

Memorandum



DATE August 23, 2019

CITY OF DALLAS

TO Honorable Mayor and Members of the City Council

SUBJECT **Consideration and Approval of the Sale of Land Bank Lots to Three Qualified Participating Developers; Items 19, 20, and 21 on the August 28, 2019 Council Voting Agenda**

This memorandum serves to provide information regarding the proposed sale of Land Bank lots to three qualified participating developers in lieu of a Council Committee briefing.

Staff recommends that City Council approves of the sale of 27 vacant lots owned by The Dallas Housing Acquisition Development Corporation (DHADC) to three Qualified Participating Developers pursuant to the terms of development set forth in this memorandum and as further described on Exhibit A.

Summary

The Dallas Urban Land Bank Demonstration Program (Land Bank), which is managed by the Dallas Housing Acquisition and Development Corporation (DHADC), currently has an inventory of 103 lots that are offered for sale.

The DHADC Board of Directors considered and approved the sale of 27 Land Bank lots on June 20, 2019. The recommendation identified three qualified participating developers. This memorandum provides an overview of how the developers' proposals were evaluated and describes the development terms that will apply to each Land Bank lot that is approved for sale.

Background

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing development. The City Council designated the DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C on January 28, 2004.

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In September 2018, the City Council allocated \$1.5 million in bond funding to support the acquisition and disposition of unimproved tax foreclosed properties by the Land Bank; Resolution 18-1287.

In June 2019, three developers submitted proposals to purchase a collective total of 27 Land Bank lots. Land Bank staff evaluated the proposals pursuant to the standards set forth in the Land Bank application, which included determining whether the developers met the eligibility standards to be deemed a “Qualified Participating Developer” and underwriting the proposal. The proposals were determined to be “complete” and were assigned scores by Land Bank staff. Land Bank staff negotiated with the qualified participating developers 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 on the vacant lots.

On June 20, 2019, the DHADC Board of Directors approved the terms of sale and development, subject to City Council approval, for the 27 vacant lots proposed to be sold to three qualified participating developers. 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 2018 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:** Attached as Exhibit A. AMI targets 60% - 115%
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.
- **Restrictive Covenants:** Developer must: (1) sell each lot to a low-income household as specified in the applicable Exhibit A and (2) prior to the sale, must provide to DHADC written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as a low-income household’s principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to a low-income 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 household in the same AMI range.
- **Right of Reverter:** Title to the property may revert to the DHADC if Developer does not apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.

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Fiscal Impact

There is no cost consideration to the city.

Should you have questions, please contact my office at (214) 670- 3390



Michael Mendoza
Chief of Economic Development and Neighborhood Services

[Attachment]

- c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
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
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

EXHIBIT A

Exhibit A							
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	COUNCIL DISTRICT	QUALIFIED PURCHASER	SALE AMOUNT	AMI Target	BED/BATH	AMOUNT OF NON-TAX LIENS
1	3425 Wendelkin Pt Lot 5, A S Lockhead Additon Blk 5/1178	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$49,832.30
2	3417 Wendelkin 50' Lot 3 & 25' Lot 5 , A S Lockhead Additon Blk 5/1178	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$13,476.20
3	4105 Hamilton Lot 2, Camps Second Ave., Additon Blk C/1815	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$23,157.90
4	4321 Hamilton Lot 16, Camps Alex, Addition Blk 1821	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$8,649.55
5	3925 Hamilton Lot 13, Camps Second Ave., Additon Blk B/1816	7	Builders of Hope	\$2,000.00	55% - 65%	3/2	\$10,471.69
6	2020 Morris East 15Ft Lt 3 & West 23Ft Lt 4, Victory Gardens #5 Additon Blk 22/7127	6	Builders of Hope	\$2,000.00	55% - 65%	3/2	\$7,419.38
7	4606 Jamaica Lot 20, Magnolia Park Addition Blk B/2432	7	Builders of Hope	\$2,000.00	55% - 65%	3/2	\$10,905.46
8	4518 Jamaica Lot 14, Magnolia Park Addition Blk B/2432	7	Builders of Hope	\$2,000.00	55% - 65%	3/2	\$5,585.99
9	3425 Pondrom Lot 14, Warren Rev., Addition Blk B/1558	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$25,734.68
10	4317 Canal Lot 15, Swansons Addition Blk 1/1853	7	Builders of Hope	\$3,000.00	66% - 80%	4/2	\$3,723.80
TOTAL				\$26,000.00			\$ 158,956.95

