



**URBAN LAND BANK
DEMONSTRATION PROGRAM
APPLICATION**

**REVISED
JULY 2021**

Program Overview: Dallas Housing Acquisition and Development Corporation

The Dallas Housing and Acquisition Development Corporation (DHADC) is a non-profit entity organized under the Texas Nonprofit Corporation Act and acts as a duly constituted instrumentality of the City of Dallas (the “City”). Its purposes are to provide safe, affordable housing facilities for the benefit of low and moderate-income persons, as determined by the City; to promote local economic development and stimulate business and commercial activity through enhanced market availability in the City of Dallas by the development of new, mixed income single family housing; and to increase the supply of new affordable housing for working individuals and families in order to attract and retain economic growth. One of the activities of the DHADC is to administer the Urban Land Bank Demonstration Program, which is authorized by Chapter 379C of the Texas Local Government Code. Another activity of the DHADC is to acquire and transfer, at less than market value, tax foreclosed vacant or distressed properties pursuant to Section 34.051 of the Texas Property Tax Code (i.e. HB 110 lots).

Objectives of the Urban Land Bank Demonstration Program

The objectives of the Urban Land Bank Demonstration Program (the “Program” or “Land Bank”) are to acquire: (1) unproductive, vacant, and developable property and (2) property intended for commercial use to be “banked” for affordable housing or commercial development. The resale of such property will enable the development of new single-family homeowner or rental units to serve low income households or the development of commercial uses that stabilize distressed communities. This Program is implemented via a statutorily authorized tax foreclosure process for properties with five or more years of delinquent property taxes.

In order to achieve the public purpose of creating affordable housing for low income households, all residential properties sold by DHADC will be deed restricted to require the development and sale, rental, or lease-purchase to low income households, meaning households with a gross income of not greater than 115% of the Area Median Family Income (AMFI).

For Sale Homes: A minimum of 25% of Land Bank properties sold during any given fiscal year shall be deed restricted for sale to households with gross annual incomes not greater than 60% of AMFI. Not more than 30% of Land Banks lots sold during any fiscal year shall be deed restricted for sale to households with gross annual incomes between 81% and 115% of AMFI. All for-sale housing properties shall require a minimum five-year deed restriction.

Rental Homes: 100% of the properties sold during any fiscal year must be deed restricted to be leased to households with gross annual incomes not greater than 60% of AMFI. At least 40% of the properties sold must be deed restricted to be leased to households with gross annual incomes not greater than 50% of AMFI. At least 20% of the properties sold must be deed restricted to be leased to households with gross annual incomes not greater than 30% of AMFI. DHADC will include a minimum fifteen-year deed restriction on all properties intended to be developed for rental purposes. The deed restriction will also require the owner to file an annual occupancy report with the City on a reporting form provided by the City and will prohibit any exclusion of an individual or family from admission to the development based solely on the participation of the individual or family in the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f), as amended.

Commercial properties: Properties intended for commercial use that are acquired and resold by DHADC need only serve the public purpose of economic development.

LAND BANK PROGRAM APPLICATION

Application Submittal

Applicants shall submit a complete application composed of all scored documentation and exhibits in duplicate on two separate flash drives. Each document saved should be clearly labeled identifying the portion of the application with which it corresponds. Excel spreadsheets may not link to external data sources and must be unlocked so that all data, including formulas, are viewable. In addition, an application fee of \$300 per application will be required along with the submittal of an application. Completed applications and fees should be submitted to: City of Dallas – Housing & Neighborhood Revitalization Department, Attn: Land Bank Program Manager.

Application Submittal Dates

Applications will be received on a continuous basis and should be submitted to the City of Dallas, Housing and Neighborhood Revitalization (HNR) Department at City Hall 6CN, Attention: Land Bank Program Manager. Complete, viable and approved applications will be submitted to the Dallas Housing Acquisition and Development Corporation (DHADC) Board meetings for Board approval and recommendation to Housing and Homeless Solutions (HHS) Committee and City Council for approval. DHADC Board meetings are conducted on the 4th Thursday of each month. Therefore, applications should be received in the HNR Department 30 days prior to the forecasted DHADC Board meeting to allow staff a 15-day period to review applications and comply with the Texas Open Meetings Act.

Application Evaluation

Applications that are not complete (see Exhibit G: Application Submittal Checklist, p.14), or that do not comply with the program requirements, will not be scored. Applicants should refer to the Program Guidelines when completing the Application. Applicants will be notified of the application review results via email. Please note that emails will be sent only to the point of contact on the application. Applications will be reviewed in approximately 15 days. Term sheets will be required for recommended applications. Once a term sheet is executed by the applicant, the project will be scheduled for consideration to the DHADC Board. If approved by the DHADC Board, the project will be scheduled for consideration at the next available agenda meeting of the HHS Committee and City Council. Upon approval by City Council, the City of Dallas Housing Department will provide a development agreement for review and execution by the applicant. The process, from submission of a complete application to execution of a Deed without Warranty, can take up to six (6) months.

Applicant Scoring

The scoring system will allow the Land Bank Program staff to determine whether to recommend the sale of an existing lot or lots to a specific applicant and to choose between multiple applicants who are proposing to purchase the same lot or set of lots.

Summary of Project: 30 Points

Submit an executive summary of the proposed development including the income eligible households (<https://www.hudexchange.info/resource/5334/cdbg-income-limits/>) to be served, neighborhood impact, number of units, location, total project costs and proposed financing, etc. The summary should also include proposed site plans, floor plans, frontal elevations, security arrangements, amenities and accessibility/adaptability provisions.

Applicant Experience: 30 points

Developer statement of qualifications that includes:

1. Summary of all comparable projects completed within the last three (3) years.
2. Summary of all projects underway and/or pending.
3. List of staff assigned to the proposed project and their roles and experience.
4. Individual resumes, copies of appropriate licenses/certifications of assigned staff.
5. Disclosure of any conflict of interest.
6. Last two (2) years audited or reviewed financial statements for developer and any guarantors.
7. Last two (2) years tax returns for developer, 990s for nonprofit developers.
8. Certified copies of all organizational documents of all entities in the project, including articles of incorporation, operating agreement, partnership agreement, etc.
9. Qualifications of property management agent (multi-family/commercial).

Financial Projections: 30 points

1. Proforma: Total project and by housing unit reflecting income statement data and total project costs.
2. Cash flow statements for the project life cycle.
3. Twenty (20) year cash flow statements (multi-family/commercial only).
4. Documentation/estimates of construction costs (e.g. contracts, bids).
5. Documentation/estimates of soft costs (e.g. architectural fees, realtor fees, marketing expenses, taxes, insurance, etc.).
6. Sources of financing for project.

