

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** October 8, 2014  
**COUNCIL DISTRICT(S):** 4  
**DEPARTMENT:** Housing/Community Services  
**CMO:** Theresa O'Donnell, 671-9195  
**MAPSCO:** 65D

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### **SUBJECT**

A public hearing to receive comments on the proposed sale of one unimproved property acquired by the taxing authorities from the Sheriff to Dallas Neighborhood Alliance for Habitat a qualified non-profit organization; and, at the close of the public hearing, authorize the City Manager to: **(1)** quitclaim one unimproved property to Dallas Neighborhood Alliance for Habitat 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: \$1,000

### **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 quitclaim deed 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 quitclaim deed. The quitclaim deed 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 quitclaim deed in the real property records. 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.

## **BACKGROUND (Continued)**

Dallas Neighborhood Alliance for Habitat submitted a proposal to construct one single-family home containing approximately 1,279 square feet on one unimproved HB110 process-eligible, Land Transfer Program property, identified on Exhibit A, attached to the resolution, 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 2017.

This item calls for a public hearing to allow the public an opportunity to comment on the proposed sale of the one unimproved property to Dallas Neighborhood Alliance for Habitat and, at the close of the public hearing, authorizes the sale of the property to Dallas Neighborhood Alliance for Habitat by quitclaim deed 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 27, 2014, the City Council authorized a public hearing to receive comments on the proposed sale by quitclaim deed of one unimproved property acquired by the taxing jurisdictions from the Sheriff to Dallas Neighborhood Alliance for Habitat, Inc., by Resolution No. 14-1430.