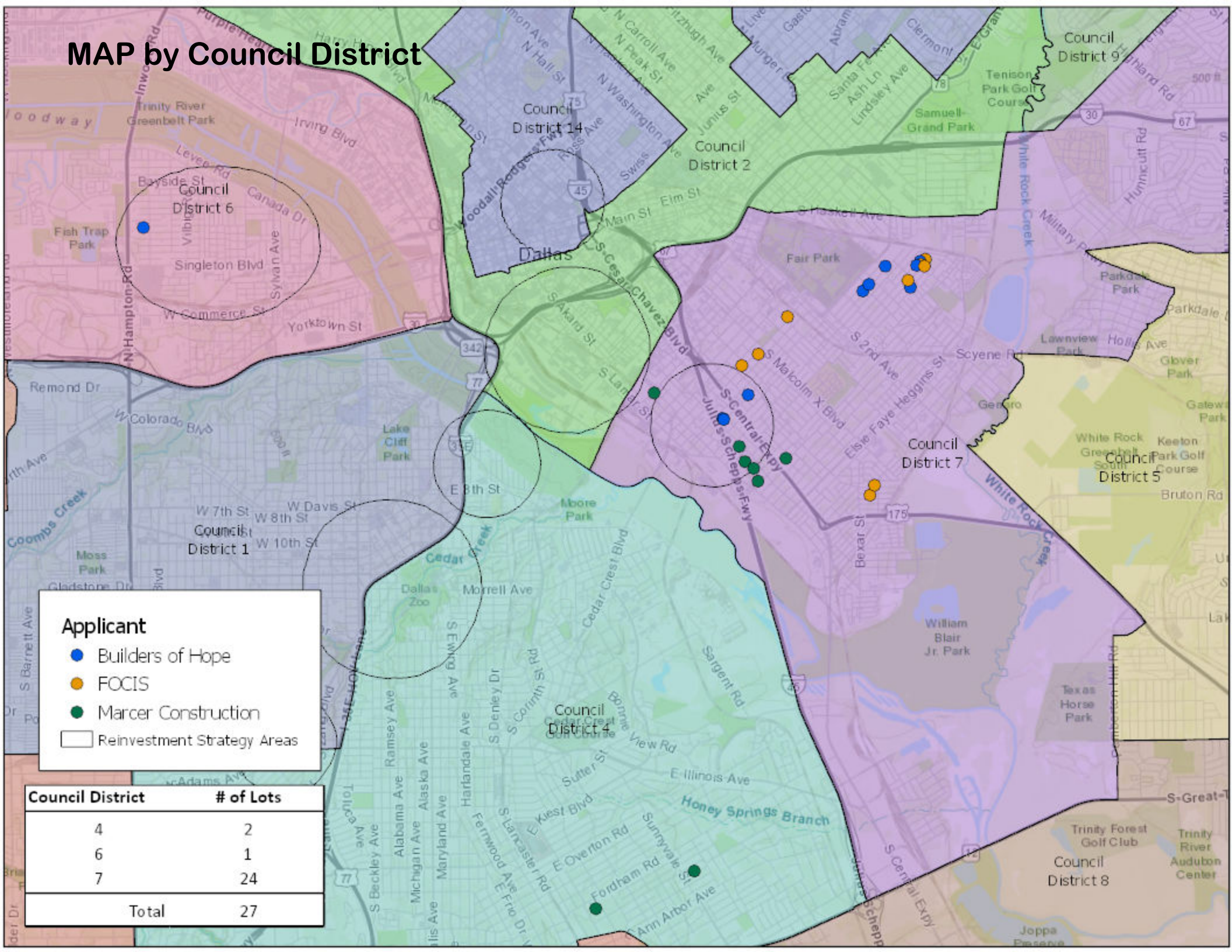
EXHIBIT A (continued)

