

# Memorandum



CITY OF DALLAS

DATE February 22, 2021

TO Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas II (Chair), Chad West, Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Cara Mendelsohn, Jaime Resendez

SUBJECT Upcoming Agenda Item: Sale of up to 15 Land Transfer Lots to Beharry Homes, Inc. for the Development of up to 15 Single-family Homes

On Monday, February 22, 2021, the Housing and Homelessness Solutions Committee will be briefed on the proposed sale of Land Transfer lots to a qualified participating developer.

## **Summary**

The City of Dallas Land Transfer Program, which was established by City Council in 2019 and is administered by the Department of Housing and Neighborhood Revitalization, currently has an inventory of 212 lots that are offered for sale.

Lots in the Land Transfer Program are sold to eligible developers via an application process for the purpose of constructing affordable housing units and sale to income eligible homebuyers. Recently, staff received and reviewed an application from an eligible developer, Beharry Homes, Inc., for the purchase of fifteen (15) Land Transfer lots. This memorandum provides an overview of the application submitted by Camden Homes for HHS committee consideration.

## **Background**

On May 22, 2019, City Council adopted the Land Transfer Program via Resolution No. 19-0824. The purpose of the Land Transfer Program is to incentivize: (1) the development of quality, sustainable housing that is affordable to the residents of the City and (2) the development of other uses that complement the City's Comprehensive Housing Policy, economic development policy, or redevelopment policy. Specifically, the Land Transfer Program authorizes the City to sell qualifying city-owned real property and resell tax-foreclosed real property to for-profit, non-profit and/or religious organizations in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance.

In December 2020, an eligible developer, Beharry Homes Inc, submitted an application (proposal) to purchase a total of 15 Land Transfer lots. Housing Department staff evaluated the application pursuant to the standards set forth in the Land Transfer Program guidelines, which included determining whether the developer met the eligibility standards to be deemed a "Qualified Participating Developer" and underwriting the proposal. The application was determined to be "complete" and was assigned a score by Housing Department staff. Housing Department staff collaborated with the qualified participating developer 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 units to income eligible homebuyers.

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The Developer being considered for the sale of 15 lots is Beharry Homes Inc. The Developer is a domestic for-profit corporation formed in Texas in 2003. The managing directors are Sueram Beharry and Raywatee Dobo-Beharry. The Developer has previously participated in the City's Land Bank Program and successfully completed the lot acquisition, development, and sale of five (5) 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 Transfer Program. In addition, the organization is based in Oak Cliff and has 18 years of experience in residential construction in South Dallas.

The proposal indicates the construction of 15 single family units ranging from 1275 sf to 1450 sf with a minimum of 3 bedrooms and 2 baths. The price range of the proposed units will be \$159,000 - \$175,000 targeting homebuyers in an income range of 60% - 120% AMI. The developer intends to market the City of Dallas Homebuyer Assistance Program to those homebuyers categorized in the 60-80%AMI range.

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 2020 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:** 60%-120% AMFI.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 60 days of purchase from the City. In addition, Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within 2 years of the date of acquisition of the vacant lot utilized for construction of the unit.
- **Restrictive Covenants:** Developer must: (1) sell each lot to an income eligible household and (2) prior to the sale, must provide to Department of Housing and Neighborhood Revitalization staff written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as an income eligible household's principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to an income eligible 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 income eligible household.
- **Right of Reverter:** Title to the property may revert to the City if Developer does not apply for a construction permit and close on any construction financing within 60 days of purchase from the City or does not complete the construction and sale of the affordable housing unit to an income eligible homebuyer within 2 years.

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### **Issues**

The City incurs costs related to maintaining lots in its inventory. If the Committee does not approve forwarding the proposed development to City Council to consider for approval of the sale of the 15 vacant lots to the Qualified Developer, the City will be required to continue expending funds to maintain the unsold inventory.

