

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 9, 2015
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 670-3297
MAPSCO: 56C

SUBJECT

Authorize **(1)** a housing development loan in an amount not to exceed \$900,000; and **(2)** a conditional grant agreement in an amount not to exceed \$405,040 for a mixed-income housing development project with East Dallas Community Organization, a certified Community Housing Development Organization, for the construction of eight single family homes located in the 2400 block of Hooper Street - Total not to exceed \$1,305,040 - Financing: 2012-13 HOME Investment Partnerships Program Grant Funds (\$506,002), 2013-14 HOME Investment Partnerships Program Grant Funds (\$393,998) and General Obligation Commercial Paper Funds (\$405,040)

BACKGROUND

On February 2, 2015, the City posted a Notice of Funding Availability (NOFA) requesting developers to submit proposals to build single family homes in the city limits of Dallas. East Dallas Community Organization (EDCO) submitted a proposal to the City of Dallas for the development of eight (8) single family homes for low to moderate and market rate income families to include an alley installation, predevelopment costs, construction costs and approved closing costs. EDCO is a certified Community Housing Development Organization (CHDO) and has obtained interim construction financing with Inwood Bank for a portion of the construction costs of the units.

EDCO is familiar with the area and has previously completed four prior phases of the development. They have built and sold 27 single family mixed-income units in the prior phases.

The project will receive 2012 and 2013 HOME Funds from the Department of Housing and Urban Development (HUD) and 2012 Bond Funds which the City Council appropriated for housing developments such as this. The City of Dallas will provide interim construction financing for the units to be built and sold to six (6) eligible low to moderate income families at or below 80% of Area Median Family Income (AMFI) and two (2) households up to 140% of AMFI.

BACKGROUND (continued)

The construction work will be completed within two years and occupancy within the second year. As each affordable unit is sold, the net proceeds from the sales of the affordable units will be repaid to the City and the lien/debt forgiven prorata. EDCO will retain the proceeds from the sales of the market rate units and the lien/debt is forgiven prorata. All developer fees must be expensed from bond funds, up to \$15,000 per home. The deed restrictions for the affordable units will remain on the property for 15 years from the date of sale. Deed Restrictions but will be released for the market rate units upon sale.

City Council approval of this agenda item will authorize the City Manager to execute the loan and conditional grant documents with EDCO for these funds, with payment of draws subject to environmental clearance by the City of Dallas and HUD.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 27, 2012, City Council approved the FY 2012-13 Consolidated Plan Budget for FY 2012-13 federal funds which included the Community Based Development Organizations (CBDOs) in the Community Development Block Grant Funds, by Resolution No. 12-1629.

On June 26, 2013, City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnerships Funds for Housing Development Loan Program, by Resolution No. 13-1142.

On April 6, 2015, the Housing Committee received a briefing memo on the Single Family NOFA project submissions.

Information about this item will be provided to the Housing Committee on September 8, 2015.

FISCAL INFORMATION

2012-13 HOME Investment Partnerships Program Grant Funds - \$506,002
2013-14 HOME Investment Partnerships Program Grant Funds - \$393,998
2012 Bond Program (General Obligation Commercial Paper Funds) - \$405,040