Exhibit A							
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	COUNCIL DISTRICT	QUALIFIED PURCHASER	SALE AMOUNT	AMI Target	BED/BATH	AMOUNT OF NON-TAX LIENS
1	3717 Colonial Lot 16, Ervay Street Heights Addition Blk 6/1209	7	Marcer Constrcutioin Company, LLC	\$11,000.00	81-115%	4/2	\$7,792.13
2	3827 Spence Lot 17, Reaves Place Addition Blk F/1609	7	Marcer Constrcutioin Company, LLC	\$9,000.00	61-80%	4/2	\$8,206.36
3	4006 Spence Lot 6, Featherstone's Subdivision Blk 1278	7	Marcer Constrcutioin Company, LLC	\$9,000.00	60%	4/2	\$27,156.95
4	2739 Locust Lot 2, Southgate Manor No.2 Addition Blk 4/6082	4	Marcer Constrcutioin Company, LLC	\$15,000.00	61-80%	5/3	\$37,882.27
5	4134 Ball Lot 11, Ball's Oak Cliff Gardens Addition Blk B/1603	4	Marcer Constrcutioin Company, LLC	\$10,000.00	81-115%	5/3	\$17,592.83
6	1617 Pine Lot 10 & 5 feet of Lot 11, Colonial Addition Blk B/1603	7	Marcer Constrcutioin Company, LLC	\$11,000.00	81-115%	4/2	\$16,079.16
7	2233 Pine Lot 17, Reaves Place Addition Block F/1609	7	Marcer Constrcutioin Company, LLC	\$11,000.00	81-115%	4/2	\$22,499.16
8	2705 Cleveland SE 10 ft of Lot 1 and NW 40 ft of Lot 2, Richardsons Addition Blk 1/1117	7	Marcer Constrcutioin Company, LLC	\$9,000.00	60%	4/2	\$7,807.40
TOTAL				\$85,000.00			\$ 145,016.26

EXHIBIT A (continued)

Exhibit A							
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	COUNCIL DISTRICT	QUALIFIED PURCHASER	SALE AMOUNT	AMI Target	BED/BATH	AMOUNT OF NON-TAX LIENS
	2525 Pennsylvania						
1	Lots 30 & 31, South Park Additon Blk 25/1306	7	Focis Holding Group, LLC	\$2,000.00	80%	3/2	\$5,496.62
	2710 Pennsylvania						
2	Lots 6 & 7 Less 250 Sq. Ft., South Park Additon Blk 33/1311	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$25,393.02
	3105 Pennsylvania						
3	Pt Lots 10& 11- 41x130, W H Steele & W H Wood Blk 1351	7	Focis Holding Group, LLC	\$2,000.00	80%	3/2	\$5,331.00
	4535 Frank						
4	Lot 27, Magnolia Park Addition Blk B/2432	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$8,844.07
	4602 Frank						
5	Lot 20, Magnolia Park Addition Blk D/2434	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$6,315.02
	4711 Frank						
6	Lot 5, Magnolia Park Addition Blk C/2433	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$9,406.67
	4343 Frank						
7	Lot 21, Mayer's Second Addition Blk H/1852	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$11,291.95
	2538 Starks						
8	Lot 12, Idea Addition Blk 9/2513	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$8,661.52
	2633 Macon						
9	Lot 13, Idea Addition Blk 13/2517	7	Focis Holding Group, LLC	\$2,000.00	60%	3/2	\$9,180.23
TOTAL				\$18,000.00			\$ 89,920.10

