



Legislation Text

File #: 20-361, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: April 8, 2020
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** approval of the development plan as described in Exhibit A for the construction of eight affordable houses by Open Mindframe Ventures, LLC. (Developer); **(2)** the sale of eight vacant lots as described in Exhibit A from the Dallas Housing Acquisition and Development Corporation (DHADC) to Developer, subject to restrictive covenants and a right of reverter and execution of all necessary documents; and **(3)** execution of a release of lien for any non-tax City liens that were filed on the eight vacant lots prior to the Sherriff's deeds transferring the lots to DHADC - Estimated Revenue Foregone: \$135,481.36

BACKGROUND

On June 18, 2003, Governor Rick Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing development. On January 28, 2004, City Council designated the DHADC as its land bank for the purpose of acquiring, holding, and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C by Resolution No. 04-0458.

In November 2019, Developer submitted a proposal to purchase eight vacant lots from the DHADC. City staff evaluated the proposal pursuant to the standards set forth in the land bank application, which included determining whether Developer met the eligibility standards to be deemed a "Qualified Participating Developer" under Chapter 379C and underwriting the proposal. City staff scored the proposal and determined the final score to be reflective of the criteria set forth in the application process. City staff has negotiated 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 on the vacant lots.

Developer is a domestic limited liability corporation formed in Texas in 2012. The managing member is Tiffany Dent. The Developer has partnered with Ergo Construction, LLC. The contracted homebuilder has over 10 years of experience building a mix of affordable and market rate homes in Dallas. This is the first Land Bank application from this Developer; however, the builder's current portfolio demonstrates the Developer's ability to successfully construct quality affordable housing units on the lots while meeting the requirements of the Land Bank Program and meeting the project timelines.

On November 21, 2019, the DHADC Board of Directors approved the terms of sale and development, subject to City Council approval, for the eight vacant lots proposed to be sold to Developer. This item will authorize the DHADC to enter into a development agreement with Developer with the following terms:

- **Vacant Lot Sales Price:** Listed per lot in Exhibit A.
- **Targeted Income of Homebuyer:** Listed per lot in Exhibit A.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.
- **Affordability Period:** Once the property is sold to a low-income household, it must be occupied as the household's principal place of residence for five years. If the original purchaser re-sells the property during the affordability period, the property must be sold to another qualified low-income household. Developer or subsequent owners must inform prospective purchaser of the five-year affordability period.
- **Right of Reverter:** Title to the property may revert to the DHADC if Developer does not: **(1)** apply for a construction permit within eighteen months from the date the Deed without Warranty is filed; **(2)** close on any construction financing within three years from the date the Deed without Warranty is filed; and **(3)** complete construction within four years from the date the Deed without Warranty is filed.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the 2018 U.S. Department of Housing and Urban Development (HUD) HOME homeownership sales price for the Dallas, Texas HUD Metro Fair Market Rent Area and must be affordable based on the income of the targeted homebuyer.

Developer shall also place restrictive covenants on the eight vacant lots stating Developer must **(1)** sell each lot to a low-income household as specified in Exhibit A; **(2)** prior to the sale, Developer must provide to DHADC written documentation of the income of the proposed purchaser and the sales price; and **(3)** after sale of the home, the property must be occupied as a low-income household's principal residence during the entire term of the five-year affordability period.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 28, 2004, City Council designated the DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property for the purpose of promoting the development of affordable housing as allowed under Chapter 379C of the Texas Local Government Code by Resolution No. 04-0458.

On January 22, 2020, City Council approved the FY 2019-20 Urban Land Bank Demonstration Program Plan by Resolution No. 20-0234.

On November 21, 2019, the DHADC Board of Directors approved the terms of sale and development for the eight vacant lots proposed to be sold to Developer, subject to City Council approval.

FISCAL INFORMATION

Estimated Revenue Foregone: \$135,481.36

M/WBE INFORMATION

In accordance with the City's Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$922,232.00	Construction	25.00%	30.00%	297,670.00
• This contract exceeds the M/WBE goal.				

MAP

Attached