OWNER

East Dallas Community Organization

Gerald Carlton, President

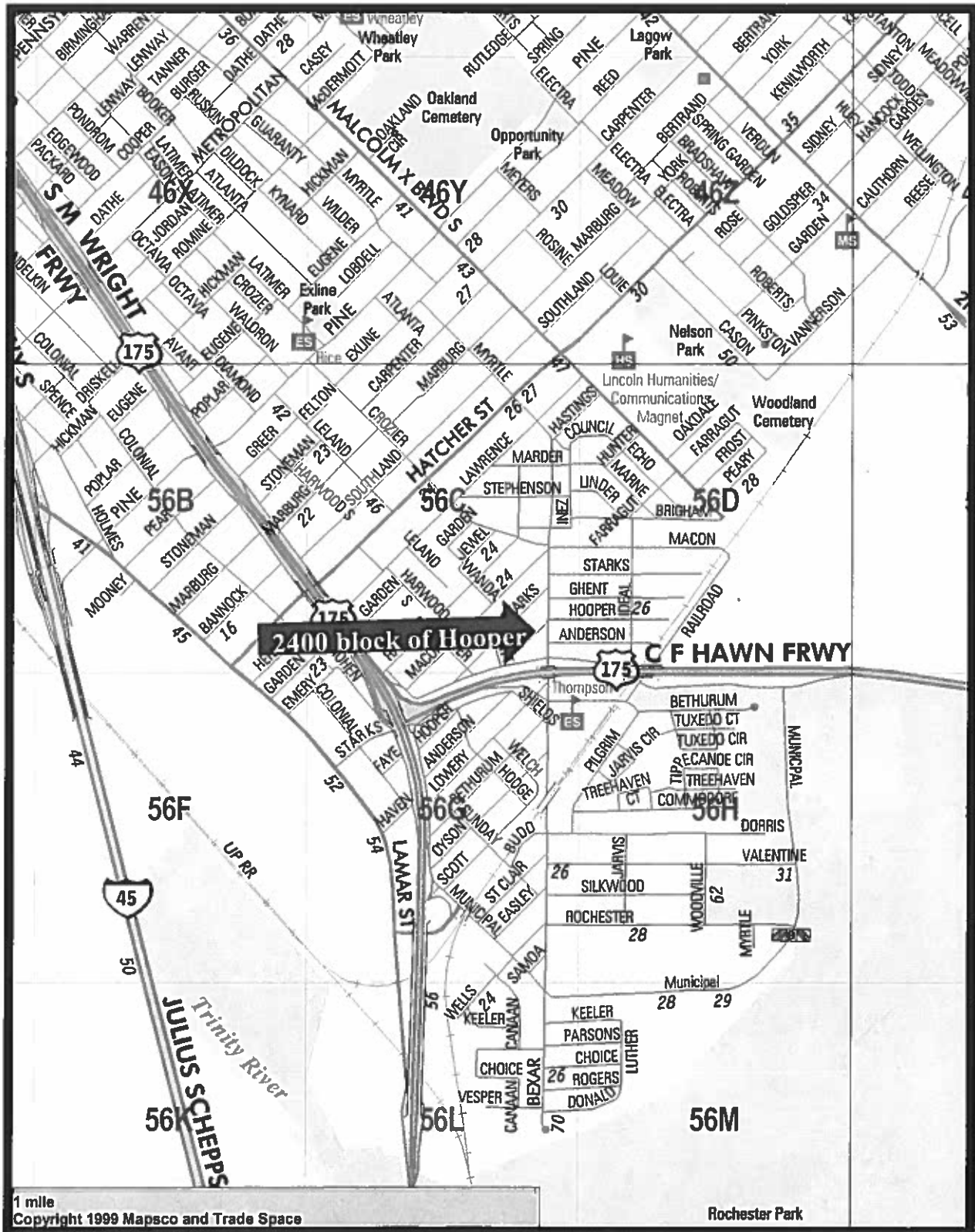
DEVELOPER

East Dallas Community Organization

Gerald Carlton, President

MAP

Attached



MAPSCO 56C

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WHEREAS, affordable housing for low and moderate income families is a high priority of the City of Dallas; and

WHEREAS, on June 27, 2012, City Council approved the FY 2012-13 Consolidated Plan Budget for FY 2012-13 federal funds which included the Community Based Development Organizations (CBDOs) in the Community Development Block Grant Funds, by Resolution No. 12-1629; and

WHEREAS, on June 26, 2013, City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnerships Funds for Housing Development Loan Program, by Resolution No. 13-1142; and

WHEREAS, on April 6, 2015, the Housing Committee received a briefing memo on the Single Family NOFA Project submissions; and

WHEREAS, East Dallas Community Organization (EDCO) proposes to work with the City of Dallas to undertake the development of eight (8) units at the 2400 Block of Hooper Street; and

WHEREAS, the City desires for EDCO to develop affordable units for low and moderate income families; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That following approval as to form by the City Attorney, the City Manager is authorized to execute (1) a housing development loan in an amount not to exceed \$900,000; and (2) a conditional grant agreement in an amount not to exceed \$405,040 for a mixed income housing development project with East Dallas Community Organization, a certified Community Housing Development Organization, for construction of eight (8) single family homes located in the 2400 block of Hooper Street.

Section 2. The terms of the loan agreement include:

- (a) Six (6) of the 8 units will be subject to the HOME loan conditions.
- (b) EDCO must execute a note payable of \$900,000.00 to the City of Dallas for the HOME loan.
- (c) EDCO will execute a lien through a Deed of Trust and deed restrictions for a 15-year term for the affordable units.
- (d) EDCO will remit any proceeds from the sale of each home to the City of Dallas after paying any interim construction liens and approved closing cost.
- (e) EDCO will have two (2) years to fully complete the project.

