



Legislation Text

File #: 24-1431, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 22, 2024
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Robin Bentley

SUBJECT

Authorize **(1)** the sale of one vacant Land Transfer Program lot to Southfair Community Development Corporation and/or its affiliates, a Qualified Participating Developer under the Land Transfer Program ("Developer") for the construction of up to two to three affordable housing units 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 all non-tax City liens, notices or orders that were filed on the one Land Transfer Program lot prior or subsequent to the deeds transferring the lot the City of Dallas; and **(3)** execution of a development agreement with Developer for the construction of up to two to three homeownership townhome units on the Land Transfer Program lot - Estimated Revenue: General Fund \$1,972.28 (see Fiscal Information)

BACKGROUND

On May 22, 2019, the 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 (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, 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 tax foreclosed lots are being sold pursuant to 34.051 of the Texas Property Tax Code.

On April 12, 2023, the City Council adopted the 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 (DHRC) under Resolution No. 23-0444.

In November 2021, an eligible developer SouthFair Community Development Corporation (Developer) submitted an application (proposal) to purchase a total of eleven Land Transfer Program lots. 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 Qualified Participating Developer regarding the terms of sale of the vacant lot(s) as well as the terms related to the construction and subsequent sale of single-family housing units to income eligible homebuyers.

The Developer is a domestic 501(C)(3) nonprofit corporation established in 1991, incorporated in 1993, and is based in Dallas. The Developer has been a nonprofit developer in the area for 30 years.

The Developer has decided to move forward with one of the eleven Land Transfer lots at this time. The lot at 2614 Merlin will be incorporated into the current Merlin Townhomes development due to its proximity to the Developer already owned property. The lot will be replatted to be developed into two to three townhomes bringing the total number of townhomes on Merlin up to 14 or 16. These townhomes on this lot will be geared towards those families that fall into the 60-80% Area Median Income (AMI). The Developer is expected to apply for a certification to become Community Housing Development Organization (CHDO) and request CHDO funding that will allow these three-to-four bedroom, two-car garage, 1300-1600 square feet townhomes to sell for \$180,000.00 - \$228,000.00.

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 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: 60-80% 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 & 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 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% - 80% of the area AMI, after developer subsidies, at a final sales price between \$180,000.00 and \$228,000.00. The City Manager may modify the sales price, so long as such modification complies with the CHP, as restated in the DHRC.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on March 25, 2024.](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12792328&GUID=FE383775-7932-4459-BF25-718D5EF8C854) <

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FISCAL INFORMATION

Estimated Revenue: General Fund \$1,972.28

(Exhibit A details the Estimated Revenue the City of Dallas will receive from the sale of the lot in the amount of \$1,972.28. 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 \$30.00. No revenue forgone due to no non-tax liens on properties.)

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
\$345,000.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$110,400.00
• This contract meets the M/WBE goal.		
• Southfair Community Development Corporation - Local; Workforce - 33.33% Local		

DEVELOPER

Southfair Community Development Corporation

Annie Evans, Executive Director

MAP

Attached