT) and has given municipalities the authority to designate one or more CLTs to promote long term housing affordability
 - CLTs are a policy that many housing advocates believe ensure long term affordability
 - A CLT must be a 501(C)(3) organization that is created to *acquire* and *hold* land for the purpose of developing and preserving long-term affordable housing by separating the cost of land ownership from the cost of home ownership with a 99-year ground lease and a home resale formula
 - CLTs are included in the Comprehensive Housing Policy
 - Program alignment with Land Bank, DHAP
- On Dec 11, 2019 Council Approved The CLT Policy
- On June 30, 2020 Housing staff hosted a CLT application focus group



Where in Dallas?



- Areas with:
 - Rising property values
 - Demolitions and rebuilds
 - Surrounding neighborhood have higher property values
 - Residents worried about displacement
- Reinvestment areas in the MVA:
 - Stabilization Areas (green)
 - Emerging Market Areas (blue)
 - Redevelopment Areas (red)



Eligibility for Designation



- Organization must demonstrate that it:
 - Is a 501(c)(3) whose mission is related to affordable housing
 - Has 1/3 of the board from the community or CLT properties
 - Has adopted governing documents stating that it:
 - Has the purpose to acquire and hold land for the benefit of developing and preserving long-term affordable housing
 - On discontinuance of the organization identify where the assets related to its CLT activities are to be transferred
 - Has staff or hired consultants with 2 years of developing and managing affordable housing experience
 - Has a business plan with development proforma and ground lease with resale formula



Example Organizations



- **Guadalupe Neighborhood Development Corporation - Austin**
 - Defined geography - 14 homeowners & 115 rental units
 - 1st CLT in Texas
- **Houston CLT – Houston**
 - Citywide - Works with Houston Land Bank to acquire land
 - Funded through Tax Increment Reinvestment Zones (TIRZ)
 - First homes launched in 2019
- **Dudley Street Neighborhood Initiative – Boston**
 - Defined geography - Holds 30 acres of formerly vacant land - 227 homeowners
 - Shared-equity models, rental units, commercial space, greenhouse, urban farm, playgrounds
- **City of Lakes CLT – Minneapolis**
 - Citywide - 272 homeowners & 40 rental units
 - 15-person board with 350 members of the CLT



Who buys a CLT



- Community member in substandard housing or who currently rent
- Young Professionals
- First time homebuyers
- People who care about buying into a community
- Someone who needs stability with housing costs
 - The property taxes are appraised based on the deed restriction which has the sale price plus a set appreciation value
 - The land is appraised at the cost of the stewardship fee that is being leased from the CLT



Application Process



- Meet with Housing Staff to discuss their CLT
- Apply for designation
 - Answer questions about:
 - Operations – 20 points
 - Community – 20 points
 - Governance – 20 points
 - Financial – 20 points
 - Programmatic – 20 points
- Meet with Housing staff to answer questions about application, when all resolved
- Attend the council meeting when their CLT application will be discussed



Operations



- Provide an organization history
- Provide a statement of integrity
- State how many units are anticipated to be placed in the CLT annually over the next three years
- State and map the total acreage of property in CLT



Community



- Define the Community in CLT
- Describe the community engagement activities as part of forming this CLT
- Provide a statement outlining the merits and the need of the CLT and why it is important to the community or city
- Describe how the house design fits existing neighborhood character or how existing neighborhood plans were used to support home design.



Governance



- State how board members are recruited and invited to serve on the CLT board of directors.
- Submit the Ground Lease and Exhibits that the CLT will use.



Financial



- Submit the business plan



Programmatic



- Provide the AMFI of each family anticipated or in the CLT properties
- Provide demographic data on each member of the household (age, ethnicity, race, gender, family size)
- Define additional services (if any) that will be provided to families through the CLT
- State which activities of this CLT will be used as a mechanism for anti-displacement, recruiting and retaining people with a historic legacy in the community or other community building methods were used in forming this CLT



Application Review / Designation



- Housing staff reviews application as received
 - Rolling application process
- Housing Staff meeting before, during and after application submission, to refine, and ask questions
 - As CLT's are new to Dallas we seek to strike a balance between getting as many questions answered as possible but be willing to support a new organization to be successful or not regulate them out of operation
- Housing to bring to City Council the application to review and ask for your vote to grant a 1-year designation to operate as a CLT
 - CLTs renew yearly by submitting a letter to Housing that includes:, performance updates, next year goals, any changes to operations, community, governance, financial or programmatic items and any other items we may request.
 - Housing Staff makes recommendation to renew status to Housing Director based on the report.



