



Legislation Text

File #: 21-1480, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 22, 2021
COUNCIL DISTRICT(S): 4, 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** the sale of up to 29 Land Transfer lots to Confia Homes, L.L.C., 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 \$34,873.81; **(2)** the release of lien for all non-tax City liens, notices, or orders that were filed on up to 29 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 29 single-family homes on the Land Transfer lots - Estimated Revenue Foregone: \$125,949.18 (see Fiscal Information)

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 Section 272.001(g) of the Texas Local Government Code and the tax foreclosed lots are being sold pursuant to Section 34.051 of the Texas Tax Code.

The Developer being considered for the sale of 29 lots is Confia Homes, L.L.C. In May 2021, a qualified participating developer, Confia Homes, L.L.C., submitted an application (proposal) to purchase a total of 29 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 the minimum score to be eligible. Housing collaborated with 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 is a domestic limited liability company formed in Texas in 2015 and is Minority/Women-owned Business Enterprises (MWBE)-certified, licensed with the City of Dallas and is a participant in the City's Land Bank Program and Home Improvement and Preservation Program. The Developer has six years of home building experience as well as home renovation experience. To date, the applicant has constructed and sold 15 affordable housing units for the City of Dallas Land Bank Program since 2019, thereby exceeding the Developer eligibility criteria set forth in the Land Transfer Program. The applicant has a current line of credit to support this project 1.36 times. The Chief Executive Officer of the company is Ricardo Alonso-Carrillo and the President of the company is Kenneth Roberts.

The proposal indicates that the Developer will construct of 29 single family units ranging from 1,551 square feet to 2,236 square feet with a minimum of three bedrooms and two baths for each unit. The price range of the proposed units will range from \$184,750.00 - \$244,750.00 targeting homebuyers in an income range of 61 - 120% area median income (AMI), of which 13 units will be used to target homebuyers in an income range of 61 - 80% AMI. 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:** Once the lots are improved, the sales price of the affordable housing units cannot exceed the 2021 United States 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:** 61-120% Area median family income (AMFI).
- **Development 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 acquires the vacant lot on which the affordable housing unit is constructed.
- **Restrictive Covenants:** Developer must: (1) sell each lot to an income eligible household and (2) prior to the sale, provide Housing staff with written documentation of the income of the proposed purchaser and the sales price. Once the property is sold to an income eligible household, it can be occupied as the household's principal place of 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 (affordability period). 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 either construction of all required housing units or other required development on the real property, or 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 City Council's consent.

ESTIMATED SCHEDULE OF PROJECT

Begin Project October 2021
Complete Project October 2023

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on August 23, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=2c5c840f-3b68-4521-a4e7-bed6724b1f19.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=2c5c840f-3b68-4521-a4e7-bed6724b1f19.pdf)

FISCAL INFORMATION

Estimated Revenue: \$82,267.65 (include estimated future property tax revenue and the sale of lots).

The City of Dallas will receive revenue from the sale of the lots, in the amount of \$34,873.81 (see "Total Purchase Price" in **Exhibit A**). 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 that exceed 7,500 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 29 housing units the expected property tax revenue for the City of Dallas is expected to be \$47,393.89 annually.

Estimated Revenue Foregone: General Fund \$125,949.18

In addition, "[Total Non-tax Lien Amount](#)" in **Exhibit A** details the Estimated Foregone Revenues from the release of non-tax City liens: \$125,949.18

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 \$
\$5,540,995.00	Construction	32.00%	32.00%	1,773,118.00
• This contract meets the M/WBE goal.				
• Confia Homes, L.L.C. - Local; Workforce - 100.00% Local				

OWNER

Confia Homes, L.L.C.

Ricardo Alonso- Carillo, Chief Executive Officer

MAP

Attached