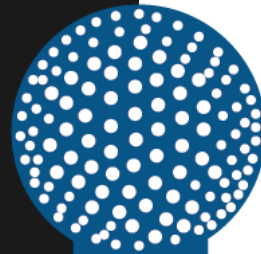




Dallas Housing Opportunity Fund

LISC Fund Management



Dallas Housing Market Landscape and Challenges

Dallas/Fort Worth inter-censal
(2010 to 2020) population growth

exceeded **20%**

Dallas-Fort Worth leads the nation

with **3,796** non-seasonally
adjusted single family construction
permits

Median home prices have

increased **115%** since 2011
to **\$310,520**



Dallas/ Fort Worth was the lead metro
for multifamily investment in 2020,

totaling **\$10.8 billion**

Market asking rents per unit have

increased **\$911** to
\$1,255 in the past 10 years

Over **51%** of low income
households are cost burdened,
spending more than 30% of income
on housing

Dallas Housing Opportunity Fund - Genesis

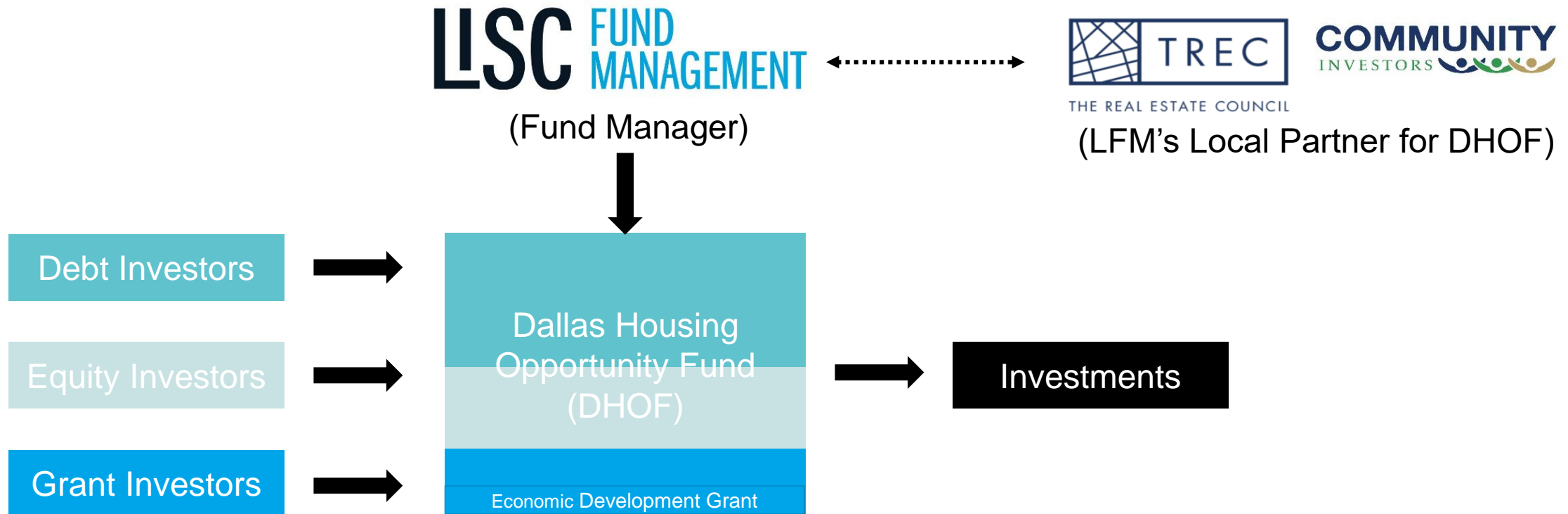
Background

The City of Dallas is leading an effort to attract investors into an Affordable Housing Development Fund to aid the development, financing and acquisition of affordable housing for low-to-moderate income residents of Dallas.