Design Considerations: 10 points

Project consultation with COD Planning and Urban Design (arranged by Land Bank staff)

The Housing Department strongly encourages the incorporation of defining features of a neighborhood into newly constructed infill houses. Those defining features of older inner-city neighborhoods may include roof pitches, porches, materials and window types. Developers must comply with any standards established by an existing neighborhood conservation district and/or neighborhood plan. Additionally, all projects must advance the principles and policies contained in the City of Dallas Complete Streets Design Manual. Site plans and building designs should contribute towards safe and convenient pedestrian, bicycle, transit and automobile access to the extent possible within the project site and the adjacent public right of way frontage. When required, developers will be required to demonstrate that the neighborhood association near the land to be developed has been consulted on any and all design issues. Developers should obtain feedback from neighborhood residents and collaborate to ensure that designs are compatible with existing housing and development patterns.

**EXHIBIT A: AFFIDAVIT OF AUTHORIZED REPRESENTATIVE AND
AUTHORIZATION TO OBTAIN INFORMATION**

Before me on this day personally appeared _____ as Authorized Representative for the Applicant listed above, and after by me being duly sworn, hereby certifies that all materials submitted to the City of Dallas Land Bank Program, or its agents or employees in connection with this application are true and correct. The undersigned understands that any submission of false information shall result in disqualification from the Land Bank Program, and that submission of incomplete information may result in rejection of the application.

The undersigned authorizes DHADC/City of Dallas to contact any party in order to verify information in this application. The undersigned acknowledges that Applicant is not obligated to provide DHADC/City of Dallas this authorization but has voluntarily agreed to such release so that DHADC/City of Dallas will consider this application. The undersigned hereby authorizes, on behalf of Applicant, without reservation, any person or entity contacted by DHADC/City of Dallas to furnish any and all information requested by DHADC/City of Dallas.

Dated: _____

Signature: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ and by oath stated that the facts herein stated are true and correct.

SWORN TO AND SUBSCRIBED BEFORE ME on this ____ day of _____, 20____.

Notary Public in and for the State of Texas

**EXHIBIT B: AUTHORIZATION AND RELEASE
TO OBTAIN PERSONAL CREDIT INFORMATION**

The undersigned hereby authorizes the City of Dallas or its agents or employees (collectively "City") to obtain any and all information pertaining to my business or personal credit history from any reporting agency or bureau, and to consider such information when making any decisions regarding the application submitted by _____.

I understand that I am not obligated to provide City this authorization; however, I have voluntarily agreed that such information can be released to City so that it will consider the application. I authorize, without reservation, any person or entity contacted by City to furnish information requested by City.

I HEREBY RELEASE CITY FROM ANY AND ALL LIABILITY RELATED TO THIS AUTHORIZATION AND RELEASE TO OBTAIN PERSONAL CREDIT INFORMATION.

Dated: _____

Signature: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____ and by oath stated that the facts herein stated are true and correct.

SWORN TO AND SUBSCRIBED BEFORE ME on this ____ day of _____, 20____.

Notary Public in and for the State of Texas

CERTIFICATIONS

The Entity certifies that all information in this application including development plan is complete and true, to the best of the Entity's knowledge and belief. All information furnished in support of this application is given for the purpose of obtaining real property for producing Mixed Income housing under the Land Bank Program. By submitting its application and development plan for consideration, the Entity hereby agrees to defend, indemnify, release and hold completely harmless and whole DHADC/City of Dallas, their officers, agents and employees, against any and all claims, lawsuits, judgments, costs and expenses, including attorney fees, for personal injury (including death), property damage or other harm for which recovery of damages or equitable relief is sought, suffered by any person or persons, that might arise out of or be occasioned by or from the consideration, approval or disapproval of this application including development plan, and any conveyance of the Property. This indemnification survives and shall not be merged with the closing of this transaction and delivery of any deed or other instrument in connection with the sale of the Property.

As authorized representative on behalf of the Entity, identified below, I hereby submit the Entity's application for the purchase of property identified in the application, and subject to DHADC and City Council approval of the application including development plan, agree to pay stated program costs for each lot plus any regulatory and contractual costs, including but not limited to environmental testing, maintenance and replatting, required for the Land Bank Program to acquire and sell developable properties and payment of deed recording fees for the property.

I understand that: (1) by submitting this application for the Property, the "General Conditions for Applications" described below are part of this application including a development plan and (2) that the "General Conditions for Applications" survive the closing of this transaction, if approved.

Attached is my executed "CERTIFICATION OF NO DEBTS OWED TO THE CITY". **I represent and certify to the City of Dallas Urban Land Bank Demonstration Program that the Entity has no outstanding City of Dallas judgments against it or its property and the Entity is not delinquent on the payment of any fees, debts, taxes or non-tax liens on property owned by the Entity in the City of Dallas.**

I represent that I have full authority on behalf of the Entity to submit this application. By submitting this application, the Entity hereby waives and releases any rights it may have either now or in the future, to undertake any legal or equitable action against DHADC/City of Dallas, itself and/or as Trustee, for failure of DHADC/City of Dallas to properly advertise or notice the sale of the Property or to properly conduct the sale of this Property and hereby covenants not to sue DHADC/City of Dallas, itself and/or as Trustee, in connection with the advertisement, notice of the sale or the sale of the Property. Upon bankruptcy, receivership or dissolution of the Entity, the application submitted shall become null, void and unenforceable and DHADC/City of Dallas shall have no further obligation to the Entity, its heirs, successors, assigns, representatives or administrators. On behalf of the Entity, I hereby waive any rights the Entity may have to an award or conveyance of the Property, in the event of bankruptcy, receivership or dissolution of the Entity.

EXHIBIT C: CERTIFICATION OF NO DEBTS OWED TO THE CITY OF DALLAS

THE STATE OF TEXAS §

COUNTY OF DALLAS §

I, _____, individually and/or as an authorized representative of the entity submitting an application for the property ("Proposer"), represent and certify to DHADC/City of Dallas that Proposer is not attempting to buy this Property on behalf of the foreclosed owner. Proposer further represents and certifies that for any and all properties located within the City of Dallas that are owned by Proposer, or by any entity through which Proposer holds a controlling interest, that there are:

- 1) no outstanding City of Dallas judgments;
- 2) no tax delinquencies;
- 3) no unpaid liens or outstanding, open City Code violations;
- 4) no defaults on Urban Rehabilitation Standards Board, Municipal Court or District Court orders;
- 5) no assessments or fees owed to the City of Dallas;
- 6) no more than 1 citation per property within the last six (6) months for City Code violations;
- 7) no more than 2 citations per property within the last twelve (12) months for City Code violations;
- 8) no more than 1 mowing/clean, securing or demolition lien on each property within the last twelve (12) months.

