

# Memorandum



CITY OF DALLAS

DATE June 18, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Consideration and Approval of the Sale of Land Transfer Lots to a Qualified Participating Developer**

On Wednesday, June 23, 2021, City Council will consider the sale of Land Transfer lots to a qualified participating developer.

## **Summary**

The City of Dallas Land Transfer Program, which was established by City Council in 2019 and is administered by the Department of Housing and Neighborhood Revitalization, currently has an inventory of 174 lots that are offered for sale.

Lots in the Land Transfer Program are sold to eligible developers via an application process for the purpose of constructing affordable housing units and sale to income eligible homebuyers. Recently, staff received and reviewed an application from an eligible developer, Women That Soar, LLC, for the purchase of five (5) Land Transfer lots. This memorandum provides an overview of the application submitted by Women That Soar LLC for City Council consideration.

## **Background**

On May 22, 2019, City Council adopted the Land Transfer Program by Resolution No. 19-0824, as amended, for the purpose of incentivizing: (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, as applicable, in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance. The tax foreclosed lots are being sold pursuant to 34.051 of the Texas Property Tax Code.

In June 2021, a qualified participating developer, Women That Soar, L.L.C., submitted an application (proposal) to purchase a total of 5 Land Transfer lots. The Department of Housing and Neighborhood Revitalization (Housing) 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 met minimum scoring to be eligible. Housing collaborated with Women That Soar, L.L.C. regarding the terms of sale of the vacant lots as well as the terms related to the construction and subsequent sale of single-family housing units to income eligible homebuyers.

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Women That Soar, LLC (WTS) is a domestic limited liability company formed in Texas in 2007 by managing member Gina Grant. The organization is a Dallas-based organization focusing on community development strategies specifically targeting minority, low-moderate income individuals. The organization, Women That Soar produces fiscal literacy and homebuyer education courses to assist their target audience in becoming successful homeowners. At this time, Women That Soar intends to partner with Simply Custom to advance their objectives by developing affordable housing. Simply Custom (Developer) is a Dallas-based builder with experience in residential and commercial construction. Developer has previously participated in the City's Land Bank Program and successfully completed the lot acquisition, development, and sale of 6 homes to income-qualified homebuyers on Land Bank lots over the past 4 years. Past performance suggests that the Developer will continue to construct quality affordable housing units on the lots while meeting the requirements of the Land Transfer Program.

The project consists of the construction of 4 single family units, 4 models, ranging from 1665 square footage (SF) to 2244 SF with a minimum of 3 bedrooms and 2 baths. Developer proposes to re-plat 2517 and 2519 Samoa into one lot due to the size of 2517 Samoa, 2513 SF. The price range of the proposed units will be \$234,500 - \$249,900 targeting homebuyers in an income range of 61% - 120% area median income (AMI). The developer has committed to subsidizing each unit with subsidies ranging from \$25,000 - \$150,000. These subsidies will reduce the price range to \$99,900 - \$212,500. Specifically, the price point for the Model: A is expected to be \$234,500 and is expected to be subsidized by WTS in the amount of \$25,000 for a final sales prices of \$209,500 to an eligible homebuyer within 81-120% AMI. The price point for the Model: B is expected to be \$249,900 and is expected to be subsidized by Texas Capital Bank in the amount of \$150,000 for a final sales prices of \$99,900 to an eligible homebuyer within 61-80% AMI. The price point for the Model: C is expected to be \$245,500 and is expected to be subsidized by WTS in the amount of \$85,000 for a final sales prices of \$160,500 to an eligible homebuyer within 61-80% AMI. The price point for the Model: D is expected to be \$237,500 and is expected to be subsidized by WTS in the amount of \$25,000 for a final sales prices of \$212,500 to an eligible homebuyer within 81-120% AMI. In addition, the developer intends to market the City of Dallas Homebuyer Assistance Program to those homebuyers categorized in the 60-80% AMI range.

The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as **Exhibit A**.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the 2021 HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** 61%-120% AMI.

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- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within 60 days of purchase from the City. In addition, Developer should complete construction and sale of each affordable housing unit to an income eligible homebuyer within 2 years of the date of acquisition of the vacant lot utilized for construction of the unit.
- **Re-Platting:** Developer must submit an application to re-plat 2517 Samoa and 2519 Samoa into 1 lot for the construction of 1 affordable housing unit within 90 days of the acquisition of both lots from the City to be approved by the City Plan Commission.
- **Restrictive Covenants:** Developer must: (1) sell each lot to an income eligible household and (2) prior to the sale, must provide to Department of Housing and Neighborhood Revitalization staff written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as an income eligible household's principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to an income eligible household, it must be occupied as the household's principal place of residence for at least five years. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another income eligible household.
- **Right of Reverter:** Title to the property may revert to the City if Developer has 1. failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property; 2. failed to complete construction of all required housing units or other required development on the real property, or failed to ensure occupancy by eligible households within the development timeframe set forth in the development agreement; 3. incurred a lien on the property because of violations of city ordinances and failed to fully pay off the lien within 180 days of the City's recording of the lien; or 4. sold, conveyed, or transferred the land without the consent of the City.
- **Unit Sales Price:** Units must be sold to an income eligible homebuyer between 61-120 percent of the area median income, after developer subsidies, at a final sales price between \$99,900 and \$212,500.

### **Issues**

The City incurs costs related to maintaining lots in its inventory. If the item is not approved, the City will be required to continue expending funds to maintain the unsold inventory.

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**Fiscal Impact**

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 shall be offered at fair market values. A discount is available if project underwriting indicates that the discount is needed either to ensure the viable sale, lease or lease-purchase to an income-qualified buyer. The surplus lots identified on **Exhibit A** are being sold at a discounted price of \$1,000.00 each. Upon completion of the proposed 4 housing units the expected property tax revenue for the City of Dallas is expected to be \$7,509.93 annually.

Estimated Revenue Foregone: General Fund \$8,930.90

In addition, **Exhibit A** details the Estimated Foregone Revenues from the release of non-tax City liens: \$8,930.90

**Staff Recommendation**

Staff recommends that the City Council approves the sale of 5 vacant lots owned by the City to the Qualified Participating Developer pursuant to the terms of development set forth in this memorandum.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619.



Dr. Eric Anthony Johnson  
Chief of Economic Development & Neighborhood Services

c: Chris Caso, City Attorney  
Mark Swann, City Auditor  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors

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**Exhibit A  
Women That Soar, LLC**

<b>Lot #</b>	<b>Street #</b>	<b>Street Name</b>	<b>Cluster</b>	<b>Area (SF)</b>	<b>Purchase Price</b>	<b>Type</b>	<b>Proposed Homebuyer AMI</b>	<b>Non-Tax Lien Amount</b>
1	2515	SAMOA AVE	Bonton	5915	\$ 1,000.00	Surplus	81-120%	\$ 4,007.10
2	2517	SAMOA AVE	Bonton	2513	\$ 1,000.00	Tax Foreclosure		\$ -
3	2519	SAMOA AVE	Bonton	5620	\$ 1,000.00	Surplus	61-80%	\$ 4,923.80
4	6209	CARLTON GARRET ST	Bonton	4499	\$ 1,000.00	Surplus	61-80%	\$ -
5	6211	CARLTON GARRET ST	Bonton	3650	\$ 1,000.00	Surplus	81-120%	\$ -
					<b>Total Purchase Price</b>	<b>\$ 5,000.00</b>	<b>Total Non-Tax Lien Amount</b>	<b>\$ 8,930.90</b>