Dallas Housing Opportunity Fund, LLC (DHOF):

LISC and TREC desire to support the City in the development of affordable housing. LISC proposes the creation of the Dallas Housing Opportunity Fund LLC to further support the development of affordable housing within the corporate limits of the City of Dallas and in line with the City's Affordable Housing guidelines.

DHOF Structure

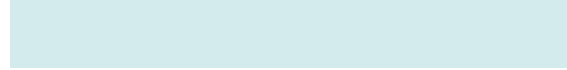


Core responsibilities

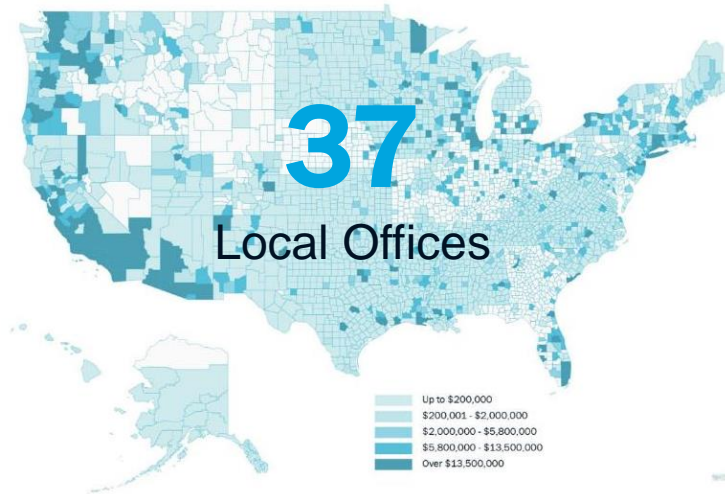
- LISC Fund Management as manager of DHOF will lead **administration**, **fund design**, **fundraising** and **marketing**.
- TREC Community Investors is LISC Fund Management's local partner in Dallas. They will lead **origination** and **underwriting** and also provide guidance on DHOF fund design, fundraising, and marketing.

LISC has been an impactful CDFI since 1979

\$24 Billion Invested



\$69 Billion Leveraged



436,320 Homes

Affordable homes built and/or preserved including:

- Multifamily rental
- Supportive housing for special populations such as chronically homeless, LGBTQ, seniors and veterans
- Affordable homeownership

We also emphasize sustainability through green, healthy housing and transit oriented development.

\$466.5 Million

Total Net Assets

- Net worth has increased 67% in the past 5 years
- Raised \$249 million in private grant funds in 2020

74.4 Million Square Feet

Square feet of commercial, retail and community space, including:

- Early childhood centers
- Schools
- Fields/recreational spaces
- Healthcare centers
- Grocery stores
- Financial Opportunity Centers

AA- S&P Rated CDFI

- S&P cited LISC's financial stability, track record of performance and community impact as compelling indicators.
- LISC is the first CDFI to tap the general obligation bond market, with a \$100 million issuance in 2017

