



Legislation Text

File #: 22-2594, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions

AGENDA DATE: November 9, 2022

COUNCIL DISTRICT(S): 7

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize the **(1)** sale of up to 5 Land Transfer Program lots to Citybuild Community Development Corporation, 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; **(2)** release of lien for all non-tax City liens, notices, or orders that were filed on up to 5 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 a Health and Wellness Center on the Land Transfer Program lots - Estimated Revenue: General Fund \$6,500.00; Estimated Revenue Foregone: General Fund \$10,257.31 (see Fiscal Information) (This item was deferred on October 26, 2022)

BACKGROUND

On May 22, 2019, City Council adopted the Land Transfer Program via 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, 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 May 2022, an eligible developer, Citybuild Community Development Corporation, submitted an application (proposal) to purchase a total of 5 Land Transfer Program lots. Four lots will be sold under Chapter 34.051 of Texas Tax Code and one lot, which will be used for the parking portion of the development, will be sold under Chapter 253.011 of the Texas Local Government Code (subject to a Development Agreement requiring a right of reversion in favor of the City). 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 the lease for the anchor tenant as well as the terms related to the subsequent leases of ancillary tenants related to the core services of the facility.

The Developer being considered for the sale of 5 lots is Citybuild Community Development Corporation, based in Dallas, Texas, specifically the Bonton neighborhood. The Developer is a not-for-profit community development corporation formed in 2007 and is licensed with the City of Dallas as a General Contractor and is Minority/Women Business Enterprise (MWBE) certified. The CDC is a subsidiary of Bonton Enterprises. Bonton Enterprises has worked for the past 10 years to address health and wellness as well as affordable housing in the Bonton neighborhood. With the development of Bonton Farms, the organization has utilized the business as a catalyst for economic development through job creation and addressing health issues in the community. The business now includes a café, market and welcome center. Currently, Bonton Enterprises is expanding the services in the neighborhood to include affordable housing solutions and health and wellness care for the residents of the Bonton community. The project is estimated to create 12-15 jobs in the Bonton community. In addition, the applicant has financial commitments to support this project 1.64 times. The Director for Citybuild Community Development Corporation is Trey Holloway.

The proposal indicates the construction of a Health and Wellness Center estimated to be 11,070 square feet and parking lot on 5 vacant Land Transfer Program lots and 2 Bonton Enterprises owned lots, the Bonton Farms Health and Wellness Center. The Center will have three primary tenants. The anchor tenant will be Parkland Health and Hospital System occupying approximately 36% of the facility. A secondary tenant will be Baylor Scott and White Health occupying approximately 12% of the facility. A third tenant is expected to be a network of financial institutions and non-profit financial organizations occupying approximately 12% of the facility. The remaining square footage will be occupied by Bonton Farms for office space and common space for visitors to the facility. The primary service will health screenings along with primary care and wellness education and activities. Ancillary services will be financial education for individuals and small businesses. The facility is expected to operate Monday through Friday, 8:00 am-5:00 pm, with additional educational programming on the weekends. In addition, Parkland Health and Hospital System is projecting approximately 3,500 visitors annually to the facility. The project is financially supported by Bonton Enterprises a component fund of The Dallas Foundation.

The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as **Exhibit A**.
- **Targeted Income Group:** Bonton neighborhood, 120% area median income and below.
- **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 lease with the anchor tenant within two years of the date of acquisition of the vacant lots utilized for construction of the facility.
- **Additional Obligations:** Developer must: 1) execute a lease with Parkland Health and Hospital System Parkland and 2) prior to the execution of the lease, must provide to Department of Housing and Neighborhood Revitalization staff the proposed lease agreement with the lease terms.

- **Restrictive Covenants:** Once the proposed lease is executed, it must be occupied by a health and wellness service provider as the facility's anchor tenant for at least 20 years. If the original tenant vacates the property during the affordability period, the property may only be leased to another eligible tenant.
- **Right of Reverter:** Title to the property sold under Chapter 34.051 of Texas Tax Code 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 facility or other required development on the real property, or failed to ensure occupancy by the eligible tenant 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. Title to the property sold under Chapter 253.011 of the Texas Local Government Code will revert to the City of Dallas when the property no longer primarily promotes the public purpose of the municipality.

ESTIMATED SCHEDULE OF PROJECT

Begin Project November 2022
Complete Project November 2024

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was be briefed by memorandum regarding this matter on September 29, 2022. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=9255775&GUID=7C66DDBE-FD3B-48C1-97C0-5FFEC9293CA9>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=9255775&GUID=7C66DDBE-FD3B-48C1-97C0-5FFEC9293CA9)

On October 26, 2022, this item was deferred by Councilmember Adam Bazaldua.

FISCAL INFORMATION

Estimated Revenue: General Fund \$6,500.00. (The City of Dallas will receive revenue from the sale of the lots, see attached **Exhibit A**, in the amount of \$5,000.00. 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. Surplus lot(s) shall be offered at fair market values. 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. The surplus lot(s) identified on **Exhibit A** are being sold at a discounted price of \$1,000.00 each. The City of Dallas will also collect recording fees at closing to ensure property legal documents are properly recorded in the amount of \$1,500.00.)

Revenue Foregone: General Fund \$10,257.31 (In addition, **Exhibit A** details the Foregone Revenues from the release of non-tax City liens: \$10,257.31)

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
\$2,258,216.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$722,629.00
• This contract meets the M/WBE goal.		
• Women That Soar LLC - Local; Workforce - 100.00% Local		

DEVELOPER

Citybuild Community Development Corporation

Trey Holloway, Director

MAP

Attached