



Legislation Details (With Text)

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File created: 12/10/2020 **In control:** Department of Housing & Neighborhood Revitalization

On agenda: 1/27/2021 **Final action:**

Title: Authorize the (1) sale of up to 59 affordable homes to Camden Homes, 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; (2) release of lien for all non-tax City liens, notices, or orders that were filed on up to 59 Land Transfer lots sold to Developer prior to or subsequent to the deeds transferring the lots to the City of Dallas; and (3) execution of a development agreement with Developer for the construction of up to 59 single-family homes on the Land Transfer lots - Estimated Revenue: \$59,924.88

Sponsors:

Indexes: 2, 7, 8

Code sections:

Attachments: 1. Map, 2. Resolution, 3. Exhibit A

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: ~~Economic and Neighborhood Vitality~~

AGENDA DATE: ~~January 27, 2021~~

COUNCIL DISTRICT(S): ~~2, 7, 8~~

DEPARTMENT: ~~Department of Housing & Neighborhood Revitalization~~

EXECUTIVE: ~~Dr. Eric A. Johnson~~

SUBJECT

Authorize the (1) sale of up to 59 affordable homes to Camden Homes, 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; (2) release of lien for all non-tax City liens, notices, or orders that were filed on up to 59 Land Transfer lots sold to Developer prior to or subsequent to the deeds transferring the lots to the City of Dallas; and (3) execution of a development agreement with Developer for the construction of up to 59 single-family homes on the Land Transfer lots – Estimated Revenue: \$59,924.88

BACKGROUND

On May 22, 2019, City Council adopted the Land Transfer Program by Resolution No. 19-0824, as amended, for the purpose of incentivizing: (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, as applicable, in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance. The surplus lots are being sold in accordance with 272.001(g) of the Local Government Code and the tax foreclosed lots are being sold pursuant to 34.051 of the Texas Property Tax Code.

In October 2020, a qualified participating developer, Camden Homes LLC, submitted an application (proposal) to purchase a total of 59 Land Transfer lots. The Department of Housing and Neighborhood Revitalization (Housing) 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 met minimum scoring to be eligible. Housing collaborated with Camden Homes, LLC 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.

Camden Homes LLC is a domestic limited liability corporation formed in Texas in 1998 with managing members of MT Akhavizadeh and Simmie Cooper. The Developer has previously participated in the City's Land Bank Program and successfully completed the lot acquisition, development, and sale of 39 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.

The proposal indicates the construction of 59 single family units ranging from 1400 square feet to 2050 square feet with three-four bedrooms, two baths and two-car garages. The price range of the proposed units will be \$173,000.00 - \$208,000.00 targeting homebuyers in an income range of 60% - 120% AMI. The developer intends to partner with a local non-profit and a down payment assistance program to reach the homebuyers in the 60-80% Annual Median Income (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 Department of Housing and Urban Development (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% AMI.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 120 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 two 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 has
 1. failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
 2. 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 development agreement;
 3. 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
 4. sold, conveyed, or transferred the land without the consent of the City.

ESTIMATED SCHEDULE OF PROJECT

The estimated timeframe for project completion is two years from date of acquisition of Land Transfer Program lots. Developer is expected to begin obtaining permits for construction in 120 days from date of acquisition of Land Transfer Program lots.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homeless Solutions Committee was briefed regarding this matter on December 15, 2020.

FISCAL INFORMATION

The City of Dallas will receive revenue from the sale of the lots, see attached **Exhibit A**, in the amount of \$59,924.88. For tax foreclosed lots, the sales price for each lot is a minimum of \$1,000.00 for lots up to 7500 square feet and an additional \$0.133 per square foot for lots which exceed 7500 square feet. Surplus lot shall be offered at fair market values. A discount is available if project underwriting indicates that the discount is needed either to ensure the viable sale, lease or lease-purchase to an income-qualified buyer. The surplus lots identified on **Exhibit A** are being sold at a discounted price of \$1,000.00 each. Upon completion of the proposed 59 housing units the expected property tax revenue for the City of Dallas is expected to be \$84,974.00 annually. In addition, Exhibit A details the Estimated Foregone Revenues from the release of non-tax City liens: \$180,389.63.

M/WBE INFORMATION

In accordance with the City's Business Inclusion and Development Plan adopted on September 23, 2020, by Resolution No. 20-1430, as amended, the M/WBE participation on this contract is as

follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$7,919,843.00	Construction	32.00%	32.00%	\$2,534,349.76
• This contract meets the M/WBE goal.				
• Camden Homes, LLC – Local				

OWNER

City of Dallas

DEVELOPER

Camden Homes, LLC

Cyrus Zadeh, President

MAP

Attached