LISC SI Leadership



**GEORGE
ASHTON**

MANAGING
DIRECTOR



**CATHERINE
CARLSTEDT**

SENIOR DIRECTOR
OF MARKETING



**TIFFANY
DURR**

SENIOR DIRECTOR
OF FUND
INVESTMENTS



**ANNE
GEGGIE**

SENIOR DIRECTOR
OF FUND
PERFORMANCE &
MEASUREMENT



**OKOMBOLI
ONG'ONG'A**

SENIOR DIRECTOR
OF FUND
MODELING &
DESIGN



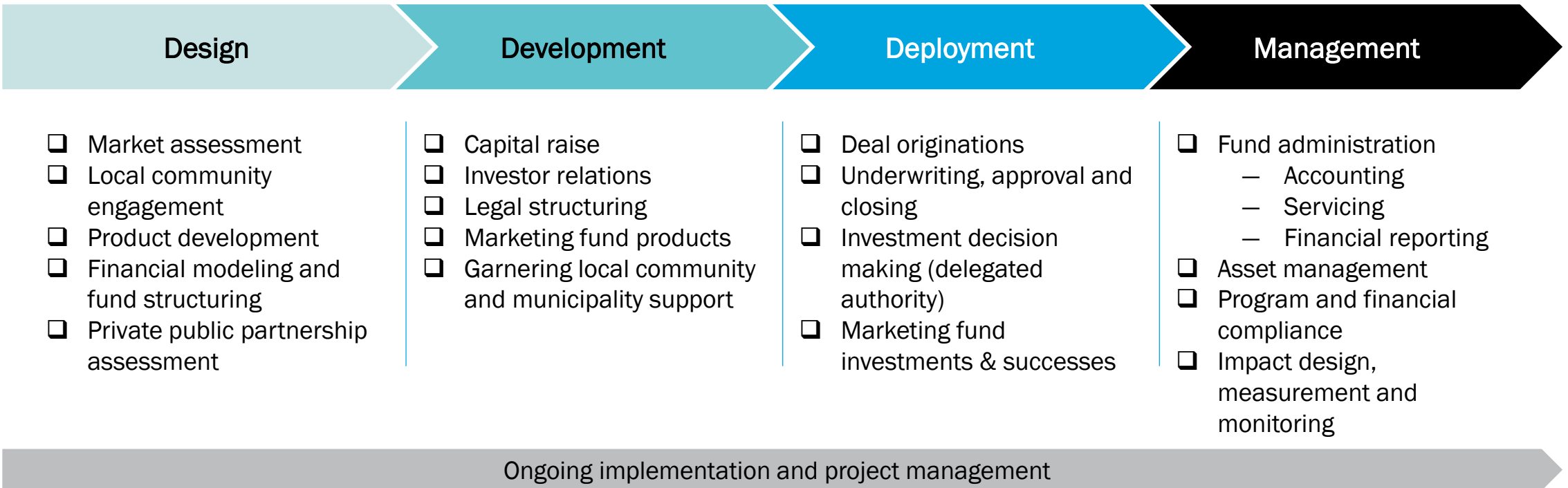
**MICHELLE
SPIVAK**

SENIOR DIRECTOR
OF BUSINESS
DEVELOPMENT

We are mission driven investment experts dedicated to capitalizing communities of opportunity across the US.

LFM Core Expertise and Services

The LISC Fund Management team structures, launches, and manages specialty investment funds with a mission focused around inclusive economic development and creating communities of opportunity. Our services include:



Bay's Future Fund

CHALLENGE

Residents across the Bay Area struggle every day to find and hold on to their homes. Two full-time workers, making \$15 per hour – over \$62k per year – can only afford to live in 5% of the region's neighborhoods and six out of ten households are at risk of displacement at any given time. Yet currently there is one house being constructed for every 6 jobs created.

OPPORTUNITY

Partnership for the Bay's Future is a partnership between LISC, public and private Bay Area institutions, including the San Francisco Foundation, CZI, Facebook, Genentech, the Ford Foundation, and Kaiser Permanente. The Partnership was created to increase the number of affordable housing units in the five-county region of the Bay Area and to advance a long-term regional policy agenda to foster the development of equitable communities of racial and economic diversity.

OVERVIEW

The Bay's Future Fund (BFF), one of the Partnership's initiatives, is a private pooled capital fund focused on preserving and producing approximately 8,000 housing units over the next 5-10 years by offering flexible capital to be invested directly in affordable, mixed and middle income housing projects

FUND HIGHLIGHTS

Geography	Bay Area California
Fund Size:	\$500 million (entire initiative)
Target Returns	2-3%
Asset Class	New construction, rehab, and preserving naturally occurring affordable housing
Investment Type	Debt
Partnership Agreements	Co-Investment Partnership with CDFI
Partner Fund	The Policy Fund
Parent Initiative	Partnership for the Bay's Future

PARTNERSHIP FOR THE BAY'S FUTURE PARTNERS



IMPACT GOALS

20% of Units at **50% AMI** or below

75% of units between **51% to 80%**

8,000
affordable housing units



[Website Overview](#)
[Developer Website](#)
[Contact Us](#)

Charlotte Housing Opportunity Investment Fund



CHALLENGE

Despite tremendous urban growth, Charlotte ranked 50th in terms of economic mobility in an analysis of America's 50th largest cities and many Charlotte residents are severely housing cost burdened and struggle to find affordable housing in areas of opportunity.