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- (f) EDCO must build and occupy the affordable units to low and moderate income families with incomes at or below 80% of area median family income (AMFI).
- (g) The City may subordinate first lien position to the interim construction lender.
- (h) The City will release EDCO's lien and forgive the debt on a prorata basis as each unit is sold to a low-income household at or below 80% AMFI and the loan proceeds will be returned to the City.

Section 3. The terms of the conditional grant agreement include:

- (a) Two (2) of the 8 units will be subject to the conditional grant agreement conditions.
- (b) EDCO will execute and record a performance deed of trust and deed restrictions. The performance deed of trust and deed restriction will be released as to each property as the house is built and sold to a household earning at or below 140% AMFI.
- (c) EDCO may receive up to \$15,000 for each of the eight homes from bond funds for developer fees.
- (d) EDCO will have two (2) years to fully complete the project.
- (e) EDCO must build and occupy the affordable units to households earning at or below 140% AMFI.
- (f) The City will subordinate first lien position to the interim construction lender.

Section 4. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute releases of liens, forgive the debt and terminate deed restrictions on the properties upon compliance with the loan and conditional grant terms or deed restrictions.

Section 5. That the Chief Financial Officer is authorized to disburse funds in accordance with this resolution as follows:

East Dallas Community Organization Vendor # 354413

<u>Fund</u>	<u>Dept</u>	<u>Unit</u>	<u>Object Code</u>	<u>Program #</u>	<u>Encumbrance</u>	<u>Amount</u>
HM12	HOU	893E	3015	3U53HOOP	HOU893EK180	\$506,002
HM13	HOU	236F	3015	3U53HOOP	HOU893EK180	\$369,051
HM13	HOU	233F	3015	3U53HOOP	HOU893EK180	\$24,947
3U53	HOU	W025	3015	3U53HOOP	HOU893EK180	\$405,040

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Section 6. That the City Controller is hereby authorized to record notes receivable - developers loan in balance sheet account (033F) and deferred revenue-home loan in (0859) in funds HM12 and HM13 for the amount of the \$900,000 loan.

Section 7. That the City Controller is hereby authorized to record notes receivable in balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund 3U53 (forgivable grant) for the amount of the \$405,040 grant.

Section 8. That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to the loan or conditional grant, until such time as the loan and conditional grant documents are duly approved by all parties and executed.

Section 9. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 9, 2015
COUNCIL DISTRICT(S): 4, 6
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 670-3297
MAPSCO: 43H 44J 65D

SUBJECT

A public hearing to receive comments on the proposed sale of six unimproved properties acquired by the taxing authorities from the Sheriff to Dallas Neighborhood Alliance for Habitat, Inc., a qualified non-profit organization; and, at the close of the public hearing, authorize the City Manager to: **(1)** convey by Deed without Warranty six unimproved properties to Dallas Neighborhood Alliance for Habitat, Inc. under the HB110 process of the City’s Land Transfer Program; and **(2)** release the City’s non-tax liens included in the foreclosure judgment and post-judgment non-tax liens, if any (list attached) - Revenue: \$6,000

BACKGROUND

The HB110 process of the City’s Land Transfer Program, in accordance with Section 2-26 of the Dallas City Code (“Code”) and with Section 253.010 of the Texas Local Government Code, permits the City to sell land, which the City has acquired as a trustee, for itself and the other taxing jurisdictions, from the Sheriff pursuant to the tax foreclosure process, to a qualified non-profit organization for the purpose of providing affordable housing, subject to the consent of the other taxing jurisdictions.

Property eligible for the HB110 process of the City’s Land Transfer Program must be sold by Deed without Warranty and include a possibility of reverter and right of re-entry, triggered under certain conditions, including if construction of affordable housing is not completed on the property within three years of the non-profit’s receipt of the Deed without Warranty. The Deed without Warranty must also include deed restrictions that ensure the desired development of the property and maintain the affordability of the property as required by the Code. Per the Code, the sales price of each property is \$1,000 for up to 7,500 square feet of land plus \$0.133 for each additional square foot of land, which amount is distributed by the City to both the City and the other taxing jurisdictions in accordance with Section 34.06 of the Texas Tax Code, plus an amount equal to the actual fees charged for recording the Sheriff’s deed and the Deed without Warranty in the real property records.

BACKGROUND (continued)

Prior to the approval of any sale, the Code requires that the City Council hold a public hearing to receive comments on the proposed sale of land and provide certain notices to the public.

