

# Memorandum



CITY OF DALLAS

DATE April 5, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **April 10, 2024 Upcoming Agenda Item #24-1209 – Approve the sale of two Land Transfer Program lots to CityBuild Community Development Corporation for Bonton Gardens, a 36-unit multi-family development**

The purpose of this memorandum is to provide information on the upcoming agenda item to be considered by the City Council on April 10, 2024 to **(1)** authorize the partial rescission of Section 1 of Resolution No. 20-0811, **(a)** withdraw authorization of the sale of up to 17 Land Transfer lots, for up to 35 rental units, identified as Bonton Land Transfer Cluster #2 (Project), to Notre Dame Place, Inc., (VS0000068164) and/or its affiliates; and **(b)** rescind conditional grant agreement with Notre Dame Place, Inc in an amount not to exceed \$730,072.00 in 2017 General Obligation Bond Funds for public infrastructure and construction cost for up to 35 rental units; **(2)** authorize the sale of two Land Transfer Program lots, for up to 36 rental units for the Project to CityBuild Community Development Corporation (Developer) and/or its affiliates subject to restrictive covenants, a right of reverter with a right of reentry, and recording of all necessary documents pursuant to the City's Land Transfer Program; **(3)** authorize the release of all non-tax City liens, notices or orders that were filed on the two Land Transfer lots prior or subsequent to the deeds transferring the lots to the City of Dallas; and **(4)** authorize execution of a development agreement with Developer for the construction of up to 36 rental units on the Land Transfer lots – Estimated Revenue: General Fund \$2,904.68

## **BACKGROUND**

On May 22, 2019, the City Council adopted the Land Transfer Program (LTP) by Resolution No. 19-0824, as amended. The purpose of the LTP 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 LTP 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 the City ordinance.

On April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 to replace the CHP by Resolution No. 23-0443 (DHP33). 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 under Resolution No. 23-0444 (DHRC).

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The reverter requirements set forth in the DHP33 and/or the DHRC were originally drafted for use with single-family home developments. Recently, developers have expressed an increasing interest in using LTP lots for multi-family or mixed-use developments. In addition, developers have indicated to city officials that the reverter requirements deter potential investors and third-party financing of potential housing development projects. On May 22, 2024, staff anticipates asking City Council to consider several revisions to the developer programs of the DHP33 and the DHRC, including but not limited to revisions to the existing reverter requirements to reduce barriers to obtain third-party financing for affordable housing development projects.

In March 2024, an eligible developer, CityBuild Community Development Corporation submitted an application (proposal) to purchase a total of two LTP surplus lots sold under Chapter 272.001(g) of the Texas Local Government Code. The Department of Housing & Neighborhood Revitalization (Housing) staff evaluated the application pursuant to the standards set forth in the LTP 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 the Qualified Participating Developer regarding the terms of sale of the vacant lots as well as the terms related to the construction of a multifamily rental development project and leasing of multifamily units to income eligible renters. For the Developer to secure a \$1,600,000.00 grant through the Federal Home Loan Bank for the Project, Council approval of the land conveyance must take place before April 15, 2024. For the sole purpose of assisting Developer to secure federal funding before April 15, 2024 (which will result in 36 affordable rental units for AMI bands as set forth below), City staff is seeking authorization to revise the LTP reverter requirements as set forth in the DHRC for – at this time – only this multi-family housing development Project.

The Developer being considered for the sale of two lots is a 501(c)(3) non-profit corporation formed in Texas in 2009 and is based in Dallas that works with Bonton Farms to build and manage property infrastructure that supports Bonton Farm’s mission and the neighborhood of Bonton. Bonton Farms is a non-profit that works with individuals to improve their lives and provide much-needed access to services in the Bonton neighborhood. The Developer has years of experience developing, managing, and partnering with other entities to provide an array of affordable housing options and services. Such projects include 2803 Rochester home which was built to house families and individuals participating in the Bonton Farm’s apprenticeship program, three tiny homes, partnering with St. Jude Park Central, a permanent supportive housing development and Villa Santa Maria, an affordable senior multifamily development. An additional project developed by Developer includes the Bonton Wellness Center, an \$11,000,000.00 mixed-use commercial building built on lots conveyed through the LTP

Program and is comprised of a healthcare clinic, community room, financial resource center and office space. The Wellness Center is expected to open in February 2025.