A complete list of all properties, located within the City of Dallas, that are owned by Proposer or by any entity through which Proposer holds a controlling interest, including owner's names, addresses and tax account numbers, **is attached hereto and made a part hereof.**

City Code violations are defined as high weeds, litter, illegal storage, junk motor vehicle violations, securing and zoning or structure violations; excluding parking on unimproved surfaces, bulky trash (put out too early for pickup) and signs. A citation that has been dismissed or the defendant found not guilty shall not be included in the determination of the number of citations issued.

Date: _____ Applicant Signature: _____

Name of Entity: _____ Printed Name: _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ and by oath stated that the facts herein stated are true and correct.

SWORN TO AND SUBSCRIBED BEFORE ME on this ____ day of _____, 20____.

Notary Public in and for the State of Texas

EXHIBIT D: GENERAL CONDITIONS FOR APPLICANTS

The land described above shall be referred to as "the Property" in these General Conditions for Applications. The Deed without Warranty ("Deed") to the Property will acknowledge that the Property is subject to the prior owner's right of redemption, if any. The Property is purchased **"as is, where is, with all faults."** It is the proposer's (Entity's) responsibility to examine all applicable building codes and zoning ordinances to determine if the Property can be used for the desired residential purposes.

DHADC/City of Dallas ("the City") disclaims responsibility as to the accuracy or completeness of any information relating to the Property for sale. The Deed to the Property, to the maximum extent allowed by law, is made on an **"as is, where is, with all faults"** basis and is subject to all visible and apparent easements and any other instruments of record. Taxes will be assessed from the date of conveyance of the property to the proposer. **Also, taxes, penalties and interest for the prior year(s) that are not included in the tax foreclosure judgment(s) will be the responsibility of the Proposer. The Property is subject to post judgment taxes, penalties and interests, if any. Any post judgment taxes, penalties and interest will be the Proposer's responsibility pursuant to the Texas Tax Code, including the pro-rata Property taxes for the remaining part of the then current calendar year, which will be assessed from the date of execution of the Deed. The Proposer represents he has read and fully understands sections 33.52 and 34.01 of the Texas Tax Code in its entirety, including all other applicable sections of the Texas Tax Code that relate to this transaction. The Proposer further understands and agrees to pay the post judgment taxes and the pro-rata (current year) Property taxes from the date of closing through all future years so long as said Proposer owns the Property. The Proposer understands and agrees that the DHADC/City of Dallas acquired the Property by a tax foreclosure sale and said Proposer is familiar with the legal issues involved in such transactions and sale, including the subsequent resale to bidder(s) and/or purchaser(s), and the risks and limitations of such sales. Said Proposer represents that he is equally knowledgeable as the DHADC/City of Dallas in these matters and transactions. DHADC/City of Dallas is not responsible for any misrepresentations, failures of disclosure, errors or any negligent or wrongful acts occurring in the context of or pertaining to the closing of this transaction. Taxes for omitted property, as defined in Section 25.21 of the Texas Tax Code, are the purchaser's responsibility.**

DHADC/City of Dallas reserves the right to reject any and all applications. DHADC/City of Dallas will not provide a title policy for the Property and encourages Entity to perform its own environmental due diligence and obtain title insurance.

To the maximum extent allowed by law, DHADC/City of Dallas expressly disclaims any warranty or representation, express or implied, including without limitation any warranty of condition, habitability, merchantability or fitness for a particular purpose. DHADC/City of Dallas makes no representations of any nature regarding the Property and that the DHADC/City of Dallas specifically disclaims any warranty, guaranty or representation, oral or written, express or implied, past, present, or future, concerning: (i) the nature and condition of the property, including without limitation, the water, soil and geology, and the suitability thereof and the Property for any and all activities and uses which Grantee may elect to conduct thereon, and the existence of any environmental substances, hazards or conditions or presence of any endangered or protected species thereon or compliance with all applicable laws, rules or regulations, (ii) the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or otherwise, and (iii) the compliance of the Property or its operation with any law, ordinance or regulation of any federal, state, or local governmental authority, and (iv) whether or not the Property can be developed or utilized for any purpose. For purposes hereof, "environmental substances" means the following; (a) any "hazardous substance" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. Section 9601 et. seq., as amended, (b) any "hazardous substance" under the Texas Hazardous Substances Spill Prevention and Control Act, Tex. Water Code, Section 26.261, et. seq., as

amended, (c) petroleum or petroleum-based products (or any derivative or hazardous constituents thereof or additives thereto), including without limitation, fuel and lubrication oils, (d) any “hazardous chemicals” or “toxic chemicals” under the Occupational Safety and Health Act, 29 U.S.C.A. Section 651 et. seq., as amended, (e) any “hazardous waste” under the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901 et. seq., as amended, (f) asbestos, (g) polychlorinated biphenyls, (h) underground storage tanks, whether empty, filled, or partially filled with any substance, (i) any substance, the presence of which is prohibited by federal, state or local laws and regulations, and (j) any other substance which by federal, state or local laws and regulations requires special handling or notification of governmental authorities in its collection, storage, treatment or disposal. References to particular acts or codifications in this definition include all past and future amendments thereto, as well as applicable rules and regulations as now or hereafter promulgated thereunder.

Representative Signature: _____

Printed Name: _____

Name of Entity: _____

Date: _____

EXHIBIT E: APPLICANT CONFLICT OF INTEREST QUESTIONNAIRE

To obtain an updated Conflict of Interest Questionnaire, contact the Land Bank Program Manager at 214-670-7306.

EXHIBIT F: AFFIRMATIVE FAIR HOUSING MARKETING PLAN

To obtain an updated an Affirmative Fair Housing Marketing Plan, contact the Land Bank Program Manager at 214-670-7306.

