

Memorandum



CITY OF DALLAS

DATE April 24, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Dallas Housing Acquisition and Development Corporation Update**

Summary

The Dallas Housing Acquisition and Development Corporation (DHADC), which manages the Dallas Urban Land Bank Demonstration Program (Land Bank), regularly meets on the third Thursday of each month to review monthly activities and take action on Corporation business as needed. Due to the current state of the City of Dallas' ongoing operations and the reduction of committee meetings, the DHADC Board opted not to meet this month. Staff will be providing a monthly update to the Board on activities and projects until the Board resumes its regularly scheduled monthly meetings.

Background

At the last DHADC Board of Directors meeting, the Board discussed at length 3 items noted on the agenda; the annual audit, a proposal from Marcer Construction to develop land bank lots and the inventory report. Emma Walker, CPA provided the Board with a review of the audit, reporting no significant findings and satisfactory record keeping. The audit was accepted by the Board and has since been forwarded to the City Auditor's Office.

The Board was presented with a proposal from Marcer Construction for the purchase and development of 9 land bank lots. The Board reviewed staff's recommendation and voted to approve the project pending Council approval. Staff has since presented the proposal to the Housing and Homelessness Solutions Committee without objection and is now pending Council approval.

The Board reviewed the developing inventory report noting current available inventory is now at 7 lots. Staff indicated that the inventory report is undergoing significant changes at the request of the board. Whereas, the current available inventory is accurate and up to date, staff has begun to verify the status of previous lots sold. DHADC has sold approximately 750 lots to approximately 50 developers over the years and staff is still working on the process of creating the type of comprehensive report the Board would like to see in their effort to effectively monitor the status and compliance of sold lots.

The following is an update on DHADC items regularly addressed at Board meetings.

DATE April 24, 2020
SUBJECT **Dallas Housing Acquisition and Development Corporation Update**

DHADC Proposals:

- Staff received two applications for the remaining 7 lots in DHADC inventory available for sale. Staff has completed the review of one of the applications and concluded it is not ready to move forward as a recommendation to the board for approval based on the scoring system for reviewing applications. The second application is currently under review and staff is working with the applicant on proposed timelines.
- On Wednesday, April 8, City Council approved the DHADC sale of 8 lots to Open Mind Frame Ventures. Staff has started to work on the removal of liens on these 8 lots as well as the documents needed for closing, such as deeds without warranty, purchase and sale agreements, developer agreement, etc. In addition, City Council will consider approval of 3 DHADC proposals on April 22. The 3 developer proposals to be considered are: Marcer Construction, FOCIS Holdings and Confia Homes.
- Staff scheduled a closing on 8 lots to be sold to Builders of Hope on Thursday, April 16, at the Housing Department's offices. Visitors to City Hall are received by appointment only, in addition to coordinating with a staff person to be present and other staff required for signatures and notarization. The process requires additional time to factor necessary safety precautions and the routing of documents to alternative offices.

DHADC Inventory:

- Staff has referred 175 properties to Linebarger, Goggan, Blair and Sampson for foreclosure consideration as the first step in the acquisition process for DHADC inventory lots. In addition, 45 properties have been "cleared" by Linebarger Goggan and referred to Republic Title for their assessment and of those, 15 have been referred to Terracon for a Limited Environmental Site Assessment. Staff intends to refer an additional 125 properties to Linebarger Goggan by the end of next month. On April 2, DHADC staff was notified by Linebarger Goggan "that Dallas County has requested that we not file any lawsuits during this time". In addition, they have stated "we will be prepared to resume filing lawsuits on Land Bank accounts once this ban has expired". Therefore, DHADC staff along with our service providers, will continue with the preparation of the identified lots for acquisition to be ready for filing when the County resumes normal business operations.

DATE April 24, 2020
SUBJECT **Dallas Housing Acquisition and Development Corporation Update**

- Staff has submitted all required documentation to the City Attorney's Office to execute the reversion of 8 Land Bank lots. These lots have been identified as those which were sold to Developers and the Developer has failed to complete the construction and sale of an affordable unit on these lots. Staff is continuing to identify similar lots and consult with the CAO on processes for reverting these lots. All potential reversions are reviewed and executed in conjunction with the CAO.

DHADC Legal Filings:

- Currently, Land Bank has sent 21 service requests to the City Attorney's Office. These requests require the submittal of all required documentation needed to draft potential legal filings. These filings typically focus on servicing sold lots to Developers as they prepare to sell the lot with an affordable unit to an eligible homebuyer. This involves checking for any and all permits related to the construction of the unit, certificates of completion, income verification of potential homebuyers, compliance with the developer agreement, etc. The result will be the release of right of reverter and the partial release of lien, allowing the developer to execute the sale of the unit to an eligible homebuyer. Whereas, routing for the appropriate signatures has been a challenge, staff communicates regularly with Developers on the status of said documents in order to best facilitate the closing process timeline.

DHADC Ongoing Activities:

- Staff is working with the Housing Department's coordinator with Neighborly Software in developing an online application component on the Housing Department's Neighborly Software Administrative Portal. This portal currently services the Home Improvement and Preservation Program (HIPP). It has been the mechanism for homeowners to submit their applications for assistance since December 2019. The Housing Department is expanding the portal to include Development, the Homebuyers Assistance Program and Land Bank. When complete, Land Bank applicants will submit applications via Neighborly facilitating the process for application submittals and administrative reporting.
- Lastly, staff is working on updating current processes for Land Bank activities, such as lien releases, and creating new processes for activities, such as Parkland Fees Waivers.

DATE April 24, 2020
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Fiscal Information:

The ongoing activities of the DHADC staff have no cost consideration to the City. However, as projects are approved by Council there will be some cost considerations which will be reflected in the submitted proposals for Council Agenda. The current fiscal information, as of March 30, for DHADC is as follows:

Operating Fund Account:

Beginning Balance:	\$307,552.29
Deposits	\$192,172.00
Withdrawals/Debits	\$57,071.72
Ending Balance	\$442,652.57

City Obligation Bond Fund:

Beginning Balance	\$1,547,582
Expenses	\$0
Ending Balance	\$1,547,582

If there are any questions or if additional information is needed on any of the above-mentioned items, please contact David Noguera at (214) 671-3610 or david.noguera@dallascityhall.com.



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

- c: T.C. Broadnax, City Manger
Chris Caso, City Attorney
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor 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
Nadia Chandler Hardy, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
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