

Division 2. Alternate Manner of Sale of Real Property to Nonprofit Organizations for Affordable Housing.

SEC. 2-26.4. PURPOSE.

(a) It is the intent of the city council in adopting this division to establish, in accordance with Section 253.010 of the Texas Local Government Code, as amended, an alternate manner of sale of tax-foreclosed and seized real property to nonprofit organizations to provide for affordable housing in the city.

(b) Nothing in this division may be construed to require the city council to approve the sale of land to a nonprofit organization, to approve zoning changes for the land, or to provide funding for any proposal submitted under this division. (Ord. Nos. 23713; 24046; 25443)

SEC. 2-26.5. DEFINITIONS.

In this division:

(1) AFFORDABLE HOUSING means:

(A) owner-occupied housing that:

(i) is sold or resold under this division to a low-income individual or family; and

(ii) has a purchase price and an estimated appraised value at acquisition that does not exceed 95 percent of the "HUD 203B" maximum mortgage amounts established and published annually by HUD in Part 203, Title 24 of the Code of Federal Regulations, as amended; or

(B) renter-occupied housing for which housing expenses do not exceed HUD fair market rents, as defined in Part 888, Title 24 of the Code of Federal Regulations, as amended.

(2) DIRECTOR means the director of the department designated by the city manager to administer this division, or the director's authorized representative.

(3) HUD means the United States Department of Housing and Urban Development.

(4) LAND or PROPERTY means any real property that has been acquired by the city, for itself or as trustee for any other taxing unit, pursuant to Chapters 33 and 34 of the Texas Property Tax Code, as amended, by:

(A) foreclosure of a tax lien; or

(B) seizure.

(5) LAND ASSEMBLY PROGRAM means a city program established by Resolution No. 97-1504, as amended, that provides for the sale of tax-foreclosed properties to qualified nonprofit organizations for the furtherance of city-approved public purposes.

(6) LOW-INCOME INDIVIDUAL OR FAMILY means an individual or family whose annual income does not exceed 80 percent of the median income for the Dallas Standard Metropolitan Statistical Area, as determined annually by HUD, with adjustments for smaller and larger families.

(7) NONPROFIT ORGANIZATION means:

(A) a nonprofit corporation described by 26 U.S.C. Section 501(c)(3) that:

(i) has been incorporated in the State of Texas for at least one year;

(ii) has a corporate purpose to develop affordable housing that is stated in its articles of incorporation, bylaws, or charter;

(iii) has at least one-fourth of its board of directors residing in the city; and

(iv) engages primarily in the building, repair, rental, or sale of housing for low-income individuals and families; or

(B) a joint venture or partnership between:

(i) a nonprofit corporation organized and existing under the laws of the State of Texas that develops affordable housing for low-income individuals and families as a primary activity to promote community-based revitalization of the city; and

(ii) a nonprofit corporation or other nonprofit legal entity composed of residents of or property owners in the community or neighborhood in which land subject to a purchase proposal under this division is located.

(8) TAXING UNIT means a taxing unit, as defined in Section 1.04(12) of the Texas Property Tax Code, as amended, that is a party to a judgment for delinquent taxes on a property or that has acquired seized property pursuant to a tax warrant. (Ord. Nos. 23713; 24046)

SEC. 2-26.6. ALTERNATE METHOD OF SALE FOR TAX-FORECLOSED OR SEIZED REAL PROPERTY.

(a) Notwithstanding any conflicting provision of Division 1 of this article, land on which a tax lien has been foreclosed in favor of the city or land that has been seized by the city may be sold to a nonprofit organization for the purpose of providing affordable housing in accordance with this division and Section 253.010 of the Texas Local Government Code, as amended. The land may be located anywhere within the corporate city limits, but must be currently zoned for residential use.

(b) Any nonprofit organization purchasing land under this division must develop the land for sale or lease of affordable housing units to low-income individuals and families within three years of obtaining a quitclaim deed from the city. The affordable housing may be single-family or multi-family units.

