

Memorandum



CITY OF DALLAS

DATE September 2, 2022

TO Honorable Members of the City Council Economic Development Committee: Tennell Atkins, (Chair), Carolyn King Arnold, (Vice Chair), Adam McGough, Omar Narvaez, Jaime Resendez, Chad West, Gay Donnell Willis

SUBJECT **Authorize amendment of Southern Dallas Investment Fund (SDIF) Program Statement**

The purpose of this memorandum is to provide an update on the revision of the Program Statement for the Southern Dallas Investment Fund (SDIF). Funding for this program was authorized to promote economic development throughout the city, provide grants of bond proceeds for private commercial, industrial, retail, residential/mixed-use development, neighborhood revitalization projects, and mixed income development under Ordinance 30554 Proposition I for \$2,500,000 in general obligation bond funding.

The SDIF grant funds are administered by the Small Business Center and designated for "Southern Dallas" defined for the purpose this grant, as the geographical boundaries within the Dallas city limits on the west, south and east. The northern border is the Trinity River, west and east of downtown and interstate 30.

Eligible recipients must be a for-profit business located in Southern Dallas that are officially registered with the Texas Secretary of State, operate as a legal for-profit small business as classified under size standards of the U.S. Small Business Administration and demonstrate a need for eligible assistance.

Should you have any questions or concerns, please contact me or Joyce Williams, Director, Small Business Center at joyce.williams@dallas.gov.

Kimberly Bizor Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

EXHIBIT A

SOUTHERN DALLAS INVESTMENT FUND

PROGRAM STATEMENT

PURPOSE

The City hereby establishes and provides for the administration of the Southern Dallas Investment Fund (the “Fund”) to promote local economic development and stimulate business and commercial activity in the City, pursuant to Texas Local Government Code, Chapter 380. The purpose of the Fund is to provide grants (“Grant Funds”) to an Eligible Business (defined herein) located and operating in southern Dallas for Eligible Capital Expenditures (defined herein). For purposes of this program statement, the term “southern Dallas” refers to the geographical boundaries within Dallas city limits on the west, south and east. The northern border is the Trinity River west of downtown an Interstate 30 East of downtown as shown in **Exhibit A**. The Fund is administered by the Small Business Center.

FUNDING

The initial funding shall be \$2.5 million in 2017 general obligation bond funds from Proposition I, which authorized bonds for “the purpose of providing funds for promoting economic development throughout the city” and “through the city’s programs for economic development and housing including [...] making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development.” Accordingly, all Grant Funds using 2017 general obligation bond funds must comply with the City’s 2017 Capital Bond Program, the Internal Revenue Code, and U.S. Treasury regulations, guidance and rulings.

BUSINESS GROWTH

A for-profit business located in southern Dallas that receives grant Funds must use it for eligible capital expenditures to stimulate small business growth and commercial activity in southern Dallas, such as by attracting/retaining employees in southern Dallas or increasing taxable personal or real property in southern Dallas.

Eligible Participants:

To receive Grant Funds, a recipient must be: (1) a business officially registered with the Texas Secretary of State and operate as a legal for-profit business (“Eligible Business”); (2) classified as a small business under the size standards of the U.S. Small Business Administration; (3) physically located and operate in southern Dallas (as depicted in the program map attached as Exhibit A); and (4) demonstrate a need for assistance.

Grant Funds shall not be awarded to a business that requires a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code.

Grant Funds shall not be awarded to a business that has outstanding city liens or tax liens, that is party to a lawsuit against the City, that has filed for bankruptcy in the previous 5 years, that is currently in default under any other agreement with the City, or that has, in the previous 5 years, been party to a contract with the City that was terminated due to default. All expenditures for services will be subject to state and local procurement laws.

Eligible Expenses:

An Eligible Business that receives Grant Funds must use it to for eligible capital expenditures (as defined for tax purposes) that: (1) stimulate business and commercial activity; (2) attracts/retains employees in southern Dallas; and/or (3) increases taxable personal or real property in southern Dallas ("Eligible Capital Expenditures"). Eligible capital expenditures include the costs of acquiring or producing any permanent structural alteration or other assets added to tangible real or personal property that improves it substantially, thereby increasing its overall property value to suit new needs and extending its useful life. A proposed expenditure must also be for a permitted use as it pertains to the property under the Dallas Development Code.

Examples of eligible capital expenditures include:

- permanent structural alteration to a building
- exterior and interior construction to a building

Post-Award Requirements:

Grant Funds recipients must document code compliance and maintenance of improvements for a period of five years following receipt of the grant.