



Legislation Text

File #: 23-1599, Version: 1

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 three Land Transfer Program lots to Mill City Community Builders, LLC., 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 Transfer Program; **(2)** the release of lien for all non-tax City liens, notices, or orders that were filed on up to three Land Transfer Program 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 five single-family homes on the Land Transfer Program lots - Estimated Revenue: General Fund \$6,414.84; Estimated Revenue Foregone: General Fund \$537.76

BACKGROUND

On May 22, 2019, the City Council adopted the Land Transfer Program via Resolution No. 19-0824, as amended. 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 (CHP), 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.

On April 12, 2023, the City Council adopted a Dallas Housing Policy 2033 to replace the 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, Mill City Community Builders, LLC., in partnership with Muse Family Foundation and Tekton Residential submitted an application (proposal) to purchase a total of three Land Transfer Program lots. The Department of Housing & Neighborhood Revitalization (Housing) 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. Housing 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 three lots is Mill City Community Builders LLC., formed by the Mill City Community Association. The Developer is a domestic limited liability corporation formed in Texas in 2022 and is based in Dallas. The Developer will be partnering with Tekton Residential, a non-profit subsidiary of Mathews Southwest, as the Builder for the project. Tekton Residential has been building affordable residential housing since 2018. In addition, the Developer is also partnering with the Muse Family Foundation, a non-profit organization, which will be providing funding for land acquisition costs and pre-construction costs and assist with securing construction financing. Working in collaboration, Mill City Community Builders, Tekton Residential and Muse Family Foundation will be constructing 16 single-family homes to be developed on a total of 11 lots creating a “pocket community” facing a communal greenspace and clubhouse. To date, Mill City Community Builders Association and its partners control six of the 11 lots which will total nine with the approval of the sale of three Land Transfer Program lots to the Developer.

Two lots, 4907 South Pacific and 4923 South Pacific will have one affordable housing unit constructed on each. The third lot, 2806 Troy, is an oversized lot and can accommodate the construction of three affordable housing units. The Developer proposes to re-plat the oversized lot to accommodate the construction of the three units. Therefore, the proposal indicates the construction of five single family units ranging from approximately 1300 Square Feet (SF) to 1500 SF with a minimum of two bedrooms and two baths each. The price range of the proposed units will have a maximum sales price of \$215,000.00 for those units targeting homebuyers at an Area Median Income (AMI) of 60% - 80% and \$255,000.00 for those units targeting homebuyers at an AMI of 80% - 120%. Three units will target homebuyers in the 80% - 120% AMI range and two units will target homebuyers in the 60% - 80% AMI range. 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 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:** 60% - 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 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 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 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.
- **Unit Sales Price:** Units must be sold to an income eligible homebuyer between 60% - 120% of the area median income, after developer subsidies, at a final sales price between \$215,000.00 and \$255,000.00. The City Manager may modify the sales price, so long as such modification complies with 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=11989179&GUID=5A6871F2-041F-484D-B51C-B7DB9FE5BDAF>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989179&GUID=5A6871F2-041F-484D-B51C-B7DB9FE5BDAF)

FISCAL INFORMATION

Estimated Revenue: General Fund \$6,414.84

(Exhibit A details the Estimated Revenue the City of Dallas will receive from the sale of the lots in the amount of \$5,964.84. For tax foreclosed lots, the sales price for each lot is a minimum of \$1,000.00 for lots up to 7,500 square feet and an additional \$0.133 per square foot for lots which exceed 7,500 square feet. The City of Dallas will also collect recording fees at closing to ensure property legal documents are properly recorded in the amount of \$450.00)

Estimated Revenue Foregone: General Fund \$537.76

(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
\$1,060,200.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$339,270.00
• This contract meets the M/WBE goal.		
• Mill City Community Builders, LLC - Local; Workforce - 100.00% Local		

DEVELOPER

Mill City Community Builders, LLC

Alendra Lyons, President

MAP

Attached