Dallas Neighborhood Alliance for Habitat, Inc. (“DNAH”) submitted a proposal to construct six (6) single-family homes with the homes containing approximately 1,279 square feet on the six unimproved HB110 process-eligible, Land Transfer Program properties, identified on Exhibit A, attached to the resolution, for purchase by a low to moderate income homebuyers at a proposed sales price of \$85,000 - \$95,000 with construction to begin in September 2018.

This item calls for a public hearing to allow the public an opportunity to comment on the proposed sale of the six unimproved properties to DNAH and, at the close of the public hearing, authorizes the sale of the properties to DNAH by Deed without Warranty and the release of the City’s non-tax liens included in the foreclosure judgment and the post-judgment non-tax liens, if any.

In conformance with the Code, at least ten calendar days prior to the public hearing, a sign indicating the time and place of the public hearing was placed on the property, notification of the public hearing was mailed to property owners within 200 feet of the property, and notice of the public hearing was published in the Dallas Morning News.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On August 12, 2015, City Council authorized a public hearing to receive comments on the proposed sale by Deed without Warranty of six unimproved properties acquired by the taxing jurisdictions from the Sheriff to Dallas Neighborhood Alliance for Habitat, Inc., by Resolution No.15-1376.

Information about this item will be provided to the Housing Committee on September 8, 2015.

FISCAL INFORMATION

Revenue - \$6,000

OWNER

Dallas Neighborhood Alliance for Habitat, Inc.

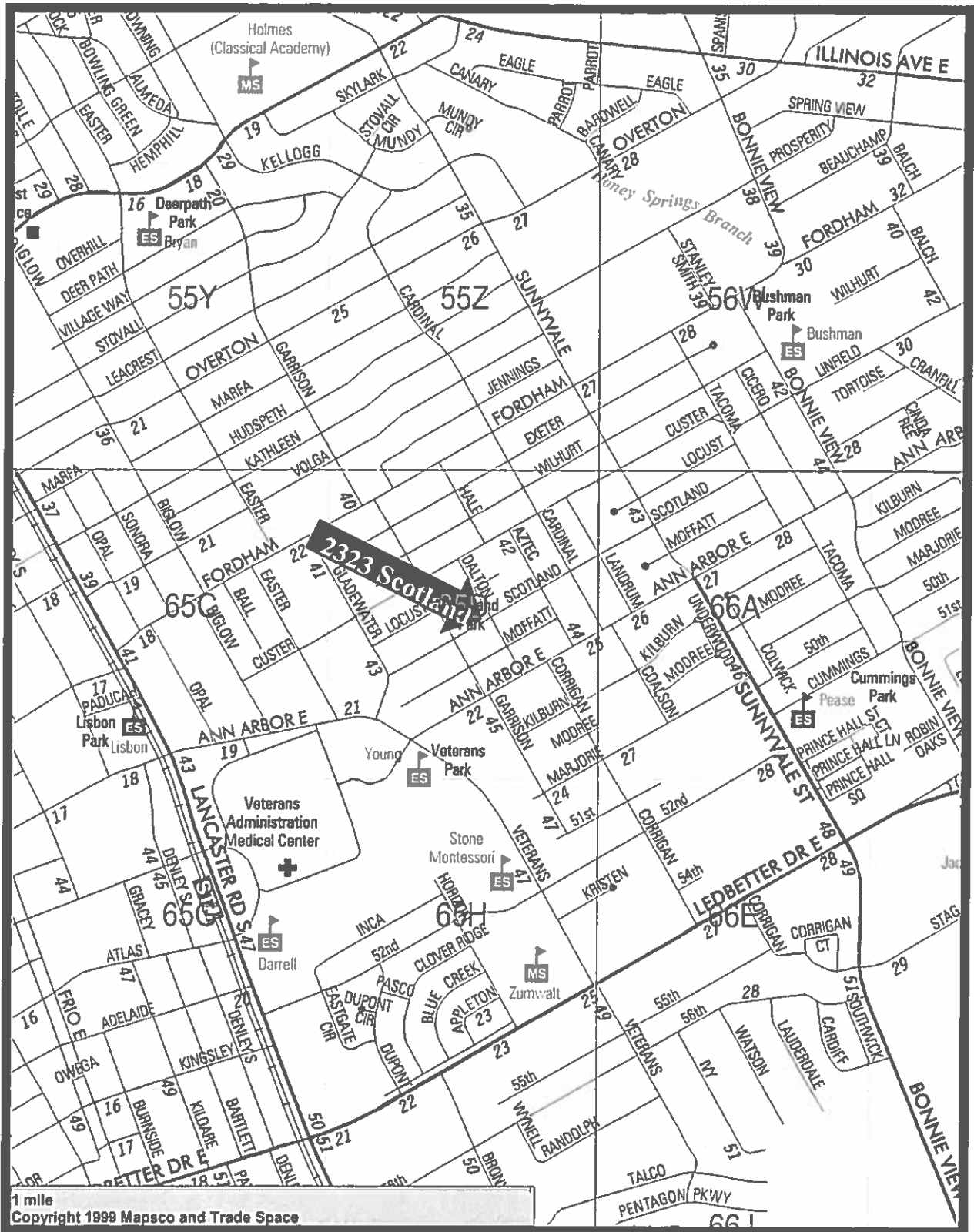
William D. Hall, Chief Executive Officer