OPPORTUNITY

LISC designed the Charlotte Housing Opportunity Investment Fund (CHOIF), aimed to address the city's affordable housing crisis and leverage City of Charlotte Housing Trust Fund (Charlotte HTF) to deepen impact.

OVERVIEW

LISC manages and deploys CHOIF dollars through its tailored investment products geared to maximize Charlotte HTF's dollars alongside low cost debt, housing vouchers, and private capital. CHOIF's products are unique in that they meet all of the diverse investor's impact requirements, fills the gap in affordable housing, and can be scaled in Charlotte and cities across the U.S.

FUND HIGHLIGHTS

Geography	Charlotte, NC
Fund Size	\$43 million (2020)
Target Returns	2-4%
Asset Class	New construction, rehab, and preserving naturally occurring affordable housing
Investment Type	Conventional debt, preferred equity, & grants
Supplemental Partnership	Co-Investment agreement for up to \$20 million with affordable housing developer Ascent to deepen impact and speed needed to close NOAH

HIGHLIGHTED INVESTORS AND FUNDERS



IMPACT GOALS

1,500 to 2,000
affordable housing units

20% of units at 30%
AMI or lower

Charlotte Housing Opportunity Investment Fund

[Website Overview](#) | [Developer Website](#) | [Contact Us](#)

Detroit Housing For the Future Fund



FUND OVERVIEW

Detroit Housing for the Future Fund (DHFF) is the private catalytic capital investment fund part of the Affordable Housing Leverage Initiative (AHLF). AHLF is a partnership between the City of Detroit Housing & Revitalization Department (HRD), LISC, and the Michigan State Housing Development Authority (MSHDA) to provide affordable housing developers and owners with streamlined access to financial tools that are specifically designed to address housing challenges in Detroit neighborhoods. DHFF's goal is to provide 3,000 unit of affordable housing

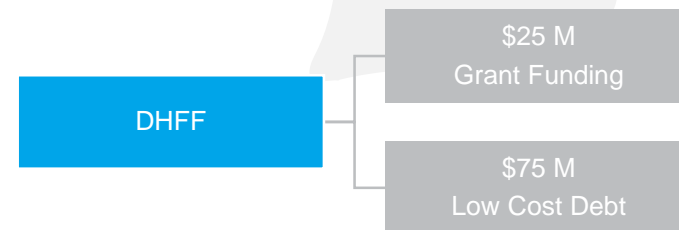
INVESTORS & PARTNERS

JPMORGAN CHASE & CO.



FUND HIGHLIGHTS

Location	Detroit, MI
Fund Size	\$50 million debt \$25 million grant
Target Asset Class	New construction, rehab, and naturally occurring affordable housing
Investment Type	Preservation, naturally occurring affordable housing



IMPACT GOALS

3,000 affordable housing units at **50% - 80% AMI**

Detroit Housing for the Future Fund

[Website Overview](#) | [Developer Website](#) | [Contact Us](#)

Half of our Funds Focus on Place-based Affordable Housing

PARTNERSHIP FOR THE BAY'S FUTURE.