## **FISCAL INFORMATION**

Revenue - \$1,000

## **OWNER**

**Dallas Neighborhood Alliance for Habitat**

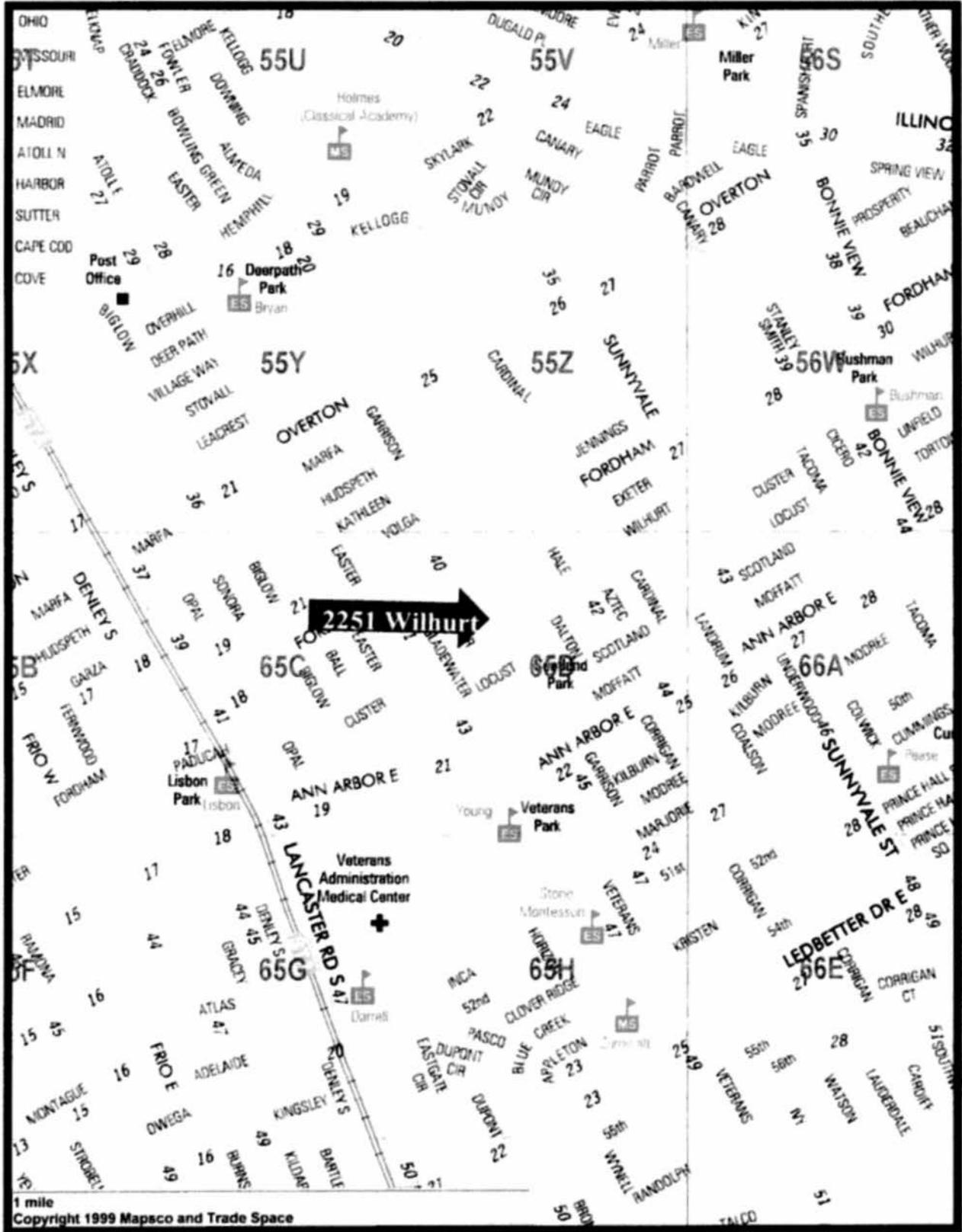
Richard Kelly, President

## **MAP**

Attached

### Tax Foreclosure and Seizure Property Resale

<u>Parcel No.</u>	<u>Address</u>	<u>Non-Profit Organization</u>	<u>DCAD Amount</u>	<u>Sale Amount</u>	<u>Vac/ Imp</u>	<u>Zoning</u>
1.	2251 Wilhurt	Dallas Neighborhood Alliance for Habitat, Inc.	\$6,900	\$1,000.00	V	R-7.5(A)



**MAPSCO 65D**

October 8, 2014

**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 must be sold by quitclaim deed 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 quitclaim deed; and

**WHEREAS**, the quitclaim deed 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 quitclaim deed 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 submitted a proposal to construct one single-family home containing approximately 1,279 square feet on one unimproved HB110 process-eligible, Land Transfer Program property, 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 2017; 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:**

October 8, 2014

**Section 1.** That upon receipt of the requisite monetary consideration from Dallas Neighborhood Alliance for Habitat (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 quitclaim deed, approved as to form by the City Attorney and attested by the City Secretary, quitclaiming 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 quitclaim deed 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 determines that the non-profit organization:

(i) has failed to take possession of the property within ninety calendar days after receiving the quitclaim deed;

(ii) has failed to complete construction of affordable housing on the property within three years after receiving the quitclaim deed 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 quitclaim deed; 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 quitclaim deed.

(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 quitclaim deed 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 quitclaimed 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 quitclaim deed. 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 quitclaim deed, 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 quitclaim deed.

**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 City Controller is authorized to disburse proceeds of the sale of the property in accordance Section 34.06 of the Texas Tax Code, 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**

**TAX-FORECLOSED (TF) AND/OR SEIZURE WARRANT (SW) PROPERTY RESALE**

**October 08, 2014**

PARCEL NO.	STREET ADDRESS/ LEGAL DESCRIPTION	TF/SW	VACANT/ IMPROVED	INSTRUMENT NUMBER	QUALIFIED NON-PROFIT PURCHASER	HOMEOWNER RENTAL LEASE PURCHASE	NUMBER OF DWELLING UNITS	SALE AMOUNT
1	<b>2251 Wilhurt</b> Lot 15, Lisbon Heights Block 3/5853	TF	V	201300084734	Dallas Neighborhood Alliance for Habitat, Inc.	Homeowner	1	\$1,000.00
<b>TOTAL</b>							<b>1</b>	<b>\$1,000.00</b>

