

Memorandum



CITY OF DALLAS

DATE April 26, 2021

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

SUBJECT **Upcoming Agenda Items: The Sale of 10 Land Transfer Lots and the Construction of 10 Single-Family Homes with Black Island LLC**

On Monday, April 26, 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 145 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, Black Island LLC, for the purchase of ten (10) Land Transfer lots. This memorandum provides an overview of the application submitted by Black Island LLC for the Housing and Homelessness Solutions 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 March 2021, an eligible developer, Black Island LLC, submitted an application (proposal) to purchase a total of 10 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

DATE April 21, 2021
SUBJECT **Upcoming Agenda Items: The Sale of 10 Land Transfer Lots and the Construction of 10 Single-Family Homes with Black Island LLC**

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.

The Developer being considered for the sale of 10 lots is Black Island LLC. The Developer is a domestic limited liability company formed in Texas in 2009. The managing director is Anthony Davis. The Developer has been remodeling and constructing homes since 2010 and is a participant in the City’s Home Improvement and Preservation Program. Initially, the company focused primarily on renovation projects but has since become a custom builder for low to moderate income homeowners. The most recent projects, approximately 30, have been primarily in South Dallas, specifically in the 75215 and 75216 zip codes demonstrating an understanding for the target market in building affordable homes in the proposed clusters.

The proposal indicates the construction of 10 single family units ranging from 1800 SF to 2100 SF with a minimum of 3 bedrooms and 2 baths. The price range of the proposed units will be \$158,000 - \$180,000 targeting homebuyers in an income range of 61% - 120% AMI, of which 4 units will be used to target homebuyers in an income range of 61-80% AMI. The developer intends to market the City of Dallas Homebuyer Assistance Program to those homebuyers categorized in the 61-80% 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:** 61%-120% AMI.
- **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

DATE April 21, 2021

SUBJECT **Upcoming Agenda Items: The Sale of 10 Land Transfer Lots and the Construction of 10 Single-Family Homes with Black Island LLC**

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.

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 10 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 \$10,350.59. 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 10 housing units the expected property tax revenue for the City of Dallas is expected to be \$13,290 annually. In addition, Exhibit A details the Estimated Foregone Revenues from the release of non-tax City liens: \$13,035.34.

Staff Recommendation

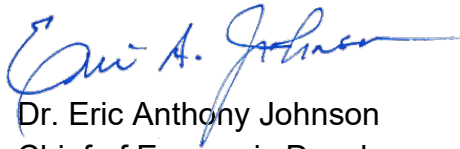
Staff recommends that the Housing and Homeless Solutions Committee move this item forward to City Council so that it may consider and approve of the sale of 10 vacant lots owned by the City to the Qualified Participating Developer pursuant to the terms of development set forth in this memorandum.

Next Steps

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

DATE April 21, 2021
SUBJECT **Upcoming Agenda Items: The Sale of 10 Land Transfer Lots and the Construction of 10 Single-Family Homes with Black Island LLC**

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 or 214-670-3619.



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

Attachment: Project Map

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

DATE April 21, 2021

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Exhibit A
Black Island, LLC

Lot #	Street #	Street Name	Neighborhood	CD	Area (SF)	Purchase Price	Type	Proposed Homebuyer AMI	Non- Tax Lien Amount
1	2233	Dyson St	Bonton	7	4906	\$ 1,000.00	surplus	61-80%	\$ 1,866.00
2	2444	Easley St	Bonton	7	5185	\$ 1,000.00	surplus	81-120%	\$ -
3	6220	Canaan St	Bonton	7	4998	\$ 1,000.00	surplus	81-120%	\$ -
4	2969	Cummings St	Oak Cliff	4	7985	\$ 1,064.51	tax foreclosed	81-120%	\$ -
5	2928	Eagle Dr	Oak Cliff	4	8360	\$ 1,114.38	tax foreclosed	81-120%	\$ -
6	4207	Opal Ave	Oak Cliff	4	8791	\$ 1,171.70	tax foreclosed	81-120%	\$ 5,858.03
7	2718	Mitchell St	Mill City	7	5353	\$ 1,000.00	tax foreclosed	81-120%	\$ 1,548.72
8	4338	Marshall St	Mill City	7	4632	\$ 1,000.00	tax foreclosed	61-80%	\$ -
9	4334	Marshall St	Mill City	7	4311	\$ 1,000.00	tax foreclosed	61-80%	\$ 1,490.26
10	4013	Sonny Cir	Mill City	7	3737	\$ 1,000.00	tax foreclosed	61-80%	\$ 2,272.33
Total Purchase Price						\$ 10,350.59	Total Non-Tax Lien Amount		\$ 13,035.34

Land Transfer Lots Requested by Developer Black Island, LLC