Next Steps



- Launch application to website and market it
 - October 5, 2020
 - Marketed to:
 - HPTF
 - Website
 - Direct outreach to known interested parties
- First information session with interested applicants hosted by Housing Staff
 - October 19, 2020, 6PM
- Accept applications on rolling basis
- Annual HPTF briefing





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CITY OF DALLAS - DEPARTMENT OF HOUSING & NEIGHBORHOOD REVITALIZATION

COMMUNITY LAND TRUST APPLICATION

Applicant name:

CLT organization name:

Authorized representative:

Authorized representative title:

CLT organization contact information:

Address:

Phone:

Email:

Pre-application Questionnaire

Please answer these questions before applying.

If you answered **NO** to any question, please contact Housing for more information before proceeding.

Is the CLT a non-profit 501(C)(3) whose mission is related to development and preservation of affordable housing?

Yes No

Does the board have 1/3 representation of low-income communities and to the extent practicable low income beneficiaries from the community or who live in a CLT property?

Yes No

Does the CLT have adopted articles of incorporation, or a similar governing document, stating that it has the purpose to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the City of Dallas, as required by Chapter 373B, as amended?

Yes No

Does the CLT identify in its articles of incorporation or a similar governing document, where on discontinuance of the organization by dissolution or otherwise that the assets related to its CLT activities be transferred to the City of Dallas, the State of Texas, the United States, or a similar organization that is qualified as a charitable organization under Section 501(c)(3), Internal Revenue Code of 1986 and designated as a CLT by the City of Dallas?

Yes No

Does the staff or hired consultant have at least 2 years' experience developing and managing affordable housing?

Yes No

Does the CLT have a business plan with proformas?

Yes No

Does the CLT have an established ground lease with resale formula?

Yes No

Do the Applicant, staff, consultants or partners have any pending or recent (within the past five (5) years) litigation, sanctions and/or administrative complaints against them?

Yes No

Has the applicant filed for bankruptcy within the past five (5) years?

Yes No

Did the organization attend a CLT information session hosted by Housing?

Yes No

CLT Geography

☐ Citywide or

☐ Defined Geography

- Did you attach a map? ☐ YES ☐ NO
- What is the MVA category(ies) of this area?

Application Questions

Operations

Provide an organization history.

Provide a statement of integrity and whether there is any pending or recent (within the past five (5) years) litigation, sanctions and/or administrative complaints against the Applicant, staff, consultants or the CLT organization.

State how many units are anticipated to be placed in the CLT annually over the next three years.

State and map the total acreage of property in CLT designated by land use type (single family, commercial, multi family, etc.)

Community

Define the Community in your CLT.

Describe the community engagement activities that were conducted as part of forming this CLT.

Provide a statement outlining the merits and the need of the CLT and why it is important

to the community or city.

Describe how the house design fits existing neighborhood character or how existing neighborhood plans were used to support home design.

Governance

State how board members are recruited and invited to serve on the CLT board of directors.

Comment on if you plan to use the City's pre-approved standard/model Ground Lease and Exhibits.

Financial

Submit your business plan.

Programmatic

Provide the real or anticipated breakdown of the area median family income (AMFI) of each family in homes on CLT-owned land at time of sale or transfer.

Provide any demographic data you have on who you plan to serve, or each member of the household being served. (age, ethnicity, race, gender, family size).

Define additional services (if any) that will be provided to families through the CLT.

State which activities of this CLT will be used as a mechanism for anti-displacement, recruiting and retaining people with a historic legacy in the community or other community building methods were used in forming this CLT.

Survey

State how long it took you to fill out this application.