Exhibit G: Application Submittal Checklist

- ☐ Executive Summary (lot list, site plans, floorplans, elevations, security arrangements, amenities, accessibility/adaptability provisions, AMLs served, neighborhood impact, etc.)
- ☐ Summary of comparable projects
- ☐ Summary of current/pending projects
- ☐ List of staff: roles and experience
- ☐ Resumes and licenses/certifications
- ☐ Financial Statements: 2 years
- ☐ Tax Returns: 2 years
- ☐ Organizational documents
- ☐ Property management agent qualifications (if applicable)
- ☐ Proformas
- ☐ Cash-flow statement
- ☐ Source of financing
- ☐ Construction costs estimates
- ☐ Exhibits: A - AFFIDAVIT OF AUTHORIZED REPRESENTATIVE AND AUTHORIZATION TO OBTAIN INFORMATION, B - AUTHORIZATION AND RELEASE TO OBTAIN PERSONAL CREDIT INFORMATION, C - CERTIFICATION OF NO DEBTS OWED TO THE CITY OF DALLAS D - GENERAL CONDITIONS FOR APPLICANTS, E - APPLICANT CONFLICT OF INTEREST QUESTIONNAIRE, F – AFFIRMATIVE FAIR HOUSING MARKETING PLAN

Exhibit H: PROGRAM GUIDELINES

Developer Eligibility

To be eligible to purchase real property pursuant to the Land Bank Program, a developer must meet all the following criteria:

- Developer may be an individual, or may be organized as a corporation, partnership, joint venture or other legal entity, regardless of whether developer is a for-profit, non-profit, or religious organization.
- Developer must be in good standing with the State of Texas and the City, including that the City has not issued a charge against the developer for violating Chapter 20A of the Dallas City Code or Chapter 46 of the Dallas City Code within the past 5 years, may not be debarred under the federal System for Award Management (SAM), may not have uncured violations of Chapter 27 of the Dallas City Code for which it has received notice, may not be indebted to the City or delinquent in any payment owed to the City under a contract or other legal obligation, and must be current on payment of taxes and liens owed to any other affected taxing unit under the Texas Property Tax Code.
- If developer seeks to purchase one or more parcels of real property for the purpose of constructing housing units, developer must have constructed one or more housing units within the three (3) year period preceding the submission of the proposal to acquire the parcels of real property via the Program. If developer seeks to purchase one or more parcels of real property for the purpose of developing a multifamily or commercial use, developer must demonstrate that it has developed at least one comparable use within the three-year period preceding the submission of the proposal to acquire the parcel of real property via the Program.
- Developer must submit a development plan for all parcels of real property developer seeks to acquire via the Program.
- Developer must demonstrate that it has the financial capacity and staffing/sub-contractor capacity to develop and complete the sale, lease or lease-purchase, within a four-year period, of its inventory of parcels of real property acquired through the Program. The City Manager or his/her designee may grant up to one 1-year extension of the development agreement due to delays related to installation or improvement of infrastructure or zoning/platting issues. Any additional extensions of the development agreement must be approved by City Council.
- Developer must have an acceptable record of compliance based on the review of the following performance:
 1. Previously purchased Land Bank/Land Transfer lots or received funding from the City of Dallas to develop affordable units, regardless of source of funds, the applicant must list the addresses for the projects and the source of funds.
 2. Any undeveloped real property previously purchased via the Land Bank/Land Transfer Program or funded by the City of Dallas to develop affordable units, regardless of source of funds, currently owned by the applicant, including partners and principals, or transferred by the applicant in an undeveloped form by the applicant within the past three (3) years.
 3. All Land Bank/Land Transfer Program ongoing projects or projects completed in the past three (3) years that required a contract extension or renegotiation of financing.
 4. All City of Dallas funded, regardless of source of funds, ongoing projects or projects to develop affordable units, completed in the past three (3) years that required a contract extension or renegotiation of financing.

5. Any lawsuits or fair housing complaints filed against applicant, including partners and principles, within the past three (3) years.
6. All bankruptcies filed by the applicant, including partners and principles, defaults or foreclosures of real property owned by the applicant.

Project Eligibility

To be eligible to purchase real property pursuant to the Land Bank Program, the proposed project must meet all the following criteria:

- Parcels of real property must be developed with: (1) a housing unit or units that are offered for sale, lease or lease-purchase, or (2) a commercial use that will complement the City's Comprehensive Housing Policy, economic development policy, or redevelopment policy.
- Housing units developed on the parcels of real property may only be sold, leased, or offered as a lease-purchase to eligible households only whose incomes are within the income bands prioritized by the adopted Comprehensive Housing Policy.
- Housing units developed on the parcels of real property may be either a single family, duplex, or multi-family housing use.

Persons Not Designated as Qualified Participating Developers

Developers who are not designated as Qualified Participating Developers are only eligible to purchase property intended for commercial use. The developer must obtain the City's approval of a development plan for the Land Bank property and develop the property in accordance with the approved development plan.

Eligible Adjacent Property Owners

Property owners who own property located adjacent to property owned by DHADC and who satisfy any eligibility requirements set forth in the Program are eligible to purchase an adjacent Land Bank property that is deemed by DHADC as not appropriate for residential development. Property sold to adjacent property owners will be sold at fair market value as determined by the Comparative Market Assessment or the sales price recorded in the annual plan. Except for certain limited circumstances, an owner who purchases such a property must agree to not sell, lease, or transfer the property to another person before the fifth anniversary of date of purchase from DHADC.

Sale of Land Bank Lots/Right of First Refusal

DHADC must first offer properties for sale to Qualified Organizations, pursuant to Section 379C.011 of the Code (i.e. Right of First Refusal).

A Qualified Organization must: (1) meet the definition of a Community Housing Development Organization ("CHDO") under 24 CFR 92.2, (2) be certified by the City as a CHDO, (3) contain within its designated geographical boundaries of operation, as set forth in its application for certification filed with and approved by the City, a portion of the property that DHADC is offering for sale, (4) have built at least three single-family homes or duplexes or one multifamily residential dwelling of four or more units in compliance with all applicable building codes within the preceding two-year period of the date the property becomes available for

purchase through DHADC and within the organization's designated geographical boundaries of operation, and (5) within the preceding two-year period, have built or rehabilitated housing units within a one-half mile radius of the offered parcel.

The Lank Bank will use the following process to notify, offer for sale and transfer lots via the right of first refusal:

1. Written notice will be provided to the qualified organizations by certified mail for the offering.
2. The time period for "right of first refusal" will be six (6) months from the date of the deed of conveyance of the property to DHADC.
3. During this six-month period, DHADC may only sell the property to a qualified organization, unless all eligible qualifying organizations notify DHADC that they are declining to exercise their right of first refusal.
4. If more than one qualified organization expresses an interest in exercising its right of first refusal, the organization that has designated the most geographically compact area encompassing a portion of the property shall be given priority.
5. If an offer to purchase the property is not received from a qualified organization during the six-month period from the date of the DHADC deed of conveyance, DHADC may sell the property to any qualified participating developer at the same price that DHADC offered the property to the qualified organization(s).

