



Legislation Text

File #: 23-1598, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: June 28, 2023
COUNCIL DISTRICT(S): 8
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize the **(1)** sale of up to one Land Transfer Program lot to Beharry 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 Transfer Program; **(2)** the release of lien for all non-tax City liens, notices, or orders that were filed on up to one Land Transfer Program lot 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 three single-family homes on the Land Transfer Program lot - Estimated Revenue: General Fund \$5,869.64; Revenue Foregone: General Fund \$1,568.64

BACKGROUND

On May 22, 2019, the City Council adopted the Land Transfer Program by 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 rested in the Dallas Housing Resource Catalog under Resolution No. 23-0444.

In April 2023, an eligible developer, Beharry Homes, Inc. submitted an application (proposal) to purchase a total of one Land Transfer Program lot. 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 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 one lot is Beharry Homes, Inc. The Developer is a domestic for-profit corporation formed in Texas in 2003 and is based in Dallas. The Developer has 20 years of market rate and affordable home building experience, both for-sale units and for rent units. The Developer is also licensed with the City of Dallas as a General Contractor and is Minority/Women Business Enterprise (M/WBE) certified. In addition, the Developer has previously participated in the City’s Land Transfer Program and successfully completed the lot acquisition, development, and sale of eight homes to income-qualified homebuyers on Land Transfer Program lots. Past performance strongly suggests that the Developer will continue to construct quality affordable housing units on the lots while meeting the requirements of the Land Transfer Program. The applicant has a current line of credit to support this project 1.12 times. The managing directors are Sueram Beharry and Raywatee Dobo-Beharry.

The proposal indicates the construction of three two-story single family townhome units on one oversized Land Transfer Program lot. The Developer proposes to re-plat the lot to accommodate the construction of the three units. The proposed units will be approximately 1842 Square Feet with a minimum of three 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 61% - 80% and \$255,000.00 for those units targeting homebuyers at an AMI of 81% - 120%. Two units will target homebuyers in the 81% - 120% AMI range and one unit will target homebuyers in the 61% - 80% 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:** 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=11989180&GUID=710B294D-044F-4924-AA49-FD52D9807D7B>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989180&GUID=710B294D-044F-4924-AA49-FD52D9807D7B)

FISCAL INFORMATION

Estimated Revenue: General Fund \$5,869.64

(Exhibit A details the Estimated Revenue the City of Dallas will receive from the sale of the lots in the amount of \$5,719.64.00. 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 \$150.00)

Estimated Revenue Foregone: General Fund \$1,568.64.00

(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
\$605,000.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$193,600.00
• This contract meets the M/WBE goal.		
• Beharry Homes, Inc. - Local; Workforce - 100.00% Local		

DEVELOPER

Beharry Homes, Inc.

Sueram Berry, Managing Director

MAP

Attached