The proposal indicates the construction of a new 36-unit multifamily development called Bonton Gardens. The Developer plans to combine two Land Transfer lots located at 6106 and 6116 Bexar Street with one it already owns, 6112 Bexar Street, to create two separately platted lots which will consist of two buildings, each with 18 units. A preliminary plat was approved on October 21, 2021 (Plat Application No. S201-780; Bonton Community Phase One Addition). The replat and rezoning process for the three lots has been completed and was adopted by City Council on August 10, 2022 (Ordinance No. 32256 and Council Resolution No. 22-1144). Eight units will be reserved for Americans with Disabilities Act-accessible units comprised of four efficiencies, two one-bedrooms and two two-bedrooms. Amenities will include an onsite laundry room, security system with off-site monitoring, and internet access. Additionally, renters will have access to a host of services provided through the Developer’s parent organization, Bonton Enterprises. These services include financial education, job skills development, and access to healthcare.

The unit mix and income levels of the proposed units included:

<b>Unit Type</b>	<b>AMI</b>	<b>Units</b>	<b>Rents</b>
Efficiency	<50%	12	\$1,070.00
1-bedroom/1 bath	<50%	8	\$1,130.00
1-bedroom/1 bath	<80%	4	\$1,130.00
1-bedroom/1 bath	<120%	2	\$1,130.00
2-bedroom/1 bath	<50%	2	\$1,320.00
2-bedroom/1 bath	<80%	6	\$1,320.00
2-bedroom/1 bath	<120%	2	\$1,320.00
<b>Total</b>		<b>36</b>	

The total development cost of the project is \$6,206,338.00. The construction completion timeline is estimated to be 14-18 months from the start of construction or permit issuance and land ownership is completed. The anticipated sources and uses are as follows:

<b>Proposed Financing Sources</b>	<b>Amount</b>
<b>Donor</b>	\$ 2,506,338.00
<b>Federal Home Loan Bank</b>	\$1,600,000.00
<b>Dallas County</b>	\$ 500,000.00
<b>Tolleson Bank Loan</b>	\$1,600,000.00
<b>Total</b>	<b>\$6,206,338.00</b>

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<b>Proposed Financing Uses</b>	<b>Amount</b>
<b>Land</b>	<b>\$ 35,000.00</b>
<b>Architecture &amp; Engineering</b>	<b>\$ 100,000.00</b>
<b>Construction</b>	<b>\$5,519,398.00</b>
<b>Developer Fee</b>	<b>\$ 551,940.00</b>
<b>Total</b>	<b>\$6,206,338.00</b>

Each surplus lot shall be offered at fair market value. A discount is available to developers when project underwriting indicates that the discount is needed to ensure long-term viability of the mixed-income multi-family project to income qualified tenants. The estimated revenue the City of Dallas will receive from the sale of the two surplus lots is \$2,604.68 in addition to \$300.00 in recording fees at closing to ensure property legal documents are properly recorded. The lots at 6116 and 6106 Bexar Street are being sold at discounted price of \$1,000.00.

The proposed project has been developed to impact and enhance the existing profile of the Bonton neighborhood. Bonton Gardens will be a mixed-income project to meet the needs of the neighborhood today and be flexible enough to adapt to the future. The project will use rents set forth through the U.S. Department of Housing and Urban Development (HUD) for Fair Market rents for the zip code, 75215. All utilities: water, electricity and internet access will be covered through the rent. Bonton Enterprises (Bonton Farms) will operate a rent voucher program for those in their apprentice program. The Developer will accept vouchers from Bonton Enterprises and Dallas Housing Authority. Pursuant to the LTP Program requirements, the affordability period for rental units will be secured through restrictive covenants for a period of 20 years.

Should you have any questions or require any additional information, please contact Cynthia Rogers-Ellickson, Director (I) Department of Housing & Neighborhood Revitalization at [Cynthia.rogersellic@dallas.gov](mailto:Cynthia.rogersellic@dallas.gov) or 214-670-3601.



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 Dr. Robert Perez, Assistant City Manager  
 Jack Ireland, Chief Financial Officer  
 Genesis D. Gavino, Chief of Staff to the City Manager  
 Directors and Assistant Directors