There will be no requirement for DHADC to give a right of first refusal to qualified organizations if DHADC is selling property that reverted back to DHADC. Additionally, DHADC will conduct underwriting to ensure that the Qualified Organization has the capacity to develop the proposed lots and the financial assumptions are both feasible and reasonable.

An evaluation period of the requested lots will commence after the approval of sale by City Council to the Developer and extend for a period of 30 days. Upon conclusion of the 30-day period, the Developer will confirm the lots to be considered for purchase. Land Bank Program staff will review any excluded lots from the original proposal for verification of identified issues which will prevent the Developer from developing the lot in accordance with the Program requirements.

DISCLOSURE: DHADC/City of Dallas does not guarantee the condition of these lots as "developable" and therefore a thorough evaluation of each lot should be conducted by the proposed developer prior to purchase. Lots sold under this Program are sold "as is", where is, and "with all faults" basis.

Sales Price

DHADC seeks to efficiently transfer unproductive real property for the purposes of creating affordable housing and/or stimulating business and commercial activity. Lank bank lots will initially be offered for sale at fair market value as determined by a Comparative Market Assessment or the sales price recorded in the annual plan.

Lot Exchange

In the event the qualified participating developer desires to exchange a lot acquired from the DHADC, the developer must exchange the property purchased from DHADC with a property owned by the developer, subject to:

1. the developer agreeing to construct affordable housing on the proposed lot; and
2. the proposed lot will be located in a planned development incorporating the property originally purchased from DHADC or another location as approved by DHADC.

The developer shall provide the following details for DHADC's consideration:

- Explanation for the lot swap, comparability between the existing lot and proposed lot, including land value and distance to amenities, such as:
 - Public Transportation
 - Schools
 - Parks
 - Library
 - Medical Hospital / Pharmacy
 - Grocery Store
- Revised Proposal

Project Timeline

Developer must complete the sale, lease or lease-purchase within four (4) years from the filing date of the deed transferring the lot from DHADC to the eligible developer. The City Manager or his/her designee may grant up to a one (1) one-year extension of the development agreement due to delays related to installation or improvement of infrastructure or zoning/platting issues. However, any changes to the development of any lot noted in the Development Agreement/Plan will need approval by City Council before such change is to occur. The Developer should notify Land Bank Program staff immediately of any potential changes to the Development Agreement/Plan in order to avoid any delays in meeting the project timeline requirements.

In addition, all purchasers of property from the Land Bank must apply for a construction permit within 18 months from recording the Deed without Warranty and close on any construction financing within three (3) years from recording the Deed without Warranty. Properties sold by the Land Bank will include a Right of Reverter so that if the purchaser fails to meet these timelines, the property will revert to the DHADC for subsequent resale. Developers who do not develop within approved timeframes will lose points on future Land Bank applications.

Community Outreach

Applicants shall conduct community outreach with appropriate neighborhood associations and/or community groups soliciting input about the development for applications with five (5) properties or more clustered together and shall provide a summary of those community outreach meetings as part of the application. Community outreach meetings should be conducted within three (3) weeks of being notified by Land Bank staff that the applicant's project has been deemed viable and applicant may proceed with the meeting. Community outreach meetings should be conducted with Land Bank staff and a summary of any and all outreach meetings shall be provided to Land Bank staff within seven (7) days of the meeting date.

Identification of Eligible Households, Affirmative Fair Housing Marketing and Other Policies

The Land Bank Program staff must approve qualified homebuyers prior to sales.

Developers of for-sale housing units must comply with all the terms of the Mixed Income Housing Program as set forth in Chapter 20A of the Dallas City Code, as amended, if applicable. Developers of for-sale housing units

may only sell to homebuyers who meet the eligibility criteria set forth in the City of Dallas Homebuyer Assistance Program (DHAP) utilizing the Homebuyer Underwriting Guidelines (Exhibit V), or a successor program.

Developers shall comply with the City's Business Inclusion and Development ("BID") Plan, to the greatest extent feasible, in sub-contracting out 32.00% of all construction costs with minority and women-owned local businesses certified by an approved certification agency during construction. Developer will meet with the Office of Business Diversity prior to beginning the project to discuss plans to comply with the City's BID Plan. Contractor shall update the Office of Business Diversity quarterly throughout the Contract Term, utilizing the Office of Business Diversity's schedule of work report.

Term of Affordability

The term of affordability for for-sale housing units is 5-20 years from the filing date of the deed transferring the unit from developer to homebuyer based on targeted AMLs and Market Value Analysis the development is targeting. Housing units will carry a deed restriction reflecting the affordability period.

Deed Restrictions and Right of Reverter

The City will impose restrictive covenants on all parcels of real property it sells pursuant to the Land Bank Program.

The restrictive covenants will require the parcels of real property to be developed and maintained in accordance with the development agreement and all applicable city, state and federal laws. These restrictions will include that housing units developed on the parcels of real property be offered for sale, lease or lease-purchase to low- and moderate-income households and be occupied by low and/or moderate-income households for the entire term of the affordability period.

Land acquired by a developer pursuant to the Land Bank Program may revert to the DHADC if the DHADC President or his/her designee determines that the developer has:

- failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
- 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;
- 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
- sold, conveyed, or transferred the land without the consent of DHADC.

Upon determination by the DHADC President or his/her designee that a condition described above has occurred, the DHADC President or his/her designee is authorized to execute an instrument, approved as to form by the City Attorney, exercising against the parcel of real property the DHADC's possibility of reverter with right to reentry. The DHADC President or his/her designee shall file notice of the reverter and reentry of the land by DHADC in the real property records of the county in which the parcel of real property is located, which notice must specify the reason for the reverter and reentry. The DHADC President or his/her designee

shall provide a copy of the notice to the developer in person or by mailing the notice to the developer's post office address as shown on the tax rolls of the City or of the county in which the land is located.

Release of Non-Tax Liens, Release of Restrictive Covenants and Right of Reverter

Pursuant to this Program and contingent upon City Council approval, and in consideration for developer agreeing to construct affordable housing units or other approved uses on parcel(s) of real property, the DHADC President or his/her designee is authorized to execute instruments, approved as to form by the City Attorney, releasing any non-tax City liens that may have been filed by the City during the DHADC's ownership of the parcel(s) of real property.

