



Legislation Details (With Text)

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On agenda: 6/28/2023 **Final action:**

Title: Authorize the (1) sale of up to four Land Bank Program lots to Kori Homes, Inc., and/or its affiliates (Developer) subject to restrictive covenants, a right of reverter, and execution and recording of all necessary documents, pursuant to the City's Land Bank Program; (2) the release of lien for all non-tax City liens, notices, or orders that were filed on up to four Land Bank Program lots sold to Developer prior to or subsequent to the deeds transferring the lots to the Dallas Housing Acquisition and Development Corporation; and (3) execution of a development agreement with Developer for the construction of up to four single-family homes on the Land Bank Program lots - Financing: Estimated Revenue: Dallas Housing Acquisition and Development Corporation Operating Fund Account \$54,000.00; Revenue Foregone: General Fund \$99,095.40 (see Fiscal Information)

Sponsors:

Indexes: 7

Code sections:

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

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Housing & Homelessness Solutions

AGENDA DATE: June 28, 2023

COUNCIL DISTRICT(S): 7

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize the **(1)** sale of up to four Land Bank Program lots to Kori Homes, Inc., and/or its affiliates (Developer) subject to restrictive covenants, a right of reverter, and execution and recording of all necessary documents, pursuant to the City's Land Bank Program; **(2)** the release of lien for all non-tax City liens, notices, or orders that were filed on up to four Land Bank Program lots sold to Developer prior to or subsequent to the deeds transferring the lots to the Dallas Housing Acquisition and Development Corporation; and **(3)** execution of a development agreement with Developer for the construction of up to four single-family homes on the Land Bank Program lots - Financing: Estimated Revenue: Dallas Housing Acquisition and Development Corporation Operating Fund Account \$54,000.00; Revenue Foregone: General Fund \$99,095.40 (see Fiscal Information)

BACKGROUND

On January 28, 2004, the City Council established the Dallas Housing Acquisition and Development Corporation (DHADC) as its Land Bank for the purpose of acquiring, holding and transferring unimproved real property. The objective of the Land Bank Program is to: (1) reclaim vacant real property from tax delinquency status and (2) use such property to develop affordable housing for low-income households or for commercial purposes. The resale of such property will enable the development of new single-family homeownership or rental units to serve low-income households or the development of commercial uses that stabilize distressed communities. This Program is implemented via a statutorily authorized tax foreclosure process for properties with five or more years of delinquent property taxes. In order to achieve the public purpose of creating affordable housing for low-income households, all residential properties sold by DHADC will be deed restricted to require the development and sale, rental, or lease-purchase to low-income households, meaning households with a gross income of not greater than 115% of the Area Median Income (AMI). Properties intended for commercial use that are acquired and resold by DHADC need only serve the public purpose of economic development.

On April 12, 2023, the City Council adopted a Dallas Housing Policy 2033 to replace the City's Comprehensive Housing Policy (CHP) by Resolution No. 23-0443. On April 12, 2023, the City Council also authorized the continued operation of the housing programs previously authorized under the CHP, but now documented and restated in the Dallas Housing Resource Catalog under Resolution No. 23-0444.

In March 2023, an eligible developer, Kori Homes, Inc., submitted an application (proposal) to purchase a total of four Land Bank Program lots. Department of Housing & Neighborhood Revitalization (Housing) staff evaluated the application pursuant to the standards set forth in the Land Bank 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 staff. Housing staff negotiated 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 four lots is Kori Homes, Inc. The Developer is a domestic for-profit corporation formed in Texas in 2021 and is based in Dallas. The company's managers and owners are Elias and Carolyn Houry. The Developer has been constructing single family homes since 2015 and is registered with the City of Dallas as a Building Contractor. The company has constructed both market rate homes as well as affordable housing units. In addition, the company has experience with townhome and warehouse construction. The company's most recent experience comparable to the Program design is the construction of 12 housing units in South Dallas demonstrating an understanding for the target market in building affordable homes on the proposed properties. Both owners have participated in the Land Transfer Program through their affiliate company CTE Homes LLC and completed 10 affordable housing units within the dedicated timeframes and program guidelines.

The proposal indicates the construction of four single family units ranging from approximately 1355 Square Feet (SF) to 1630 SF with a minimum of three bedrooms and two baths each. The price

range of the proposed units will have a maximum sales price of \$182,000.00 for those units targeting homebuyers at an AMI of 60% and below, \$215,000.00 for those units targeting homebuyers at an AMI of 61% - 80% and \$255,000.00 for those units targeting homebuyers at an AMI of 81% - 115%. One unit will target homebuyers in the 81% - 115% AMI range, two units will target homebuyers in the 61% - 80% AMI range and one unit will target homebuyers in the 60% and below AMI range. 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 current U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnership Program (HOME) homeownership sales price for the Dallas, TX HUD Metro Fair Market Rent Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** 115% AMI and below.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 60 days of purchase from the DHADC. In addition, Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within four 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 Housing 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 Dallas Housing Acquisition and Development Corporation 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 DHADC.
- **Unit Sales Price:** Units must be sold to an income eligible homebuyer at 115% and below

of the AMI, after developer subsidies, at a final sales price between \$182,000.00 and \$255,000.00. The City Manager and his/her designee may modify the sales price, so long as such modification complies with the Land Bank Program in the CHP, as restated in the Dallas Housing Resource Catalog.

ESTIMATED SCHEDULE OF PROJECT

Begin Project July 2023
Complete Project July 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on May 22, 2023. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989181&GUID=D5683B3B-D012-48CD-9F0B-27B455460F2A>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989181&GUID=D5683B3B-D012-48CD-9F0B-27B455460F2A)

FISCAL INFORMATION

Estimated Revenue: Dallas Housing Acquisition and Development Corporation Operating Fund Account \$54,600.00

(Exhibit A details the Estimated Revenue the Dallas Housing Acquisition and Development Corporation will receive from the sale of the lots in the amount of \$54,000.00. The sales price for each lot is \$11,500.00 for those units targeting homebuyers at an AMI of 60% and below, \$13,500.00 for those units targeting homebuyers at an AMI of 61% - 80% and \$15,500.00 for those units targeting homebuyers at an AMI of 81% - 115%. The Dallas Housing Acquisition and Development Corporation will also collect recording fees at closing to ensure property legal documents are properly recorded in the amount of \$600.00)

Revenue Foregone: General Fund \$99,095.40

(Exhibit A details the Foregone Revenues from the release of non-tax City liens.)

M/WBE INFORMATION

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

Contract Amount	Procurement Category	M/WBE Goal
\$725,000.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$232,000.00
• This contract meets the M/WBE goal.		
• Kori Homes, Inc. - Local; Workforce - 100.00% Local		

DEVELOPER

Kori Homes, Inc.

Carolyn Khoury, Owner

MAP

Attached