Checklist

- ☐ All narratives;
- ☐ A map with CLT boundary, neighborhood(s) name(s) and street names;
- ☐ List of board members with recruitment method, board function, and the organization they are representing and position or title.
- ☐ CLT business plan that includes the following:
 - ☐ Development Pro-Forma;
 - ☐ Please include: use of funds, amount, lender, debt/equity, term, rate, amount and % of total source;
 - ☐ Organizational Budget (Revenue and Expenses) (current years approved board budget);
 - ☐ P&L Statements (most recent – up to last 1 years);
 - ☐ Cash Flow & Balance sheet (most recent – up to last 1 years);
 - Business checking statements (most recent last 6 months);
 - ☐ CLT yearly unit projections;
 - ☐ Banking credit reference;
 - ☐ A list of all ongoing contracts/projects with their funding levels, current status and projected termination dates. If the Applicant is composed of various entities or a joint venture with another eligible Applicant or consultant, then ongoing contracts/projects shall be provided for all entities;
 - ☐ Any other financial documents that highlight your organizational capacity to perform the functions of a CLT;
- ☐ 501(C)(3) tax exemption letter;
- ☐ Organization, charter, bylaws or other regulatory document adopted to govern its affairs which includes the following provisions:
 - ☐ adopted articles of incorporation, or a similar governing document, stating that it has the purpose to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the City of Dallas, as required by Chapter 373B, as amended;
 - ☐ discontinuance of the organization by dissolution or otherwise that the assets related to its CLT activities be transferred to the City of Dallas, the State of Texas, the United States, or a similar organization that is qualified as a charitable organization under Section 501(c)(3), Internal Revenue Code of 1986 and designated as a CLT by the City of Dallas;
 - ☐ please identify whether any conversations with this entity have been held as of time of application.
- ☐ Resume of each key employees or contractors including, name, title, years of affordable housing experience, area of expertise, date of hire, project name, project type (rental, for sale), number of units, involvement and role in project;
- Independently conducted audit or audit review (most recent - not more than 2 years

old if organization has been in operation for more than 1 year) which includes, but is not limited to, the following:

- ☐ detailed written report describing the CLT's sources and uses of funds:
 - ☐ if applicable, A-133 analysis of compliance with federal grants:
 - ☐ analysis of internal controls; and
 - ☐ auditor's open letter to the board of directors and management.
- ☐ 990 (most recent – up to last 2 years)
- ☐ Ground lease with all exhibits including deed restrictions documents, approved for use by the City or submitted for verification that they satisfy the City;
- ☐ that include a resale formula outlining the amount of equity per year that can be built while ensuring long term affordability;
 - ☐ that ensures that the owners of housing units built on CLT land will either be
 - ☐ eligible for a property tax discount based on the deed restriction or, where the occupant is a tenant, that the occupant will benefit from any property tax discount;
 - ☐ that have terms for sale, lease and inheritance,
- ☐ List enumerating the parcel(s) acquired with date of purchase and, cost of land, to be included in the CLT, current appraised value, and estimation of taxes or list of anticipated parcels with timeline of purchase or gifting (please include a map that also indicates CLT boundary); and
- ☐ Letters of support (not more than 10) from entities like: neighborhood residents, neighborhood stakeholders, non-profit and community-based organizations and for-profit business.

**AFFIDAVIT OF AUTHORIZED REPRESENTATIVE AND
AUTHORIZATION TO OBTAIN INFORMATION**

Before me on this day personally appeared _____ as Authorized Representative for the Applicant listed above, and after by me being duly sworn, hereby certifies that all materials submitted to the Community Land Trust Program, or its agents or employees in connection with this application are true and correct. The undersigned understands that any submission of false information shall result in disqualification for the Community Land Trust Program, and that submission of incomplete information may result in rejection of the application.

The undersigned authorizes the Community Land Trust Program to contact any party in order to verify information in this application. The undersigned acknowledges that Applicant is not obligated to provide the Community Land Trust Program this authorization but has voluntarily agreed to such release so that the Community Land Trust Program will consider this application. The undersigned hereby authorizes, on behalf of Applicant, without reservation, any person or Applicant contacted by Community Land Trust Program to furnish any and all information requested by Community Land Trust Program.

Dated:

Signature:

ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by _____, an individual.