Additionally, the DHADC President or his/her designee is authorized to execute instruments, approved as to form by the City Attorney, releasing the DHADC's possibility of reverter with right of reentry and terminating the restrictive covenants on the land upon compliance with all terms and conditions of the development agreement and this Program.

Type of Transfer

The City will transfer all City-owned parcels and resell all tax-foreclosed parcels via a deed without warranty, approved as to form by the City Attorney.

Exhibit I: HOMBUYER UNDERWRITING GUIDELINES

General

DHADC must 1) ensure that participating buyers will be successful homeowners, so the program should target households who are ready for homeownership and 2) ensure that assisted buyers are informed consumers and avoid the use of risky lending products. These underwriting guidelines are based on the following key principles.

- Buyers should have good credit and qualify for competitive lending products on par with those offered to credit-worthy unassisted buyers in the local market.
- Buyers should make reasonable and meaningful contributions to their home purchase in terms of both up-front investments and monthly payment without being overburdened by their monthly payment or left without cash reserves after closing.

Buyer Expectations

To ensure that buyers are likely to sustain homeownership, assisted buyers must:

- Be purchasing the home for a reasonable price that does not exceed the fair market value as determined by an independent appraisal. In most cases, DHADC will coordinate with the buyer's senior lender to obtain a copy of the lender's appraisal.
- Have incomes 115% and below of the Area Median Income (AMI) as adjusted for household size. The City of Dallas is concerned about the housing needs of lower income households, it also recognizes that homeownership requires buyers to have sufficient discretionary income to maintain their homes over time, absorb increases in taxes and insurance, and otherwise address unexpected expenses. As a result, the City of Dallas focuses its homebuyer assistance to buyers with incomes in excess of 60% AMI.
- Contribute a minimum of \$1,000 toward down payment and closing costs. Additionally, buyers should have sufficient cash resources (including savings, checking, money market, or other similar non-retirement accounts) such that after closing they have savings of at least two (2) times their total monthly payment, including principal, interest, taxes, insurance, and any association fees.
- Be able to obtain a loan reflecting a monthly payment (the front-end ratio) which does not exceed twenty-six to thirty-two percent (26-32%) of monthly income and which does not result in a total debt burden (the back-end ratio) in excess of forty-three percent (43%).
- Complete Pre-Purchase Homeownership as required below.
- Obtain a mortgage or senior loan that meets the requirements outlined below.

Pre-Purchase Counseling Requirement

To ensure that buyers are informed consumers, DHADC requires:

- Attendance within the past year at an approved pre-purchase homeownership counseling course by all adult household members who will hold title and be party to the senior loan; and
- That such counseling consists of at least 8 hours of instruction by a HUD-certified counselor.
- The Dallas Homebuyer Assistance Program has a list of certified counseling agencies that can be provided to potential buyers. Potential buyers should contact an agency on this list to register for an upcoming class.

Primary Loan Expectations

To ensure that buyers receive high quality loans that are sustainable over time, DHADC requires that the senior loan (i.e. first mortgage) meets the following criteria:

- The loan must be a conventional, FHA, VA or portfolio loan from an approved lender. The loan cannot be a High Cost or Sub-Prime Loans, Adjustable Rate Mortgages (ARM), Interest only loans, Discount Points paid by Borrower, and Cash Back at Closing.
- Interest rates must be competitive and must NOT be a “Higher Priced” loan as defined by CFPB. Higher priced loans are those that exceed the Average Prime Offer Rate by more than 1.5% as of the date of the loan’s rate lock. Loans can be checked against the Average Prime Offer Rate by visiting the following website: <http://www.ffiec.gov/ratespread/newcalc.aspx>
- Lending products should be fully amortizing 30-year fixed rate loans. While some buyers may prefer shorter (e.g. 15 year) loans, the DHADC will only consider such loans on an exception basis if it determines that the buyer’s payment is sustainable.

FOR HOMEBUYERS APPLYING FOR DOWNPAMENT ASSISTANCE UNDER THE CITY OF DALLAS PROGRAM, THEN THE UNDERWRITING REQUIREMENTS FOR THAT DOWNPAYMENT ASSISTANCE PROGRAM SHALL APPLY.

Exhibit J: SINGLE-FAMILY/FOR SALE GUIDELINES

In addition to the **Program Guidelines** stated, the following guidelines for single-family for-sale units should be accounted for.

Development Costs

Architectural Fees – Architectural fees cannot exceed the following:

- Design services: 6% of total construction costs
- Supervision/Administration: 2% of total construction costs

Construction Interest – Any budgeted line item for construction interest must be supported by developer period cash flow projections, modeling the actual expenditure of development costs and the anticipated pay-in of equity, as well as other construction period sources. For presentation purposes, only interest from the date of initial closing through the end of the month in which the building(s) are placed in service (i.e. approved for occupancy) may be included as construction interest. Additional interest following that date and prior to the conversion to (or closing on) permanent debt must be separately itemized and modeled. In most cases, this should be included in the “lease up reserve” noted below.

Contingencies – Applicants should include a contingency (inclusive of hard and soft costs) within the minimum and maximum amounts noted below. The contingency will be measured as a percentage of hard costs (including the construction contract plus any separate contracts for off-site work but excluding contractor fees).

- New construction projects should include a contingency of least 3% and no more than 7% of hard costs; the City may consider higher contingencies based on identified risk factors such as the known need for environmental remediation or poor subsurface soils.

Contractor Fees – Contractor fees are limited as a percentage of net construction costs as further identified below. Net construction costs exclude the contractor fees, any budgeted contingency, and (even if otherwise included in the construction contract) permits and builder’s risk insurance.

- Contractor Profit: 6% of net construction costs
- General Requirements/General Conditions: 6% of net construction costs. General requirements include on-site supervision, temporary or construction signs, field office expenses, temporary sheds and toilets, temporary utilities, equipment rental, clean-up costs, rubbish removal, watchmen’s wages, material inspection and tests, all of the builder’s insurance (except builder’s risk), temporary walkways, temporary fences, and other similar expenses.
- Contractor Overhead: 2% of net construction costs.

With prior approval of DHADC, contractor fees may vary from the limits above provided the gross contractor fees do not exceed 14% of net construction costs.