(c) Subject to approval by the governing bodies of all other affected taxing units, the city council may by resolution:

(1) approve changes to a nonprofit organization's proposal to develop affordable housing on land purchased from the city under this division, with any material changes being subject to the public hearing requirements set forth in Section 2-26.7; and

(2) extend the three-year development period in which a nonprofit organization is required to construct affordable housing units on land purchased from the city under this division. (Ord. Nos. 23713; 24046; 25443)

SEC. 2-26.7. PURCHASE PROPOSALS BY NONPROFIT ORGANIZATIONS; PROCEDURES AND REQUIREMENTS FOR CITY APPROVAL OR REJECTION OF PROPOSALS.

(a) A nonprofit organization wanting to purchase land under this division must submit a complete proposal to the director and the director of sustainable development and construction. The proposal must include all of the following information:

(1) Evidence that the requestor is a qualified nonprofit organization.

(2) A plan to develop the land as either single-family or multi-family affordable housing for low-income individuals or families in compliance with this code and all other applicable city ordinances and state and federal laws.

(3) A timetable showing the commencement of construction, completion of construction, and occupancy of affordable housing on the land by low-income individuals or families.

(4) Evidence of a citizen participation plan or the approval of area residents of the use of the land by the nonprofit organization.

(5) Identification and sources of the necessary project financing.

(6) Evidence that the requestor is not delinquent in payment to the city of any fees, charges, taxes, or liens, or, if delinquent, has paid at least one-third of the total amount owed and is currently on an approved payout arrangement with the city.

(7) Evidence that the requestor is current on payment of taxes and liens owed to any other affected taxing unit under the Texas Property Tax Code.

(b) At the time of submitting its proposal, the nonprofit organization must also demonstrate to the director's satisfaction its compliance with approved development plans and timetables for all other property that the nonprofit organization has acquired under this division or under the city's land assembly program. The city may not consider the proposal of any nonprofit organization that the director finds is not in compliance with the development plans, timetables, this code, or other applicable city ordinances or state or federal laws on other properties acquired under this division or the land assembly program.

(c) If, after investigating the facts set forth in the proposal, the director determines that the nonprofit organization does not meet all requirements for receiving a quitclaim of land under this division, the director shall reject the proposal. The director shall notify the

nonprofit organization and the director of sustainable development and construction in writing of the director's decision. The notice must state the reason the proposal was rejected and that the nonprofit organization may appeal the director's decision under Section 2-26.14 of this division.

(d) If the director determines that the nonprofit organization meets all requirements for receiving a quitclaim of land under this division, the director shall route the proposal to the affected city departments and taxing units for review. After receiving responses from all affected departments and taxing units, the city manager shall recommend to the city council whether to approve or reject the proposal.

(e) Not less than 10 calendar days before the city council takes action on a proposal submitted under this section or holds a public hearing on a proposal under Subsection (f) of this section, the director shall conspicuously post notice of the proposal on each property that is subject to the proposal. The notice must state that the property will be considered for purchase by a nonprofit organization for the development of affordable housing and provide a telephone number by which the public can obtain more information about the proposal.

(f) The city council shall hold a public hearing before taking action on a proposal submitted by a nonprofit organization described in Section 2-26.5(7)(A). The director shall send written notice of the public hearing to all owners of real property lying within 200 feet of the boundary of the area subject to the proposal. The measurement of the 200 feet includes streets and alleys. The notice must be given not less than 10 calendar days before the date set for the hearing by depositing the notice properly addressed and postage paid in the United States mail to the property owners as evidenced by the last approved city tax roll. This notice must be written in English and Spanish if the area subject to the proposal is located wholly or partly within a census tract in which 50 percent or more of the inhabitants are persons of Spanish origin or descent according to the most recent federal decennial census. The director shall also give notice of the public hearing in the official newspaper of the city not less than 10 calendar days before the hearing date. After notice of a public hearing has been given, a nonprofit organization may not amend its proposal without city council approval.

(g) A proposal must be adopted by resolution of the city council and by an appropriate act of the governing body of each of the other affected taxing units before any land may be quitclaimed to a nonprofit organization under this division. (Ord. Nos. 23713; 25047; 27697)

SEC. 2-26.8. MULTIPLE PROPOSALS FOR THE SAME LAND.

If two or more nonprofit organizations request the same land, their proposals will be considered as follows:

(1) A nonprofit organization that needs the land as an outparcel to complete development of an affordable housing project will be given first preference to acquire the land.

(2) A nonprofit organization that is certified by the city as a community housing development organization, as that term is defined in Part 92.02, Title 24 of the Code of Federal Regulations, as amended, will be given second preference to acquire the land if the land is located in its neighborhood area of emphasis for the development of affordable housing, as that area is defined in its certification by the city.

(3) If none of the nonprofit organizations is entitled to preference under Subsection (1) or (2) of this section, or if more than one of the nonprofit organizations is entitled to preference under Subsection (1) or (2) of this section, the city council will evaluate the competing proposals for the land and accept the one determined to be in the best interest of the city. (Ord. 23713)

SEC. 2-26.9. PURCHASE PRICE OF LAND.

(a) A nonprofit organization that purchases land under this division shall pay the following amounts to the city for the land:

(1) a fixed price of \$1,000 for up to 7,500 square feet of land purchased under a single proposal, plus \$0.133 for each additional square foot of land purchased under the proposal, which amounts will be distributed by the city in accordance with Section 34.06 of the Texas Property Tax Code, as amended; and

(2) a sum equal to the actual fees charged by the county clerk for recording in the real property records the sheriff's deed and the quitclaim deed for the land.

(b) No amount paid under this section may be refunded by the city, even if the land reverts to the city under Section 2-26.12. (Ord. Nos. 23713; 24046)

SEC. 2-26.10. QUITCLAIM DEED.

(a) Upon approval of a proposal under this division by the city council and the governing bodies of all other affected taxing units, the city manager is authorized to execute a quitclaim deed, approved as to form by the city attorney, quitclaiming the land to the nonprofit organization, subject to the possibility of reverter with right of reentry, deed restrictions, and the terms and conditions of this division and the proposal and subject to any redemption rights in the property provided by state law.

(b) The quitclaim deed to the land must contain all of the following:

(1) A copy or summary of the proposal from the nonprofit organization for the land and a requirement that the land be developed by the nonprofit organization in accordance with the proposal and the timetable specified in the proposal.

(2) A possibility of reverter with right of reentry providing that:

(A) the property may revert to the city of Dallas under the conditions set forth in Section 2-26.12 of this division; and

(B) the nonprofit organization and its successors and assigns shall be responsible for removal of all liens and encumbrances against the property that have occurred since the nonprofit organization received the quitclaim deed from the city.

(3) Deed restrictions that:

(A) restrict:

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

(ii) the lease or occupancy of any rental property developed on the land to low-income individuals or families for 15 years after the date of initial occupancy of the property;

(B) require the nonprofit organization, for 15 years from the date of initial occupancy of rental property developed on the land, to maintain 50 percent of any multi-family housing units for occupancy by low-income individuals or families as affordable housing;

(C) require the nonprofit organization to develop all proposed housing units on the land in accordance with this code and all applicable city ordinances and state and federal laws within three years after receiving the quitclaim deed to the land, or by the end of any extended development period approved by the city council under Section 2-26.6(c), and to obtain inspections and approval of the housing units by the city before initial occupancy;

(D) require any low-income individual or family who purchases a housing unit on the land or, if a housing unit is not owner-occupied, the nonprofit organization that constructed the rental housing unit to maintain each housing unit and all improvements on the land in accordance with this code and all applicable city ordinances and state and federal laws during the five-year or 15-year affordability period, whichever applies;

(E) require the five-year and 15-year affordability restrictions of this division, whichever applies, to be enforced:

(i) in the case of the initial sale of owner-occupied property, by the nonprofit organization, which must submit to the director verification of income information for the purchasers of the housing unit at least 30 calendar days prior to closing and receive the director's written approval of the low-income qualifications of that purchaser;

(ii) in the case of subsequent resales of owner-occupied property, by the owner of the housing unit, who must submit verification to the director of income information for a subsequent purchaser at least 30 calendar days prior to closing and receive the director's written approval of the low-income qualifications of that purchaser; and

(iii) in the case of rental property, by the nonprofit organization, which must submit to the director monthly tenant income and rental information as specified and required by the director and permit the city to conduct annual inspections of rental property for compliance with this code and all applicable city ordinances and state and federal laws; and

(F) require the nonprofit organization to provide need-based social services to tenants of any rental property developed on the land that contains more than 25 housing units.

(4) An indemnification of the city and other affected taxing units by the nonprofit organization.

(5) A statement and acknowledgement that the property is quitclaimed subject to all redemption rights provided by state law.

(6) Such other terms and conditions as are required by the city for the resale of tax-foreclosed or seized property, whichever applies. (Ord. Nos. 23713; 24046; 25443)

SEC. 2-26.11. RESTRICTIONS ON USE OF LAND.

- (a) A nonprofit organization may sell or lease housing units developed on the property only to low-income individuals and families under the terms, conditions, and restrictions of this division and the nonprofit organization's proposal and quitclaim deed.
- (b) Land quitclaimed to a nonprofit organization under this division may be resold to another nonprofit organization prior to development without the property reverting to the city if:
- (1) the city manager recommends the resale after reviewing the new proposal submitted in compliance with Section 2-26.7; and
 - (2) the resale is approved by the city council and the governing bodies of all other affected taxing units.
- (c) Land quitclaimed to a nonprofit organization under this division may not otherwise be resold, conveyed, or transferred prior to completion of the development of affordable housing on the land and occupancy of the housing by low-income individuals and families, except that a nonprofit organization may grant a security interest in the property for purposes of developing the land, subject to the city's possibility of reverter with right of reentry and the terms, conditions, and restrictions of this division and the nonprofit organization's proposal and quitclaim deed. (Ord. 23713)

SEC. 2-26.12. POSSIBILITY OF REVERTER WITH RIGHT OF REENTRY.

- (a) Land acquired by a nonprofit organization under this division may revert to the city if the director determines that the nonprofit organization:
- (1) has failed to take possession of the land within 90 calendar days after receiving the quitclaim deed to the land;
 - (2) has failed to complete construction of affordable housing on the land within three years after receiving the quitclaim deed to the land, or by the end of any extended development period approved by the city council under Section 2-26.6(c);
 - (3) is not developing the land in compliance with the timetable specified in the nonprofit organization's proposal;
 - (4) is unable to develop the land in compliance with its proposal because a request for a zoning change has been denied;
 - (5) has incurred a lien on the property because of violations of this code or other city ordinances within three years after receiving the quitclaim deed to the land; or
 - (6) has sold, conveyed, or transferred the land without the consent of the city and other affected taxing units within three years after receiving the quitclaim deed to the land.
- (b) Upon determination by the director that a condition described in Subsection (a) of this section has occurred, the city manager is authorized to execute an instrument, approved as to form by the city attorney, exercising against the land the city's possibility of reverter with right to reentry.
- (c) The director shall file notice of the reverter and reentry of the land by the city in the real property records of the county in which the land is located, which notice must specify the reason for the reverter and reentry. The director shall provide a copy of the notice to the nonprofit organization in person or by mailing the notice to the nonprofit organization's post office address as shown on the tax rolls of the city or of the county in which the land is located. (Ord. Nos. 23713; 25443)

SEC. 2-26.13. RELEASE OF REVERTER RIGHTS AND DEED RESTRICTIONS.

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 reentry and terminating the deed restrictions to the land upon compliance with all terms and conditions of this division and the nonprofit organization's proposal. (Ord. 23713)

SEC. 2-26.14. APPEALS.

- (a) A nonprofit organization may appeal a decision of the director rejecting the nonprofit organization's proposal to purchase land under this division if the nonprofit organization requests an appeal in writing, delivered to the city manager not more than 10 calendar days after notice of the director's decision is received.
- (b) The city manager or a designated representative shall act as the appeal hearing officer in an appeal hearing under this section. The hearing officer shall give the appealing party an opportunity to present evidence and make argument. The formal rules of evidence

do not apply to an appeal hearing under this section, and the hearing officer shall make a ruling based on a preponderance of the evidence presented at the hearing.

(c) The hearing officer may affirm, modify, or reverse all or part of the decision of the director being appealed. The decision of the hearing officer is final as to available administrative remedies. (Ord. 23713)