



City of Dallas

Program Update: Public Facility Corporation

**Housing & Homelessness Solutions
September 23, 2021**

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Presentation Overview



- Background
- Issue
- Timeline
- Next Steps



Background



- Public Facility Corporations (PFC): authorized by Chapter 303 of the Texas Local Government Code – the Public Facility Corporation Act (Act)
- Any public facility owned by a PFC is exempt from all property taxes
- Primarily used for the development of mixed-income/workforce housing development:
 - 50% of the units reserved for families at or below 80% of the Area Median Income (AMI)
 - 50% of the units at market rate
- PFCs provide housing for the “missing middle” – particularly 60%-80% AMI – not served by housing tax credit or market rate developments



Background



- On June 24, 2020, City Council authorized the creation of the Dallas Public Facility Corporation and adopted the Corporation Bylaws
- Bylaws provide for a 15-member Board of Directors to approve partnerships and the issuance of financial obligations authorized by the Act

PFC Application Requirements per Bylaws

- Potential PFC partnerships are to be received via an open application process using an application based on the Office of Economic Development's Development Incentive Application
- Application to be used to ensure that but for the property tax exemption the project would not be feasible
- Any action taken by the PFC Board resulting in a property tax exemption also requires authorization by resolution of City Council



Background



- The goals of the DPFC and the application requirements are designed to achieve the following:
 - Ensure that all DPFC projects are in alignment with the CHP and adhere to the broader affordable housing industry's rent and income standards
 - AMI targets adjusted for family size
 - Rent restrictions based on 30% of the applicable AMI restricted levels as established by HUD, TDHCA
 - Consider the income of all residents living in the unit
 - Identify opportunities for deeper income targeting based on the operational subsidy provided by the property tax exemption to ensure the property is not over subsidized
 - Ensure there is no source of income discrimination at the property
 - Ensure the project affirmatively furthers fair housing in the City
 - Ensure the developers and property managers of DPFC projects engage in affirmative marketing plans
 - Ensure future residents receive enhanced protections for the life of the property
 - Ensure a diverse unit mix to provide housing options for families with children



Issue



- To begin approving applications, the DPFC Board of Directors must have enough members to constitute a quorum
- 5 board members have been nominated and completed the requirements of the City Secretary's Office
- 3 additional board members are needed to begin approving applications and other actions of the DPFC
- There are numerous potential affordable/workforce housing developments that require PFC Board Action to move forward:
 - 2 out of 3 of the 1,000 Unit Affordable Housing Challenge developments are seeking a PFC structure (643 total units)
 - Staff have received 2 unsolicited applications/MOUs from developments that have short timelines to close (659 total units)
 - Staff have had preliminary discussions with numerous affordable/workforce housing developers regarding potential projects (1,600+ units)
- **Most developers will not move forward with a development or go under contract with non-refundable deposits without a Board authorized term sheet**



Timeline



- To expedite the processing of applications and future DPFC Board of Directors approval, staff have developed the following timeline:
- August 23, 2021: Solicitation for DPFC Corporation Counsel, Bond Counsel and Financial Advisory Services Released
- September 24, 2021: Counsel & Advisory Responses Due
- October 1, 2021: Opening of DPFC Application Window
- October 27, 2021: City Council identifies and nominates qualified candidates to serve on the DPFC Board of Directors
- October 31, 2021: Term Sheets/MOUs negotiated to a substantially finalized form
- November 18, 2021: First DPFC Board of Directors meeting is held to approve or deny initial applications



Next Steps



- Inform development community of the DPFC's upcoming application window
- Provide assistance as needed in identifying potential DPFC Board candidates for nomination by October 27, 2021
- Meet with DPFC Directors to provide background on the program, structure and potential applications
- Review applications to ensure that but for a property tax exemption, the project would not be feasible and that the proposed development adheres to the requirements of the Comprehensive Housing Policy
- Present applications to the DPFC Board of Directors for approval





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