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**DEPARTMENT:** Housing/Community Services  
**CMO:** Theresa O'Donnell, 671-9195  
**MAPSCO:** 55X

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### **SUBJECT**

Authorize an amendment to Resolution No. 14-0462, previously approved on February 26, 2014, to define loan terms for a \$1,000,000 loan and a \$959,913 grant to City Wide Community Development Corporation from Community Development Block Grant funds for construction costs - Financing: This action has no cost consideration to the City

### **BACKGROUND**

In July 2014, City Wide Community Development Corporation was approved for 9% Low Income Housing Tax Credits for Serenity Place Apartments, L.P. by TDHCA for the 2014 Low Income Housing Tax Credit Program. The project includes 45 multifamily units for permanent supportive housing, consisting of 40 two-bedroom units and 5 three-bedroom units.

This item was placed on the addendum because the private financing for City Wide Community Development Corporation is scheduled to close on October 15, 2014. Our changes should be in place prior to the loan closing.

Due to the complexity of the financing for the project, the City Attorney has requested additional loan terms be detailed in the agenda item.

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

On February 10, 2010, the City Council approved a modification to the policy for the acceptance of applications seeking City of Dallas support for low income housing tax credit financing, when the State of Texas does not require direct City of Dallas approval by Resolution No.10-0498.

On February 18, 2014, the Serenity Place Apartments' Low Income Housing Tax Credit multifamily project was briefed to the Housing Committee.

**PRIOR ACTION/REVIEW (Council, Boards, Commissions) (continued)**

On February 26, 2014, the City Council authorized (1) support for the TDHCA 9% LIHTC application for Serenity Place Apartments; (2) a loan in the amount of \$1,000,000 for the construction costs; (3) a grant in the amount of \$959,913 for construction costs; and (4) a predevelopment grant in the amount of \$38,000 for costs associated with the tax credit by Resolution No. 14-0462.