MAP by Council District



Applicant

- Builders of Hope
- FOCIS
- Marcer Construction
- Reinvestment Strategy Areas

Council District	# of Lots
4	2
6	1
7	24
Total	27

MAP by MVA

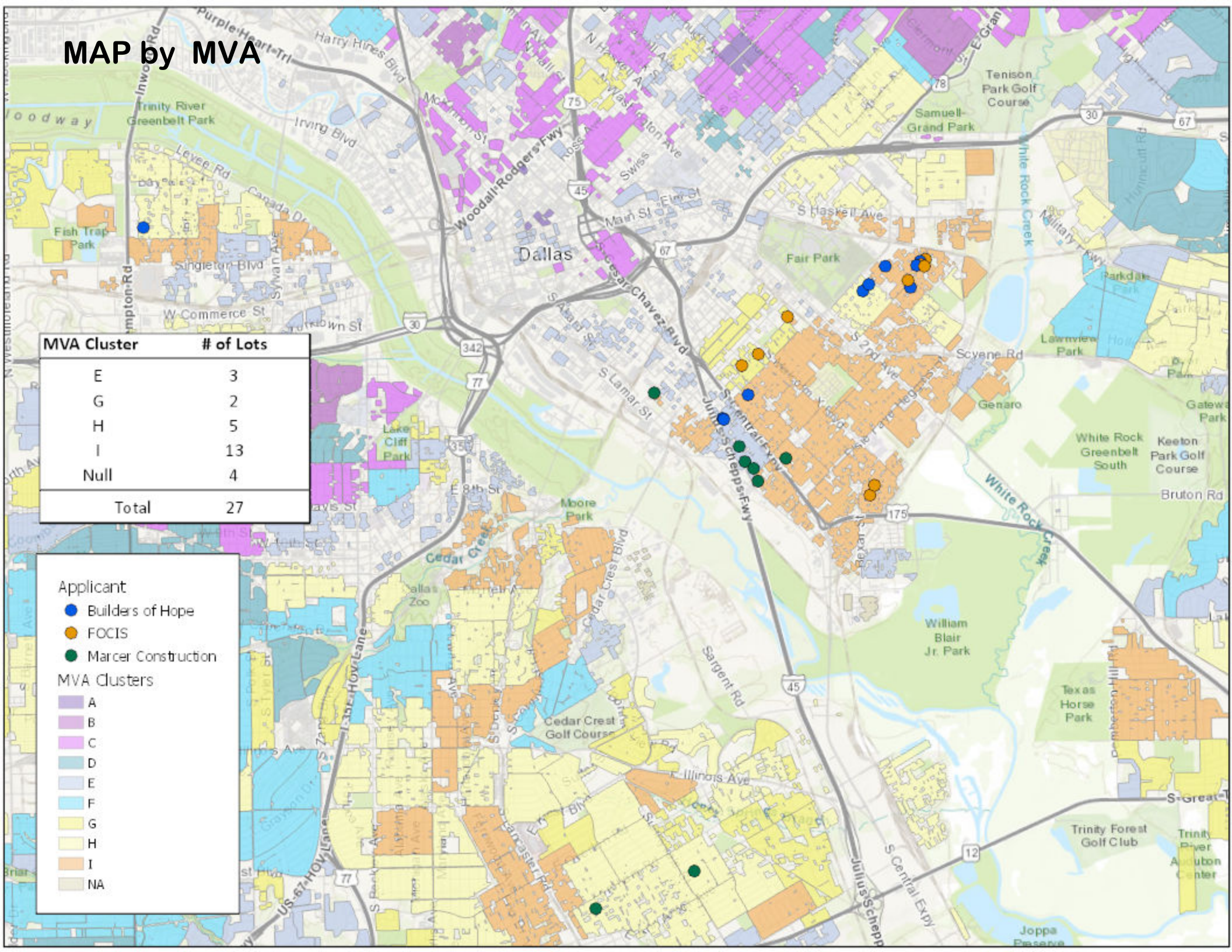
MVA Cluster	# of Lots
E	3
G	2
H	5
I	13
Null	4
Total	27