MAPS

Attached

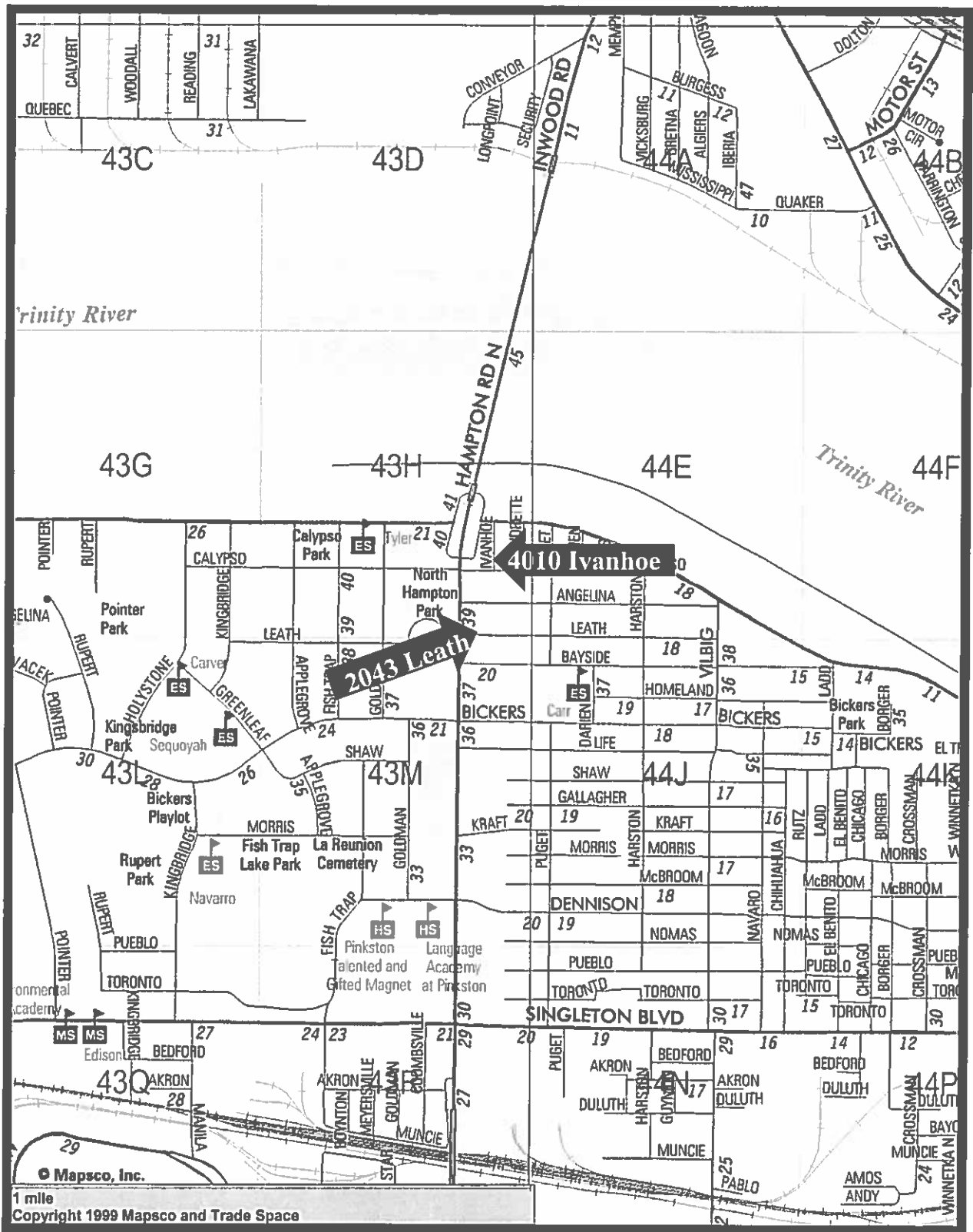
Tax Foreclosure and Seizure Property Resale