Developer Fees – Developer fees are intended to compensate a developer for the time and effort of assembling a project, overseeing the development team, and carrying a project to fruition. Developer fees are also

intended to compensate for the risk inherent in the development process, including that not every potential project proves viable and that developers must necessarily advance funds for their own operating costs and various third-party predevelopment costs prior to closing (or in some cases for projects that never proceed). The City, therefore, allows the inclusion of developer fees as follows:

- Developer Fee: A cap of 15% of total development costs less a) the developer fee itself; b) organizational expenses and/or syndication fees/cost (including investor due diligence fees); and c) reserves, escrows, and capitalized start-up/operating expenses (such as working capital, marketing, etc.).
- Combined Contractor & Developer Fees: When an identity of interest exists between the owner/developer and the general contractor, the combined total of contractor fees and developer fees cannot exceed 20% of total development cost less a) the developer fee and b) other cost elements excluded from the calculation of the developer fee itself (see above).

Unit Construction

Housing units constructed should have a minimum square footage of 1,200 square feet, a minimum of 3 bedrooms and a minimum of 1.5 baths. Units with appliances included should utilize Energy Star rated appliances if the Energy Star program rates the types of appliances being installed. Housing units constructed should meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient. Construction must meet all local codes. The City of Dallas regularly adopts and enforces various codes from the International Code Council, as amended. Applicants are responsible for maintaining familiarity with the City's adopted building codes available here:

https://dallascityhall.com/departments/sustainabledevelopment/buildinginspection/Pages/construction_codes.aspx

Design Guidelines

The Land Bank Program strongly encourages the incorporation of defining features of a neighborhood into newly constructed infill houses. Those defining features of older inner-city neighborhoods may include: roof pitches, porches, materials and window types. Developers must comply with any standards established by an existing neighborhood conservation district and/or neighborhood plans. Additionally, all projects must advance the principles and policies contained in the City of Dallas Complete Streets Design Manual. Site plans and building designs should contribute towards safe and convenient pedestrian, bicycle, transit and automobile access to the extent possible within the project site and the adjacent public right of way frontage. Developers should obtain feedback from Planning and Urban Design, with assistance from the Land Bank Program Manager, to ensure that designs are compatible with existing housing and development patterns.

Exhibit K: MULTI-FAMILY/RENTAL DEVELOPMENT GUIDELINES

In addition to the stated **Program Guidelines** and noted **Development Costs** for **Single-Family/For Sale Guidelines**, the following guidelines for multi-family/rental units should be accounted for.

- Maximum Limit: Regardless of percentage, the maximum developer fee shall be \$1.5 million.

In some cases, Developer may delegate some of its responsibilities to third-party professionals or consultants. This may include contracting specific tasks such as construction oversight of the builder, specialized consulting related to applying for or structuring various financial incentives e.g. LIHTC. The costs of engaging such professionals, whether they are third parties or identity of interest relationships, must be paid from (and if separately itemized will be counted against) the allowable developer fee.

Reserves – Capitalized reserves to facilitate the initial start-up and to protect the ongoing viability of the project will include the following:

- Deficit Reserve: DHADC anticipates that in most cases, developments with predicted deficits during the affordability period would not be funded. However, in the event a development's long-term operating proforma projects actual cash deficits during the affordability period, an operating deficit reserve must be included in the development budget in an amount sufficient, taking into account any interest on reserve balances, to fully fund all predicted deficits through the affordability period.
- Lease-Up Reserve: A lease-up reserve intended to cover initial operating deficits following the completion of construction but prior to breakeven operations may be included. Any such reserve must be based on lease-up projections/cash-flow modeling and the lease-up (or absorption) period identified in the project's market study. In evaluating the appropriateness of any lease-up reserve, DHADC will consider whether the development budget includes specific line items for other start-up expenses that otherwise are typically part of the ongoing operating budget for a development. This may include budgets for marketing, working capital, etc.
- Operating Reserve: An operating reserve equal to three (3) months of underwritten operating expenses, reserve deposits, and amortizing debt service must be included in the development budget. The operating reserve is intended as an "unexpected rainy day" fund and will only be accessible after a project has achieved stabilized occupancy.
- Replacement Reserve: A capitalized replacement reserve must be included in the development budget. The capitalized replacement reserve should be funded at the greater of a) \$1,000 per unit or b) the amount determined by a capital needs assessment approved by DHADC.
- Other: DHADC may consider other specialized reserves as appropriate based on unique features of the project and/or requirements of other funding sources. These may include special security reserves, supportive service reserves, or transition reserves for projects with expiring project-based rental assistance contracts, etc.

Operating Revenues

DHADC will review an applicant's projection of operating revenues to ensure they are reasonable and achievable both initially and through the affordability period. In evaluating operating revenues, DHADC will take into account the a) project-specific market study; b) actual operating performance from other comparable

projects including those from the applicant's existing portfolio of real-estate owned; and c) data available from comparable projects in DHADC's portfolio.

For purposes of the long-term operating proforma, operating revenue projections cannot be increased by more than 2% per year. DHADC reserves the right to "stress" proposals for underwriting purposes to assess the impact of lower inflationary increases, such as modeling the impact of only 1% rent increases for the first three to five years of a project's affordability period.

Rents

All rents should be supported by the market study identifying a market synopsis to include key indicators impacting the project, comparable projects and related trends. Including the utility allowance, the gross rent for any income/rent restricted unit should demonstrate at least a 15% "discount" compared to comparable "market rate" units. Additionally, to hedge against flat or declining rents to the owner in the event that income limits (and therefore rents) do not increase in a given year (particularly between commitment and lease-up), gross rents should demonstrate at least a 2.5% discount from the regulatory limit imposed on any income/rent restricted units by HOME, LIHTC, or other similar sources. As an alternative to setting rents below the applicable regulatory limit, DHADC will consider increasing the allowance for vacancy by 2.5%.

Non-Rental Revenue

Non-rental revenue must be fully explained. In general, no more than \$60-\$240 per-unit, per-year may be budgeted in "other revenue" including that from tenants fees (such as fees for late payment of rent, nonsufficient funds, garage/carport upgrades, pet fees, etc. or interest on operating account balances). Exceptions may be considered by DHADC based on the operating history of an acquisition/rehabilitation project or normalized operations are other comparable properties in the same market area.

Vacancy

Total economic vacancy includes physical vacancy (a unit is unrented), bad debt (a unit is occupied but the tenant is not paying rent), concessions (a unit has been leased for less than the budgeted rent), and "loss to lease" (a pre-existing lease is less than the most recently approved annual rent but will be adjusted upward at renewal). In all cases, based on the market study or other data available to DHADC, DHADC reserves the right to require higher vacancy projections. This may include higher vacancy rates for small developments (e.g. less than 20 unit) where standard percentage assumptions about vacancy may not be appropriate. Minimum allowances for vacancy must include:

- 5% for projects where all units are supported by a project-based rental assistance contract with a term equal to or in excess of the affordability period (e.g. project-based Section 8) or
- 7% for all other projects.