### **Fiscal Impact**

The City of Dallas will receive revenue from the sale of the lots, see attached Exhibit A, in the amount of \$15,083.92. The sales price for each lot is a minimum of \$1,000 for lots up to 7500 square feet and an additional \$0.133 per square foot for lots which exceed 7500 square feet. Upon completion of the proposed 15 housing units the expected property tax revenue for the City of Dallas is expected to be \$19,322 annually. In addition, Exhibit A details the Estimated Foregone Revenues from the release of non-tax City liens: \$87,608.99.

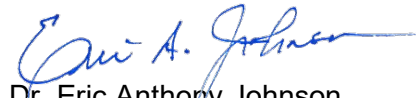
### **Staff Recommendation**

Staff recommends that the Housing and Homeless Solutions Committee move this item forward to the City Council so that it may consider and approve of the sale of 15 vacant lots owned by the City to the Qualified Participating Developer pursuant to the terms of development set forth in this memorandum.

### **Next Steps**

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

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at [David.Noguera@DallasCityHall.com](mailto:David.Noguera@DallasCityHall.com) or 214-670-3619.



Dr. Eric Anthony Johnson  
Chief of Economic Development & Neighborhood Services

C: Honorable Mayor and City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer 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  
M. Elizabeth Reich, Chief Financial Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors

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**Exhibit A**  
**Beharry Homes, LLC**

Lot #	Street #	Street Name	Cluster	Type	Area (SF)	Purchase Price	Proposed Bed/Bath	Proposed Homebuyer AMI	Non- Tax Lien Amount
1	3930	ELSIE FAYE HEGGINS ST	Bertrand	Tax Foreclosure	5950	\$ 1,000.00	3/2	81-120%	\$ 2,541.19
2	4503	ELECTRA ST	Bertrand	Tax Foreclosure	4900	\$ 1,000.00	3/2	61-80%	\$ 12,619.84
3	3131	TUSKEGEE ST	Bertrand	Tax Foreclosure	5566	\$ 1,000.00	3/2	61-80%	\$ 8,091.09
4	2529	PEABODY AVE	Bertrand	Tax Foreclosure	7838	\$ 1,044.95	3/2	61-80%	\$ 26,282.25
5	3331	SPRING AVE	Bertrand	Tax Foreclosure	7793	\$ 1,038.97	3/2	61-80%	\$ 6,510.49
6	4723	SPRING AVE	Mill City	Tax Foreclosure	5148	\$ 1,000.00	3/2	81-120%	\$ 16,312.06
7	4712	BALDWIN ST	Mill City	Tax Foreclosure	4753	\$ 1,000.00	3/2	81-120%	\$ 2,267.68
8	2818	LE CLERC AVE	Mill City	Tax Foreclosure	5678	\$ 1,000.00	3/2	81-120%	\$ 3,356.42
9	4006	CARPENTER AVE	Mill City	Tax Foreclosure	6729	\$ 1,000.00	3/2	81-120%	\$ 0.00
10	4007	CARPENTER AVE	Mill City	Tax Foreclosure	6361	\$ 1,000.00	3/2	81-120%	\$ 0.00
11	4229	CARPENTER AVE	Mill City	Tax Foreclosure	6537	\$ 1,000.00	3/2	81-120%	\$ 0.00
12	4233	CARPENTER AVE	Mill City	Tax Foreclosure	6978	\$ 1,000.00	3/2	81-120%	\$ 0.00
13	3817	PINE ST	Mill City	Tax Foreclosure	5092	\$ 1,000.00	3/2	61-80%	\$ 0.00
14	4010	PINE ST	Mill City	Tax Foreclosure	6577	\$ 1,000.00	3/2	61-80%	\$ 9,627.97
15	2911	GAY ST	Mill City	Tax Foreclosure	6993	\$ 1,000.00	3/2	61-80%	\$ 0.00
<b>Total Purchase Price</b>						<b>\$ 15,083.92</b>	<b>Total Non-Tax Lien Amount</b>		<b>\$ 87,608.99</b>



# Land Transfer Properties Requested by Developer