<u>Parcel No.</u>	<u>Address</u>	<u>Non-Profit Organization</u>	<u>Mapsco</u>	<u>DCAD Amount</u>	<u>Sale Amount</u>	<u>Vac/ Imp</u>	<u>Non-Tax Liens</u>	<u>Council District</u>
1.	1966 Nomas	Dallas Neighborhood Alliance for Habitat, Inc.	44J	\$9,380	\$1,000.00	V	\$1,933.03	6
2.	4010 Ivanhoe	Dallas Neighborhood Alliance for Habitat, Inc.	43H	\$7,360	\$1,000.00	V	\$2,445.10	6
3.	1716 Shaw	Dallas Neighborhood Alliance for Habitat, Inc.	44J	\$8,000	\$1,000.00	V	\$679.30	6
4.	3503 Navaro	Dallas Neighborhood Alliance for Habitat, Inc.	44J	\$7,730	\$1,000.00	V	\$512.37	6
5.	2043 Leath	Dallas Neighborhood Alliance for Habitat, Inc.	43H	\$10,730	\$1,000.00	V	\$2,010.75	6
6.	2323 Scotland	Dallas Neighborhood Alliance for Habitat, Inc.	65D	\$6,900	\$1,000.00	V	\$5,974.08	4

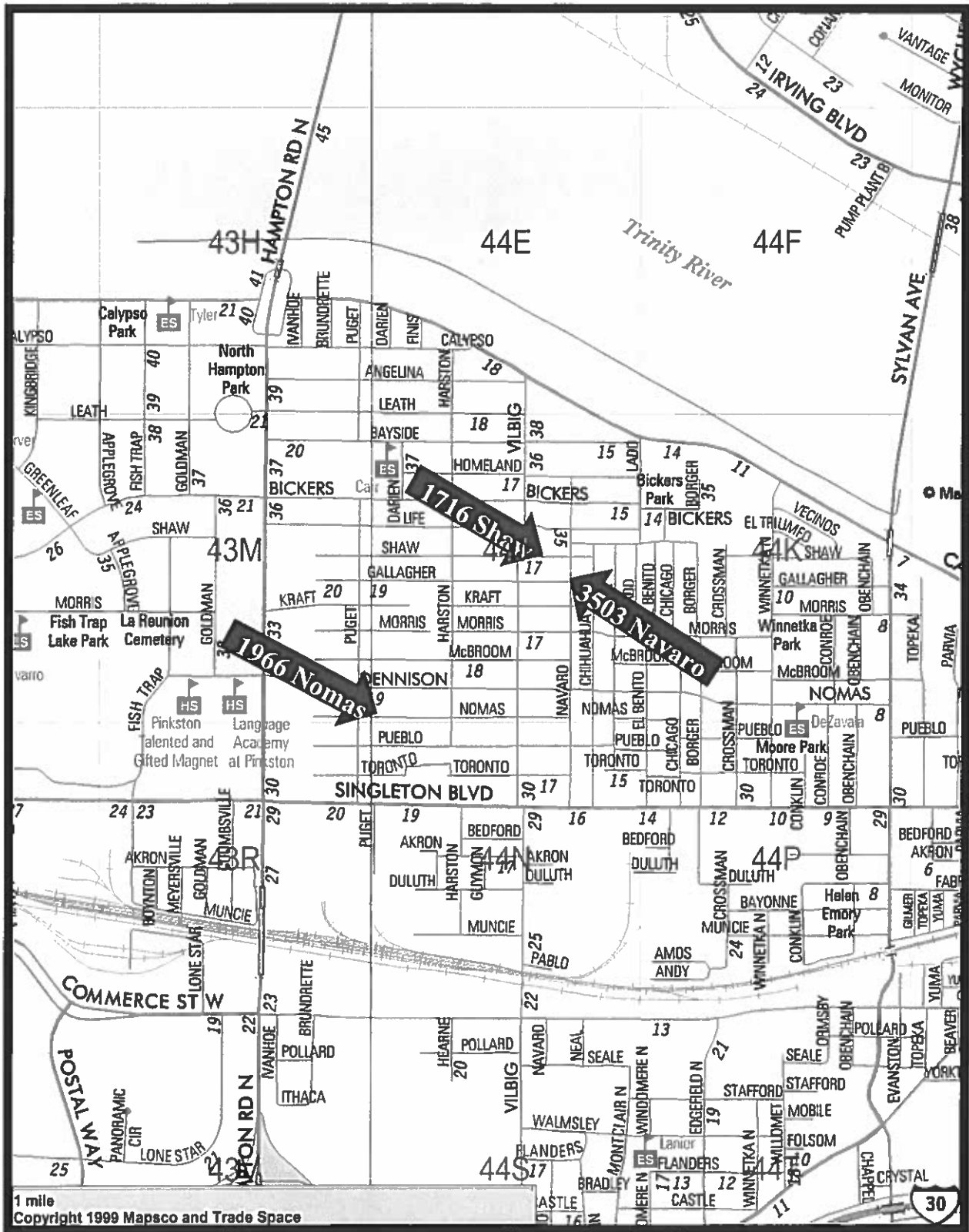


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MAPSCO 65D



MAPSCO 43H



MAPSCO 44J

September 9, 2015

WHEREAS, the City's Land Transfer Program, in accordance with Section 2-26 of the Dallas City Code ("Code") and with Section 253.010 of the Texas Local Government Code, permits the City to sell land, which the City has acquired as a trustee, for itself and the other taxing jurisdictions, from the Sheriff pursuant to the tax foreclosure process, to a qualified non-profit organization for the purpose of providing affordable housing, subject to the consent of the other taxing jurisdictions; and

WHEREAS, property eligible for the HB110 process of the City's Land Transfer Program may be sold by Deed without Warranty and include a possibility of reverter and right of re-entry, triggered under certain conditions, including if construction of affordable housing is not completed on the property within three years of the non-profit's receipt of the Deed without Warranty; and

WHEREAS, the Deed without Warranty must also include deed restrictions that ensure the desired development of the property and maintain the affordability of the property as required by the Code; and

WHEREAS, per the Code, the sales price of each property is \$1,000 for up to 7,500 square feet of land plus \$0.133 for each additional square foot of land, which amount is distributed by the City to both the City and the other taxing jurisdictions in accordance with Section 34.06 of the Texas Tax Code, plus an amount equal to the actual fees charged for recording the Sheriff's deed and the Deed without Warranty in the real property records; and