As noted above, the minimum vacancy rate will be increased by 2.5% if budgeted gross rents are at the applicable regulatory maximums.

Operating Costs

DHADC will review an applicant's projection of operating expenses to ensure they are reasonable and adequate to sustain ongoing operations of the project through the affordability period. In evaluating a proposed operating budget, DHADC will compare projects costs to a) actual operating expenses of comparable projects in the applicant's existing portfolio of real-estate owned (insomuch as possible, comparable projects will be in the same vicinity and operated by the same management company); b) actual operating expenses of other comparable projects in DHADC's portfolio; and/or c) minimum per-unit, per-year allowances established by DHADC/City of Dallas through periodic RFPs for rental housing.

For purposes of the long-term operating proforma, operating expenses, including reserve deposits, will be inflated at no less than 3% per year. DHADC reserves the right to "stress" proposals for underwriting purposes to assess the impact of higher operating cost factors, such as modeling the impact of higher inflation rates in general or for specific items of cost (for example, assessing the impact of high rates of increase for insurance or development paid utility costs).

Selected Items of Operating Cost

Property Management Fees – An allowance of 5% of effective gross income (i.e. gross rent potential plus other revenues minus actual vacancy, bad debt, concessions, etc.) should be included. In the event a lower management fee is proposed, DHADC will consider using a fee as low as 3% provided the proposed management company is acceptable to DHADC and has agreed in writing to the lower fee.

Property Taxes – Applicants must provide detailed explanations of property tax projections and, as applicable, provide documentation that any anticipated partial or full exemptions or payments in lieu of taxes (PILOT) have been approved by the appropriate tax assessor. In the absence of a tax exemption or PILOT, the operating budget must provide for a tax rate equal to 1.25% of the market value of the property or DHADC, at its option, may require confirmation from the tax assessor of the applicant's projection.

Replacement Reserve Deposits – The operating budget must include minimum replacement reserve deposits of:

- New Construction Family: \$300 per-unit, per-year
- New Construction Senior: \$250 per-unit, per-year
- Rehabilitation: The greater of a) \$300 per-unit, per-year or b) a higher amount established by a Capital Needs Assessment approved by DHADC.

Note: DHADC will reserve the right within a project's transactional documents to require periodic CNAs for all projects and to adjust ongoing replacement reserve deposits based on the results of the CNA to ensure that the replacement reserve is sufficient to address all anticipated needs for the project's affordability period.

Items Payable only from Surplus Cash

Certain costs sometimes identified by project owners as "operating costs" cannot be included in the operating budget and will only be payable from surplus cash (aka cash flow). These include:

- Incentive Management Fees payable in addition to the allowable management fees noted above, whether paid to related party or independent third-party management fees.
- Asset Management Fees payable to any investor, general or limited partner, or member of the ownership entity.
- Deferred Developer Fees
- Operating Deficit Loan Payments made to any related party including any investor, general or limited partner, or members of the ownership entity.
- Other payments to investors, general or limited partners, or members of the ownership entity, however characterized, including but not limited to negative adjustors, yield maintenance fees, etc.

Ongoing Economic Viability

DHADC will review the ongoing economic viability of all projects, taking into account long-term projections of revenue and expenses. Projects must demonstrate they can be expected to remain viable for at least the affordability period, taking into account trending assumptions noted above, as well as any other changes in operating revenues or expenses that can reasonably be anticipated based on other information available to DHADC. In particular, DHADC will review the debt coverage ratio and operating margin as outlined below.

Debt Coverage Ratio

Projects must demonstrate a minimum debt coverage ratio (DCR) of 1.10 (Net Operating Income divided by amortizing debt service) throughout the affordability period. In some cases, for projects with relatively small levels of mortgage debt, this may require a higher initial DCR to ensure that the DCR in later years remains at or above the appropriate level.

Operating Margin

In addition to considering the DCR, the City will review the operating margin (surplus cash divided by total operating expenses and amortizing debt service). The operating margin must remain at or above 5% for the period of affordability.

Deferred Developer Fee

It is common for projects to include deferred developer fees as a financing source. DHADC will generally require:

- That projections of surplus cash available (after any cash-flow contingent payment due the City, if applicable) be sufficient to repay the deferred fee within 15 years (notwithstanding other “waterfall” provisions in the partnership or operating agreement, DHADC will assume that all surplus cash distributions will be credited against the developer fee).

Identification of Eligible Households, Affirmative Fair Housing Marketing and Other Policies

Developers of rental housing or lease-purchase units must comply with all the terms of the Mixed Income Housing Program as set forth in Chapter 20A of the Dallas City Code, as amended. Such exemptions will be clearly set forth in the development agreement. The Land Bank Program staff must approve qualified tenants

prior to occupancy. Developers of for-lease housing units on land sold via the Land Bank Program may be leased to households earning up to 60% of the Area Median Income as defined by HUD.

Rental Rates for Rental Housing Units Developed via the Land Bank Program

Rental units produced under the Land Bank Program must be leased at affordable rental rates in accordance with the approved development agreement and Chapter 20A of the Dallas City Code, as amended.

Term of Affordability

The term of affordability for rental units and commercial uses is 20 years from the date that the first unit is occupied by an eligible tenant. Rental units will carry a deed restriction reflecting the affordability period under the owner entity.

The term of affordability for lease-purchase units will be negotiated on a case-by-case basis in accordance with the goals of this Program.

Exhibit L: Adjacent Property Owner Form

Eligible adjacent property owner means a person who:

1. owns property located adjacent to property owned by the DHADC; and
2. satisfies eligibility requirements adopted by the DHADC.

Notwithstanding any other right of first refusal granted under this proposal, if the DHADC determines that a property is not appropriate for residential development, the DHADC first shall offer the property for sale to an eligible adjacent property owner according to the below terms and conditions:

The DHADC shall sell the property to an eligible adjacent property owner, at whichever value is lower:

1. the fair market value for the property as determined by the appraisal district in which the property is located; or
2. the sales price recorded in the annual plan.

An adjacent property owner that purchases a property may not lease, sell, or transfer that property to another person before the third anniversary of the date the adjacent property owner purchased that property from the DHADC. This shall not apply to the transfer of property purchased under this section if the transfer:

1. is made according to a policy adopted by the DHADC; and
2. is made to a family member of the eligible adjacent property owner or occurs as a result of the death of the eligible adjacent property owner.

ADDRESS

ADJACENT PROPERTY OWNER NAME