Applicant

- Builders of Hope
- FOCIS
- Marcer Construction

MVA Clusters

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

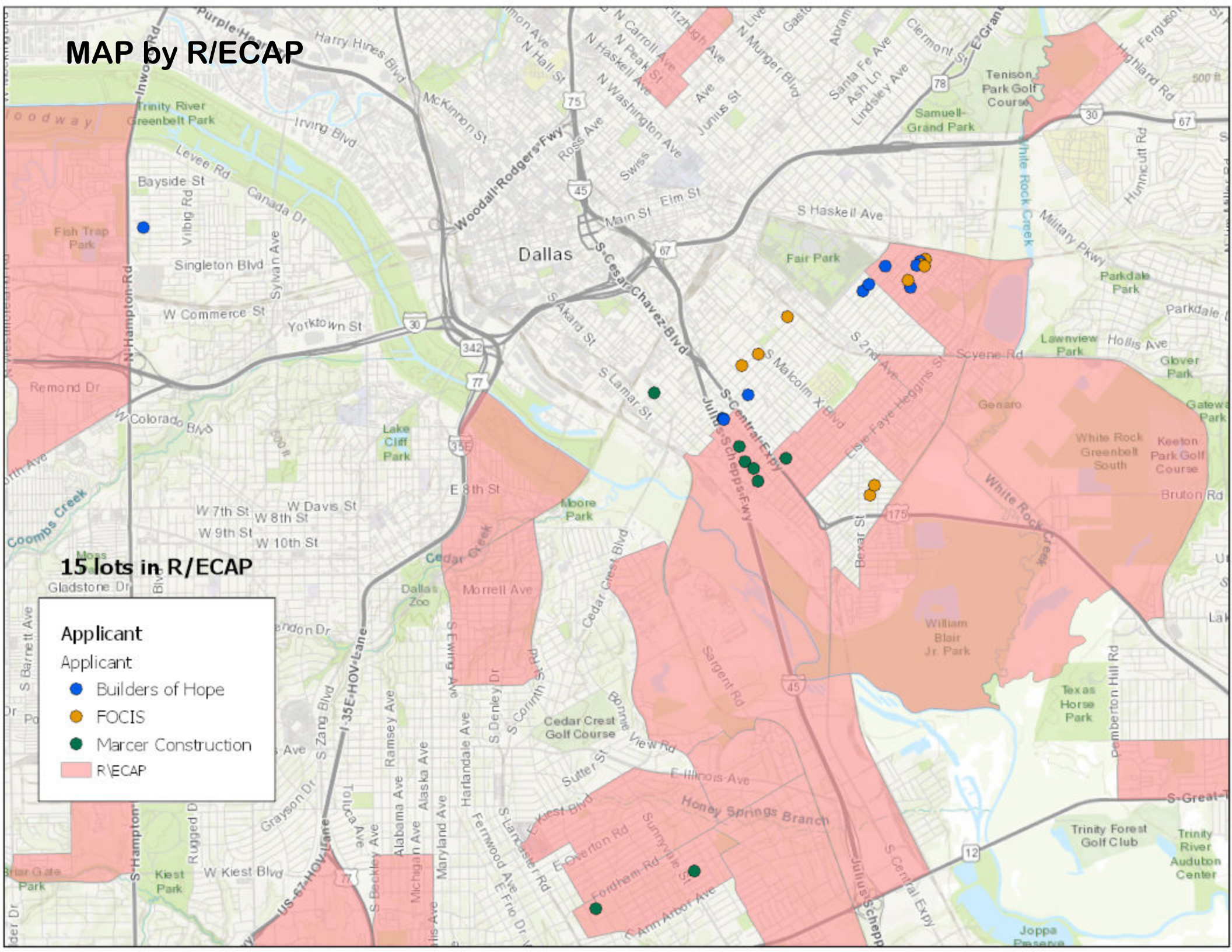


MAP by R/ECAP

15 lots in R/ECAP

Applicant

- Applicant
- Builders of Hope
- FOCIS
- Marcer Construction
- R/ECAP



AMFI Map

AMFI

- <61%
- 61 - 80%
- 81 - 115%

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