WHEREAS, prior to the approval of any sale, the Code requires that the City Council hold a public hearing to receive comments on the proposed sale of land and provide certain notices to the public; and

WHEREAS, Dallas Neighborhood Alliance for Habitat, Inc., ("DNAH") submitted a proposal to construct six (6) single-family homes with the home containing approximately 1,279 square feet on six unimproved HB110 process-eligible, Land Transfer Program properties, identified on Exhibit A, attached hereto and made a part hereof (hereinafter the "property"), for purchase by a low to moderate income homebuyer at a proposed sales price of \$85,000 - \$95,000, with construction to begin in September 2018; and

WHEREAS, at least ten calendar days prior to the public hearing, a sign indicating the time and place of the public hearing was placed on the property, notification of the public hearing was mailed to property owners within 200 feet of the property, and notice of the public hearing was published in the Dallas Morning News;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

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Section 1. That upon receipt of the requisite monetary consideration from DNAH (hereinafter the “non-profit organization”) and the approval of the governing bodies of the other affected taxing jurisdictions, the City Manager is hereby authorized to execute a Deed without Warranty, approved as to form by the City Attorney and attested by the City Secretary, conveying the property, acquired by the taxing authorities from the Sheriff, to the non-profit organization, subject to the conditions contained in this resolution.

Section 2. That the City Manager is hereby authorized to execute instruments, approved as to form by the City Attorney, releasing the City’s non-tax liens included in the foreclosure judgment and post-judgment non-tax liens, if any, on the property.

Section 3. That the non-profit organization’s proposal for the development of affordable housing on the property, described in Exhibit A, is hereby approved.

Section 4. That the Deed without Warranty shall contain:

(a) A copy or summary of the proposal from the non-profit organization for the property and a requirement that the property be developed by the non-profit organization in accordance with the proposal, including the timetable specified in the proposal.