**FISCAL INFORMATION**

This action has no cost consideration to the City

**OWNER(S)**

**DEVELOPER**

**City Wide Serenity Place Apartments, L.P.**

**Carleton Residential  
Properties**

Printice L. Gary

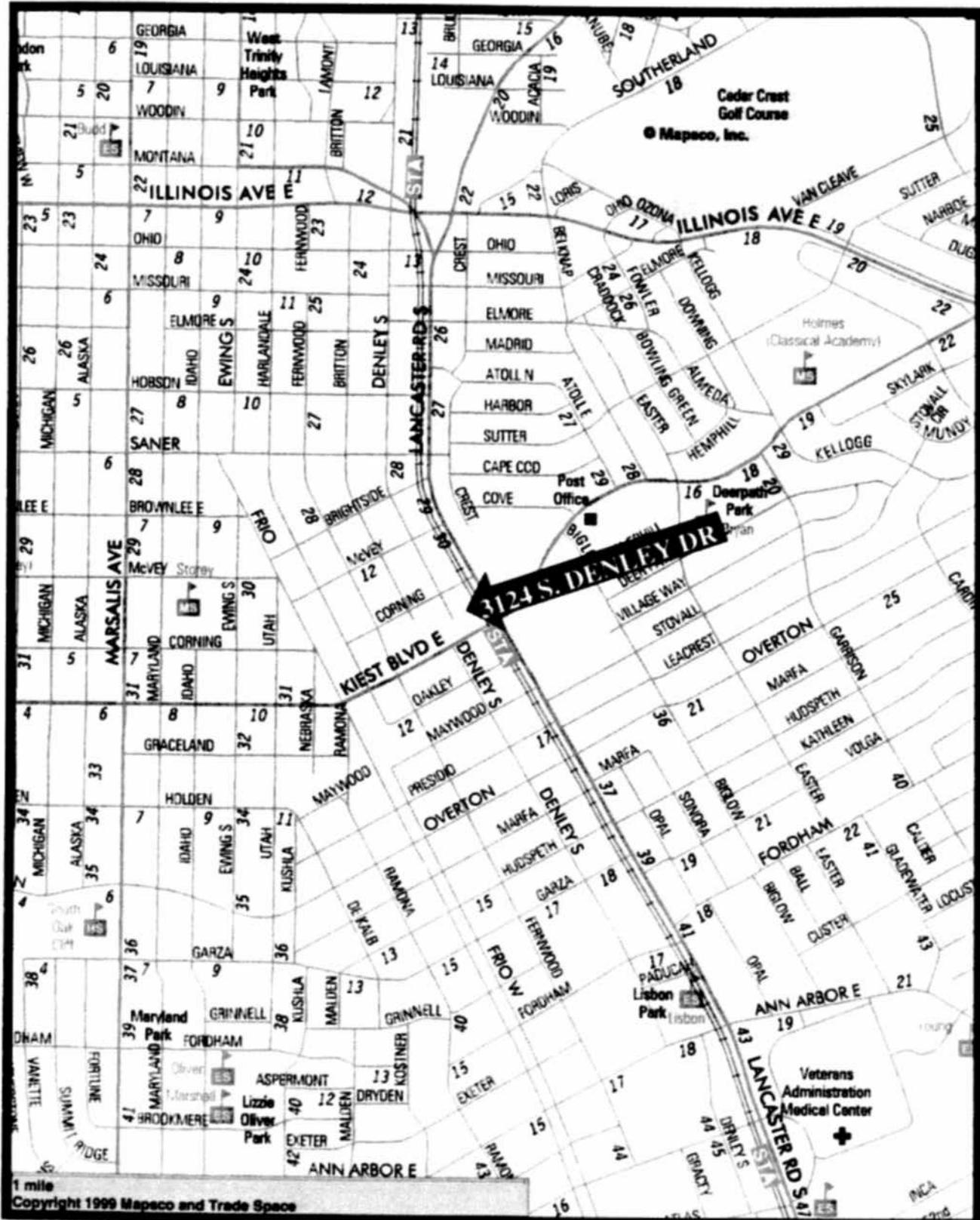
**City Wide Community Development Corp.**  
Sherman Roberts, President & CEO

**Carleton Construction, Ltd.**  
Neal Hildebrandt, President

**CWCDC Serenity GP, Inc., GP**

**MAP**

Attached



**MAPSCO 55X**

October 8, 2014

**WHEREAS**, City Wide Community Development Corporation, on behalf of City Wide Serenity Place Apartments, L.P. was approved by the Texas Department of Housing & Community Affairs (TDHCA) for 2014 9% Housing Tax Credits for Serenity Place Apartments, a development for affordable rental housing at 3124 South Denley in the City of Dallas; and

**WHEREAS**, pursuant to §11.9(d)(7) Community Revitalization Plan, the Lancaster Corridor/Cigarette Hill Community Revitalization Plan (CRP) was adopted by the City Council on December 12, 2012 with a total budget or projected economic value of \$6,000,000 or greater and Serenity Place Apartments is located within this CRP area; and

**WHEREAS**, the Housing Tax Credit multifamily project to be located at 3124 South Denley Drive is selected as contributing most significantly to the concerted revitalization efforts of the city, pursuant to §11.9(d)(7)(A)(ii)(III) of the 2014 Housing Tax Credit Qualified Allocation Plan; and

**WHEREAS**, on February 26, 2014, the City Council approved (1) support for the TDHCA 9% LIHTC application for Serenity Place Apartments; (2) a loan in the amount of \$1,000,000 for the construction costs; (3) a grant in the amount of \$959,913 for construction costs; and (4) a predevelopment grant in the amount of \$38,000 for costs associated with the tax credit by Resolution No. 14-0462 the Applicant has submitted a request for gap funding of \$1,997,913 from the City of Dallas which has been reviewed by Resolution No. 14-0462; and

