



Legislation Text

File #: 22-956, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: June 22, 2022
COUNCIL DISTRICT(S): 4
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** the sale of up to 6 Land Transfer Program lots to Texas Heavenly Homes Ltd., 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 - Estimated Revenue: General Fund \$6,513.11; **(2)** the release of lien for all non-tax City liens, notices, or orders that were filed on up to 6 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 10 single-family homes on the Land Transfer Program lots - Estimated Revenue Foregone: General Fund \$27,446.46

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 2022, an eligible developer, Texas Heavenly Homes Ltd. submitted an application (proposal) to purchase a total of 6 Land Transfer Program lots for the construction of 10 for sale affordable housing units. 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. 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 6 lots is Texas Heavenly Homes Ltd., based in Dallas, Texas. The Developer is a limited partnership formed in Texas in 2004 and has 18 years of home building experience. To date, the applicant has constructed and sold market rate homes and affordable housing in Dallas and the surrounding area. The company does have experience constructing and selling in the target area of southern Dallas, specifically in The Bottom neighborhood, to homebuyers in the income range as the Land Transfer Program. The applicant currently privately owns 84 properties in The Bottom neighborhood and has completed the construction and sale of 2 units for the Housing Department with 7 units under construction from a previous development agreement with the City of Dallas. In addition, the applicant is working with the neighborhood association and Texas Capital Bank on beautification efforts in The Bottom through a grant sponsored by the bank and applicant. The applicant has a current line of credit to support this project 1.10 times. The General Partner of the company is Hanover Development and Richard LeBlanc serves as CEO of both entities.

The proposal indicates the construction of 10 single family units ranging from 1,200 square feet to 1,772 square feet with a minimum of two bedrooms and two baths. Lots 611 N. Denley, 607 N. Denley, 603 N. Denley and 527 N. Denley will be re-platted to accommodate 8 cottage type housing units with a minimum of 1200 square feet, two bedrooms, one bath and 1-car garages. Lots 505 N. Denley and 427 N. Denley will have traditional build housing units with a minimum of 1482 square feet, three bedrooms, two baths and 2-car garages. The price range of the proposed units will be \$172,500.00 - \$235,000.00 targeting homebuyers in an income range of 60 - 120% area median income (AMI), of which 4 units will be used to target homebuyers in an income range of 60 - 80% AMI. Specifically, the 8 cottage type housing units will have a price range of \$172,500 - \$176,000 and the 2 traditional build units will have a price range of \$220,000 - \$235,000. 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 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:** Six (6) units will target homebuyers in an income range of 80%-120% AMI, and four (4) units will target homebuyers in an income range of 60%-80% 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 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 of Dallas 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 at a final sales price between \$172,500.00 - \$235,000.00.

ESTIMATED SCHEDULE OF PROJECT

Begin Project August 2022
Complete Project August 2024

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

City Council will be briefed by memorandum regarding this matter on June 10, 2022.

FISCAL INFORMATION

Estimated Revenue: General Fund \$6,513.11

The City of Dallas will receive revenue from the sale of the lots, see attached **Exhibit A**, in the amount of \$6,513.11. 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. Surplus lot(s) 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 City of Dallas will also collect recording fees at closing to ensure property legal documents are properly recorded.

Estimated Revenue Foregone: General Fund \$27,446.46

In addition, **Exhibit A** details the Foregone Revenues from the release of non-tax City liens: \$27,446.46

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	M/WBE %	M/WBE \$
\$1,619,641.00	Construction	32.00%	32.00%	518,285.00
• This contract meets the M/WBE goal.				
• Texas Heavenly Homes, Ltd. - Local; Workforce - 94.87% Local				

OWNER

Texas Heavenly Homes, Ltd.
Richard LeBlanc, CEO

MAP

Attached