(b) A possibility of reverter with right of re-entry if the Director of Housing/Community Services determines that the non-profit organization:

(i) has failed to take possession of the property within ninety calendar days after receiving the Deed without Warranty;

(ii) has failed to complete construction of affordable housing on the property within three years after receiving the Deed without Warranty or by the end of any extended development period approved by the City Council in accordance with Section 2-26.6(c) of the Code;

(iii) is not developing the property in compliance with the timetable specified in the non-profit organization’s proposal;

(iv) is unable to develop the land in compliance with its proposal because a request for a zoning change has been denied;

(v) has incurred a lien on the property because of violations of the Code or other City ordinances within three years after receiving the Deed without Warranty; and

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(vi) has sold, conveyed, or transferred the property without the consent of the City and the other affected taxing jurisdictions within three years after receiving the Deed without Warranty.

(c) Deed restrictions requiring the purchaser to:

(i) restrict the sale and resale of owner-occupied property to low-income individuals or families for five years after the date the deed from the non-profit organization to the initial homebuyer is filed in the real property records of the county in which the property is located;

(ii) require the non-profit organization to develop all proposed housing units on the property in accordance with the Code and all applicable City ordinances and state and federal laws within three years after receiving the Deed without Warranty or by the end of any extended development period approved by the City Council in accordance with Section 2-26.6(c) of the Code, and to obtain inspections and approval of the housing units by the City before initial occupancy; and

(iii) require any low-income individual or family who purchases a housing unit on a property to maintain the housing unit in accordance with the Code and all applicable City ordinances and state and federal laws for a period of five years after the date the deed from the non-profit organization to the initial homebuyer is filed in the real property records of the county in which the property is located.

(d) An indemnification by the non-profit organization of the City and other affected taxing jurisdictions.

(e) A statement and acknowledgment that the property is conveyed subject to all redemption rights provided by state law.

(f) The non-profit organization's representation and agreement that it did not purchase the property on behalf of a "prohibited person" and will not sell or lease the property to a "prohibited person" for five years from the date of the Deed without Warranty. A "prohibited person" is any party who was named as a defendant in the legal proceedings where the City obtained a final judgment for delinquent taxes and an order to foreclose its tax lien on the property or person in the judgment or seizure tax warrant, or the Sheriff's deed as the owner of the property, authorized seized and ordered sold for delinquent taxes and any municipal health and safety liens.

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Section 5. That the City Manager is authorized to execute instruments, approved as to form by the City Attorney, releasing the City's possibility of reverter with right of re-entry and terminating the deed restrictions to the property upon compliance with all terms and conditions of Section 2-26 of the Code and the Deed without Warranty, including the deed restrictions and the proposal.

Section 6. That the non-profit organization shall be responsible for the pro-rata taxes assessed on the property from the date of closing for the remaining part of the then-current calendar year. The property shall be placed back on the tax rolls effective as of the date of execution of the Deed without Warranty.

Section 7. That any procedures required by Section 2-24 of the Code that are not required by state law are hereby waived with respect to conveyance of the property.

Section 8. That the monetary consideration received from the non-profit organization shall be distributed pursuant to the Section 34.06 of the Texas Tax Code.

Section 9. That any and all proceeds for the City's sale of the property to the non-profit organization be deposited to General Fund 0001, Agency DEV, Balance Sheet Account 0519.

Section 10. That upon receipt of the monetary consideration from the non-profit organization, the Chief Financial Officer is authorized to disburse proceeds of the sale of the property in accordance with Section 34.06 of the Texas Tax Code, and which calculations for disbursement shall be provided by the Director of Sustainable Development and Construction, to the City of Dallas Land Based Receivables, the Dallas County District Clerk and the Dallas County Tax Office from the account specified in Section 9 above.

Section 11. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

EXHIBIT "A"

LAND TRANSFER PROPERTIES				
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT
1	1966 Nomias Lot 2, Victory Gardens No. 4 Addition Block 8/7126	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
2	4010 Ivanhoe Lot 5, Roosevelt Manor 2nd Inst. Addition Block 3/7130 - S 40 Ft LT 5	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
3	1716 Shaw Lot 8, Homestead Manor Annex Addition Block 11/7118	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
4	3503 Navaro Lot 20, Homestead Manor Annex Addition Block 11/7118	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
5	2043 Leath Lot 24, Roosevelt Manor 1st Inst. Addition Block 11/7130	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
6	2323 Scotland Lot 6, Southern Crest Addition Block 8/5851	Dallas Neighborhood Alliance for Habitat, Inc.	1	\$1,000.00
TOTAL				\$6,000.00