Notary Public, State of Texas

AUTHORIZATION AND RELEASE
TO OBTAIN PERSONAL CREDIT INFORMATION

The undersigned hereby authorizes the City of Dallas or its agents or employees (collectively "City") to obtain any and all information pertaining to my business or personal credit history from any reporting agency or bureau, and to consider such information when making any decisions regarding the application submitted by

_____.

I understand that I am not obligated to provide City this authorization; however, I have voluntarily agreed that such information can be released to City so that it will consider the application. I authorize, without reservation, any person or Applicant contacted by City to furnish information requested by City.

I HEREBY RELEASE CITY FROM ANY AND ALL LIABILITY RELATED TO THIS AUTHORIZATION AND RELEASE TO OBTAIN PERSONAL CREDIT INFORMATION.

Dated:

Signature:

ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by _____, an individual.

Notary Public, State of Texas

CERTIFICATION OF NO DEBTS OWED TO THE CITY OF DALLAS

THE STATE OF TEXAS)
)
COUNTY OF DALLAS)

KNOW ALL BY THESE PRESENTS:

I, _____, individually and/or as an authorized representative of the entity submitting an application for the designation status of the CLT organization ("Applicant"), represent and certify to the Department of Housing & Neighborhood Revitalization (Housing) that Applicant certifies that for any and all properties located within the City of Dallas that are owned by Applicant, or by any entity through which Applicant holds a controlling interest, that there are:

- 1) no outstanding City of Dallas judgments;
- 2) no tax delinquencies;
- 3) no unpaid liens or outstanding, open City Code violations;
- 4) no defaults on Urban Rehabilitation Standards Board, Municipal Court or District Court orders;
- 5) no assessments or fees owed to the City of Dallas;
- 6) no more than 1 citation per property within the last six (6) months for City Code violations;
- 7) no more than 2 citations per property within the last twelve (12) months for City Code violations;
- 8) no more than 1 mowing/clean, securing or demolition lien on each property within the last twelve (12) months.

A complete list of all properties, located within the City of Dallas, that are owned by Applicant or by any entity through which Applicant holds a controlling interest, including owner's names, addresses and tax account numbers, **is attached hereto and made a part hereof**. City Code violations are defined as high weeds, litter, illegal storage, junk motor vehicle violations, securing and zoning or structure violations; excluding parking on unimproved surfaces, bulky trash (put out too early for pickup) and signs. A citation that has been dismissed or the defendant found not guilty shall not be included in the determination of the number of citations issued.

The Applicant certifies that all information in this application are true, to the best of the Applicant's knowledge and belief. All information furnished in support of this application is given for the purpose of obtaining designation as a Community Land Trust Organization in the City of Dallas. By submitting its application for consideration, the Applicant hereby agrees to defend, indemnify, release and hold completely harmless and whole the City of Dallas, their officers, agents and employees, against any and all claims, lawsuits, judgments, costs and expenses, including attorney fees, for personal injury (including death), property damage or other harm for which recovery of damages or equitable relief is sought, suffered by any person or persons, that might arise out of or be occasioned by or from the consideration, approval or disapproval of this application including development plan, and any conveyance of the Property. This indemnification survives and shall not be merged with the closing of this transaction and delivery of any deed or other instrument in connection with the sale of the Property.

I understand that: (1) by submitting this application for the CLT designation status, that the applicant meets or exceeds all local and state established eligibility and operations criteria as set forth in the CLT Program outlined in the Comprehensive Housing and (2) that the "Designating Status" if granted must be recertified yearly.

Attached is my executed "CERTIFICATION OF NO DEBTS OWED TO THE CITY". **I represent and certify that the Applicant has no outstanding City of Dallas judgments against it or its property and the Applicant is not delinquent on the payment of any fees, debts, taxes or non-tax liens on property owned by the Applicant in the City of Dallas.**

I represent that I have full authority on behalf of the Applicant to submit this application. By submitting this application, the Applicant hereby waives and releases any rights it may have either now or in the future, to undertake any legal or equitable action against the City of Dallas itself and/or as Trustee, for failure of sale of the CLT Properties or to properly conduct the sale of CLT Properties and hereby covenants not to sue the City of Dallas, itself and/or as Trustee, in connection with the designation status of the CLT organization. Upon bankruptcy, receivership or dissolution of the Applicant, the applicant must follow the property transfers as outlined in the governing documents of the CLT Organization.

Executed this _____ day of _____, 20____.

Applicant Signature:

Name Printed:

Title:

Name of Entity: