

Memorandum



CITY OF DALLAS

DATE May 26, 2026

Honorable Members of the Housing and Homelessness Solutions Committee: Cara Mendelsohn (Chair), Lori Blair (Vice Chair), Adam Bazaldua, Zarin Gracey, Jesse Moreno, Jaime Resendez, Gay Willis

TO **Upcoming Agenda Item: June 24, 2026, City Council Agenda Item #26-1692A Authorize the Dallas Public Facility Corporation (DPFC) to acquire, develop, and own Apperson, a mixed-income, multifamily development to be located at 3910 San Jacinto St, Dallas, Texas 75204 (Project); and enter into a seventy-five-year lease agreement with Slate Properties, LLC and/or its affiliate (Applicant), for the development of the Project**

SUBJECT

The purpose of this memorandum is to brief the Housing and Homelessness Solutions (HHS) Committee of an upcoming agenda item on the June 24, 2026, City Council agenda to authorize the Dallas Public Facility Corporation (Corporation) **(1)** to acquire an unimproved property, develop and own Apperson a 251 unit mixed-income multifamily development to be located at 3910 San Jacinto Street, Dallas, Texas 75204 (Project); and **(2)** enter into a seventy-five-year lease agreement with Slate Properties, LLC (Applicant) or its affiliate, for the development of the Project.

BACKGROUND

The City is authorized by the Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code, as amended (Act), to create a public facility corporation for the purposes established in the Act, including the financing, acquisition, construction, and leasing of public facilities under the Act. On June 24, 2020, by Resolution No. 20-1035, the City Council authorized the creation of the Corporation pursuant to the Act to further the public purposes stated in the Corporation's Articles of Incorporation and Bylaws, which were subsequently amended by Resolution No. 22-1194 (Bylaws). Section 6.2 of the Corporation's Bylaws requires City Council approval by written resolution prior to entering into any agreement that would result in a property tax exemption. Per Section 7.3 of the Bylaws, any public facility related to multifamily residential development of the Corporation shall not proceed unless (1) the development of the public facility could not be feasible but for the Corporation's participation, and (2) the development of the public facility is in furtherance of the Dallas Housing Resource Catalog (DHRC).

On April 12, 2023, by Resolution No. 23-0444, the City Council adopted the Dallas Housing Resource Catalog (DHRC), which contains the approved city-supported housing programs, corporations, funding, and compliance tools, used to develop and maintain mixed-income housing through the Office of Housing and Community Empowerment (OHCE). On April 22, 2026, by Resolution No. 26-0742, the City Council authorized an amendment to the DHRC and the program statement for the Dallas Public Facility Corporation, which establishes a clearer and more consistent process for reviewing projects that seek City support. Additionally, the amendment requires the Corporation to

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prioritize new construction of mixed-income housing in areas with poverty rates greater than 20%, areas with higher-than-average appraised values of real estate as compared to the city-wide values, or in designated high-opportunity areas with poverty rates below 20%.

This Project advances this priority by developing new housing units in a high-opportunity area. The Project is located in census tract 16.02 in District 14 with 2.7% poverty. The fair housing rating is low positive.

Slate Properties, LLC. (Applicant), a Texas limited liability company, submitted an application to the Corporation for the development of Apperson, a 251-unit mixed-income multifamily development to be located at 3910 San Jacinto Street, Dallas, Texas, 75204 (Project). The Project is not located within any Tax Increment Financing (TIF) District or Public Improvement District (PID). The development is a new construction project, and the Corporation will own the site and improvements and lease the Project back to the Applicant and/or its affiliate. Pursuant to the Act, any public facility owned by a public facility corporation is exempt from all ad valorem taxes. To qualify as a public facility pursuant to the Act, a multifamily property must reserve at least 40% of the units for residents earning at or below 80% of the Area Median Income (AMI) and at least 10% of the units for residents earning at or below 60% of the AMI. The Project will reserve 10% of the units at or below 60% AMI, 40% of the units at or below 80% AMI, and the remaining units will be at a fair market rate without income restrictions.

On April 28, 2026, the DPFC Board of Directors adopted a resolution authorizing the negotiation and execution of a term sheet for Apperson in partnership with Slate Properties, LLC. The Applicant is a Texas-based limited liability company with real estate development experience. Slate Properties, LLC has developed over 5,000 Class A multifamily units, totaling more than \$600 Million in asset value.

PROJECT OVERVIEW

The Project will span four parcels located at 1431 Apple Street, 1500 Caddo Street, 1526 Caddo Street, and 3910 San Jacinto Street, encompassing approximately 2.1 acres. These sites consist of previously vacant lots and buildings that the applicant acquired between 2022 and 2025. After closing, the developer will be required to secure the property within 60 days and maintain security until the project is completed. Amenities will include a pool, fitness center, co-working space clubhouse, and accessibility to Dallas Area Rapid Transit bus stops. The Project is zoned for multifamily development without

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any opposition. The Applicant will work with the Office of Emergency Management and Crisis Response throughout the planning and design process for security input, community activities, and incorporate best practices of Crime Prevention through Environmental Design.

The anticipated unit mix and rental rates are as follows:

Unit Type	AMI	Units	Rent
Efficiency	60%	5	\$1,231.00
Efficiency	80%	18	\$1,451.00
Efficiency	Market	20	\$1,520.00
1BR	60%	18	\$1,407.00
1BR	80%	70	\$1,831.00
1BR	Market	85	\$1,965.00
2BR	60%	4	\$1,584.00
2BR	80%	14	\$2,112.00
2BR	Market	17	\$2,915.00

Reserving units for individuals and families earning between 60% and 80% AMI provides affordable housing for households that earn above the low-income housing tax credit income limit of 60% AMI but would be cost-burdened by market rents. Household incomes between 60% and 80% of AMI range from approximately \$49,320.00 to \$65,700.00 for an individual and increase with family size and reflect average incomes across a variety of employment sectors, such as teachers, first responders, government employees, and health care providers.

Total development costs are anticipated to be approximately \$50,922,450.00, which includes the acquisition price for the land. The development budget, excluding soft/financial costs, is anticipated to be approximately \$43,005,107.00 which is \$171,335.09 per unit.

Proposed Financing Sources	Amount
Mortgage Loan	\$ 35,645,715.00
Developer/Investor Equity	\$ 15,276,735.00
Total	\$ 50,922,450.00
Proposed Uses	Amount
Development Costs	\$ 32,774,200.00
Land Acquisition	\$ 7,550,000.00

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Soft Costs/Other Costs	\$ 7,917,343.00
Contingency	\$ 2,680,907.00
Total	\$ 50,922,450.00

PROJECT IMPACT

City staff reviewed the Project for alignment with the DHRC and confirmed the following:

Development/Area Characteristics	Result
Census Tract Poverty Rate	2.7%
Designated High Opportunity Area	Yes
Appraisal Values Higher than City-wide Values	No
Construction Type	New Construction

The Fair Housing rating for the Project is low positive. The City uses the Fair Housing Review Worksheet to assess projects based on measurable factors, including poverty levels, opportunity indicators, income mix, ADA accessibility, anti-displacement efforts, resident services, and outreach. Each project receives an overall impact rating from High Positive to High Negative, showing how it supports fair housing goals. To receive City support, a project must earn a neutral or positive rating, demonstrating that it promotes fair housing and inclusive, stable communities.

The Project will be owned by the DPFC and leased to the Applicant and other potential owners for 75 years. Over 60 years, the DPFC is estimated to receive \$105,604,003.00 in revenues and rental savings, including \$30,956,007.00 in fee payments to the DPFC and \$74,647,996.00 in rent savings directly to residents. Potential proceeds to the DPFC include (1) a \$300,000.00 structuring fee paid at closing; (2) lease payments starting at \$200,000.00 and increasing by 3% annually upon stabilization; (3) 15% of net sale proceeds upon first capital event, and (4) 2% of gross profits on all future capital events. In the event of a sale during the Project's lifetime, DPFC will continue to receive annual lease payments. Upon completion of the lease, DPFC will own the Project free and clear.

DPFC revenues will support DPFC operations and be reinvested in attainable housing. The Project results in foregone City tax revenue while the DPFC owns the asset. The current tax bill is \$34,447.57, with a 60-year estimate of \$5,616,793.05 in foregone taxes. However, the workforce housing rental savings of \$74,647,996.00 over 60 years and the

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estimated \$30,956,007.00 in Project revenues provide the City with \$105,604,003.00 in benefits that outweigh the foregone revenue.

The DPFC's estimated revenues were calculated by DPFC's partnership counsel and financial advisors. Market rent comps and current construction costs were analyzed to ensure the project costs are reasonable for the market. DPFC financial advisors have also confirmed that, but for the ad valorem tax exemption, the Project would not be economically feasible. Also, the DPFC's revenue consideration and affordability levels have been analyzed to confirm that the ad valorem tax exemption does not over-subsidize the Project.

The DPFC Board, legal counsel, and financial advisors have confirmed that this Project would not be feasible but for the DPFC's participation and that the Project furthers the goals of the DHRC. The DPFC Board recommends approval of this item to allow this mixed-income housing development to move forward.

Should you have any questions or need any additional information, please contact myself or Thor Erickson, Director, Office of Housing and Community Empowerment, at 214-670-3632 or Thor.Erickson@dallas.gov.

Service First, Now!



M. Elizabeth (Liz) Cedillo-Pereira, J.D.
Assistant City Manager

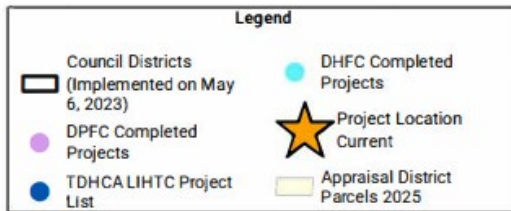
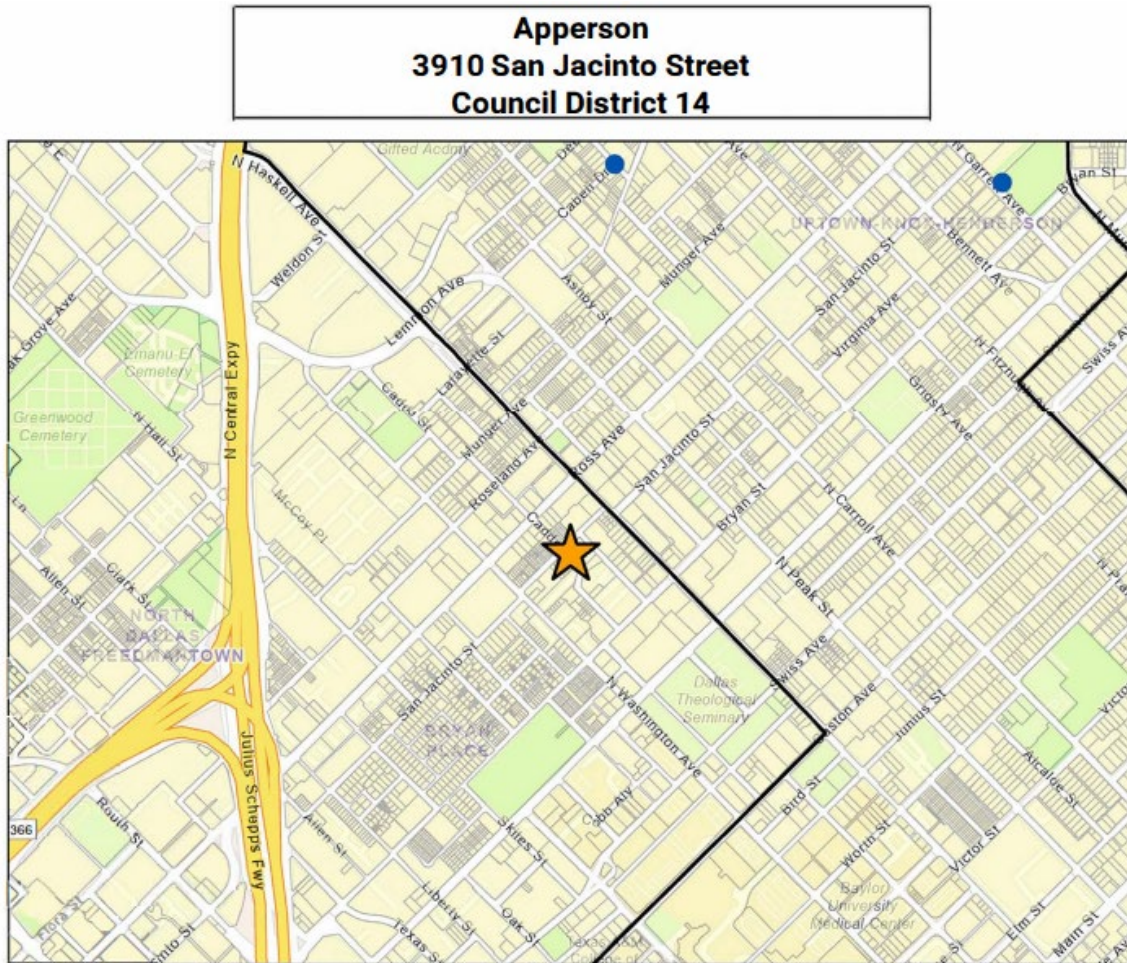
c: Kimberly Bizer Tolbert, City Manager
Bertram Vandenberg, City Attorney (I)
Mamatha Sparks, City Auditor (I)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
Alina Ciocan, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Ahmad Goree, Chief of Staff to the City Manager
John Johnson, Chief of Real Estate
Directors and Assistant Directors

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EXHIBIT A: PROJECT LOCATION



Terminology:
DHFC: Dallas Housing Finance Corporation
DPFC: Dallas Public Facility Corporation
LIHTC: Low income Housing Tax Credit
TDHCA: Texas Department of Housing and Community Affairs

