



CHAPTER 373 COMMUNITY DEVELOPMENT PLAN

OFFICE OF ECONOMIC DEVELOPMENT

DRAFT

BACKGROUND

The Texas Community Development Act of 1975, as enacted by Chapter 373 of the Texas Local Government Code, authorizes a variety of activities to contribute to the development of viable urban communities by expanding economic opportunities for persons of low- and moderate-income. The legislative finding align with the revised incentive programs stemming from the new Economic Development Plan to support job growth, create new tax revenue, and expand the City's tax base, while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- High-quality jobs that provide opportunities for all;
- Investment in Southern Dallas and other distressed or low- and moderate- income areas ; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities.

While the traditional tools of the City's economic development program, including grants, loans and tax abatements as authorized under Chapters 380 and 378 of the Texas Local Government Code, and Chapter 312 of the Texas Tax Code, have been successful in supporting larger scale, for-profit projects, the tools are not well-aligned to support projects led by nonprofit developers or that offer additional community benefits. A Chapter 373 Program is proposed to further the revised Economic Development Incentive Policy ("Incentive Policy"), address the gap in existing incentive tools, and expand economic opportunities for persons of low- and moderate-income.

To enact a Chapter 373 program, City Council approved this Community Development Plan ("CDP") on _____, 2022 as a component of the Incentive Policy. A public hearing on the CDP will be held on November 9, 2022. The CDP will be reviewed and reauthorized every two years as part of the Incentive Policy.



PURPOSE

The purpose of the CDP is to improve living and economic conditions of persons of low- and moderate-income through the provision of loans and grants to qualified economic development and/or neighborhood revitalization projects that inhibit the deterioration of property; expand and improve the quantity and quality of community services important to community welfare; improve arrangement of residential, commercial, industrial, recreational, and other necessary activity centers; restore and preserve properties of special value for historic, architectural, or aesthetic reasons; and/or alleviate physical or economic distress through the stimulation of private investment and community revitalization in slum or blighted areas.

PROGRAM AREA

Activities carried out under the CDP will be limited to the Target Areas, as defined by the Incentive Policy; these target areas are comprised of census tract block groups that have 20% or more poverty rate based upon the most recent decennial census federal poverty level information, which indicates predominately low- and moderate-income populations. Within the program area, activities as defined under “Eligible Activities and Project Types” may occur.



ELIGIBLE ACTIVITIES AND PROJECT TYPES

The following elements are eligible for funding provided that the activity would further the purposes of this CDP and meet the eligibility criteria as specified herein.

- Rehabilitation of privately-owned property;
- Activities that are conducted by public or private entities if the activities are necessary or appropriate to meet the needs and objectives of the CDP, including:
 - acquisition of real property;
 - acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, utilities, commercial or industrial buildings or other structures, or other commercial or industrial real property improvements;
- Grants to neighborhood-based nonprofit organizations, local development corporations, or other entities organized to implement neighborhood revitalization projects, community economic development projects, or energy or water conservation projects; and
- Provision of assistance to private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project.

PROJECT TYPES

Community Economic Development Projects are projects that are led by a community-based nonprofit developer¹ and must either: 1) create 25 permanent full-time jobs that pay a living wage (exclusive of overtime, bonuses or benefits) as defined by the MIT Living Wage calculator for an individual living in Dallas County, or 2) document a minimum capital investment of \$2 million, excluding acquisition costs; any jobs created directly by the primary developer receiving the incentive must pay a MIT living wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction costs only; funds are not to be used for programmatic expenses.

Neighborhood Revitalization Projects are rehabilitation projects that that are led by a community-based nonprofit developer and must either: 1) create 25 permanent full-time jobs that pay a living wage (exclusive of overtime, bonuses or benefits) as defined by the MIT Living Wage

¹ This may include neighborhood-based nonprofit organizations, local development corporations, or other entities organized to implement neighborhood revitalization projects, community economic development projects, or energy or water conservation projects.



calculator for an individual living in Dallas County, or 2) document a minimum capital investment of \$2 million, excluding acquisition costs; any jobs created directly by the primary developer receiving the incentive must pay a MIT living wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction or rehabilitation costs only; funds are not to be used for programmatic expenses. The City encourages pairing PACE financing with any revitalization project.

Community Impact Project is a project that meets a specific community need, such as a grocery store, senior-care facility, child-care facility, or health-care facility. Other project types may be considered if applicant demonstrates a defined service gap. Projects must create at least 15 permanent full-time jobs with an average salary (exclusive of overtime, bonuses or benefits) equivalent or greater to the MIT living wage for an individual living in Dallas County and document a minimum capital investment of \$2 million, excluding acquisition costs. City funds may be used for construction or rehabilitation costs only; funds shall not be used for programmatic expenses. The City encourages pairing PACE financing with any rehabilitation economic development project.

APPLICATION PROCESS

All projects receiving funding under the CDP will follow the same application process for incentives as established by the Incentive Policy. All approvals for funding will likewise follow the policies as established by the Incentive Policy.

ADDITIONAL INFORMATION

The CDP will be administered and funded by the Office of Economic Development (“OED”) in accordance with the CDP.

PUBLIC PURPOSE

All loans and grants must accomplish a public purpose, as required by law and the OED’s underwriting criteria. The City Council finds that the community economic development projects, neighborhood revitalization projects, and economic development projects described herein serve a valid public purpose.

Each proposal will be analyzed to ensure that the incentive serves a public purpose and provides a public benefit in conformance with this program statement state law as interpreted by attorney general opinion or court decisions. Financial awards will be documented in a written agreement, approved as to form by the City Attorney, to allow the City to: (1) ensure that the incentives accomplish a public purpose; (2) retain public control over the funds to ensure that the public



purpose is accomplished and to protect the public's investment; and (3) ensure that it receives a return benefit.. OED will work with the City Attorney's Office to identify ancillary instruments required to accompany the incentive agreement, such as a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney's Office. OED may not, as part of an incentive agreement, waive the City's legislative, governmental, or police power. By entering into an incentive agreement, the developer consents to all requirements imposed by the City.