**WHEREAS**, the City of Dallas desires to provide terms to the contract; **NOW, THEREFORE**,

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

**SECTION 1.** That the City Manager or his designee, upon approval as to form by the City Attorney, is hereby authorized to execute a loan agreement in the amount of \$1,000,000 to City Wide Community Development Corporation (CWCDC), or Applicant for the development costs, including soft and hard construction costs, at 3124 South Denley Drive with the following terms:

**SECTION 2.** The loan agreement is contingent upon,

- a. CWCDC, or its wholly owned subsidiary, being awarded 2014 9% tax credits
- b. CWCDC must adhere to all applicable CDBG Program requirements
- c. CWCDC must execute a note, deed of trust, and deed restriction to the City for a 35-year affordability period.

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**SECTION 2. (continued)**

- d. The outstanding principal balance of the City's \$1,000,000 loan shall bear an interest rate of 1% with interest only annual payment from available cash flow over a period of 35 years. Upon completion of the 35-year term, the \$1,000,000 loan will be repaid to the City or at the time of sale or refinancing, whichever occurs first.
- e. The loan may be subordinated to lenders.

**SECTION 3.** That the City Manager or his designee, upon approval as to form by the City Attorney, is hereby authorized to execute a grant in the amount of \$959,913 to City Wide Community Development Corporation (CWCDC), or Applicant, to mitigate basis and tax issues only, for construction costs for the development at 3124 South Denley Drive. The following terms apply:

- a. CWCDC, or its wholly owned subsidiary, must be awarded 2014 9% tax credits
- b. CWCDC must adhere to all applicable CDBG Program requirements.
- c. CWCDC must complete construction and receive a certificate of occupancy.
- d. Fifty one percent of the units must be occupied by low-income households at or below 80% AMFI.
- e. Rents will be set at Fair Market Rents or other acceptable levels defined by TDHCA.
- f. CWCDC must execute a note, deed of trust, and deed restriction to the City for performance only. Once 51% of the units are occupied, the loan will be forgiven.
- g. The loan may be subordinated to construction and permanent lenders.

**SECTION 4.** That the City Manager or his designee, upon approval as to form by the City Attorney, is hereby authorized to execute a predevelopment grant in the amount of \$38,000 to City Wide Community Development Corporation (CWCDC), or Applicant, for costs associated with the TDHCA 9% application, not conditioned upon 2014 9% LIHTC award.

**SECTION 5.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a subordination of lien to a lender who is providing construction financing on the property.

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**SECTION 6.** That the City of Dallas' funding and endorsement of the TDHCA LIHTC application for the project, Serenity Place Apartments, will be contingent on the following: (1) the Project Owner expending a minimum of \$40,000 (a minimum of \$40,000 or \$200 per unit per year, whichever is greater) for social services for, and at no cost, to the residents of the development, based on a survey of resident's needs, to be implemented within three months of project completion; (2) inclusion of this requirement in the City's Deed Restrictions containing the social services requirement (up to 50% of the social service requirement can be fulfilled with in kind social services provided the Housing/Community Services Department gives prior approval of the social service plan).

**SECTION 7.** That before receiving a conditional City of Dallas building permit required by TDHCA prior to closing on the tax credits, the Project Developer will consult with the City of Dallas Sustainable Development and Construction Department with regard to security related design standards.

**SECTION 8.** That the City of Dallas' funding and endorsement for this project will be contingent on the Project Owner paying to the City an annual monitoring review fee in the amount of \$500, beginning on the anniversary of the closing on the 9% tax credits and ending at the end of the tax credit compliance.

**SECTION 9.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute releases of liens and terminate deed restrictions on the property upon compliance with the loan terms and deed restrictions.

**SECTION 10.** 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.