Size: \$496 million

Affordable Housing

Partners: Private Bay Area institutions, The San Francisco Foundation, CZI, Facebook, Genentech, Ford Foundation, Kaiser Permanente

Impact Goals:

Increase affordable housing in California Bay Area

CRA Goal: 0-120% AMI

Capital Base: Grants, Debt, Equity



Size: \$93 million

COVID Relief – Small Business Loans

Partners: State of NY (ESD and HCR), Apple Bank, Morgan Stanley, Wells Fargo, HSBC, Mizohu, Citi, Ford Foundation, BlackRock Charitable Fund

Impact Goals: Support small businesses, nonprofits, and small landlords

Capital Base: Grants, Debt

Black Economic Development Fund

Size: \$195 million

Black Banks, Business & Real Estate Transactions

Partners: Netflix, Square, Paypal, Costco, Thermofisher, Dick's Sporting Goods, Aflac, Hubspot

Impact Goals: Provide deposits, bridge financing and other financing to Black-led financial institutions, anchor institutions, and businesses

Capital Base: Equity

Detroit Housing for the Future Fund

Size: \$50.5 million

Affordable Housing

Partners: City of Detroit, MSHDA, Kresge Foundation, JPMC, Penske, PNC, Flagstar, Huntington, First Independence

Impact Goals: Support larger city initiative which aims for 12,000 units of affordable & mixed-income housing

CRA Goal: 30-120% AMI

Capital Base: Grants, Debt



Size: \$2.4 million

Community Accelerator- Program Management

Partners: Rockefeller Foundation

Impact Goals:

Increase pipeline of impact projects in Opportunity Zones in US cities to create jobs and improve conditions for minorities and low to moderate income populations.

Capital Base: Grants

Charlotte Housing Opportunity Investment Fund

Size: \$43 million

Affordable Housing

Partners: City of Charlotte, Charlotte Housing Authority, Foundation for the Carolinas

Impact Goals:

Affordable and mixed-income housing

CRA Goal: 30-120% AMI and mixed-income

Capital Base: Grants, Debt, Equity

Note: Partners listed are not a comprehensive list of all invested parties.

*Based on capital closed as of March 31, 2020.

TREC Community Investors - Leadership



**LINDA
McMAHON**

PRESIDENT & CEO



**FELICIA
PIERSON**

SENIOR DIRECTOR
COMMUNITY
INVESTMENT



**SUMMER
LOVELAND**

CFO



**KAWANISE
MIMS**

FUND MANAGER



**AMY
STOVALL**

SENIOR DIRECTOR
COMMUNICATIONS



**NEBIAT
WODERE**

CONTROLLER

Capital That Builds Community

TREC Community Investors – Core Expertise and Services



- Dallas Market Knowledge
- Commercial Real Estate development community
- Community Engagement through Advisory Board
- Equitable Development Planning
- Public Private Partnerships
- Policy Engagement

- Capital Raise
- Fund Design
- Legal Structuring
- Relationship management with local officials and community organizations
- Grant Resources
- Local Bank relationships

- Deal sourcing & originations
- Underwriting, approval & closing
- Affordable Housing Fund I & II
- Existing portfolio of clients
- Marketing of Fund

- Loan Admin Accounting, Servicing, Financial Reporting
- Asset Management
- Impact Measurement

- Commercial Real Estate Financial Education
- Pro bono Project Management Services through membership network
- Post close project support
- Place based development support

Capital That Builds Community

Recap of Successful Affordable Housing Fund Structures

**Anticipated cost/unit range:
\$30k to \$65k**

	DHFF	CHOIF	BFF
fund size	\$ 75,000,000	\$ 43,000,000	\$ 500,000,000
units	2,000	1,500	8,000
cost/unit	\$ 37,500	\$ 28,667	\$ 62,500

Charlotte fund

Private-Public Partnership

Size: \$43

Capital Stack:

- Grant : \$9M
- Debt: \$22M
- Equity: \$12M

Terms: 18 years

Credit enhancement: \$20%

Unit count: 1,500

Detroit fund

Partnership with LISC, City of Detroit, MSHDA

Size : \$50-\$75

Capital stack:

- Grant: \$25M
- Debt : \$25-50M

Terms: 15 years

Credit enhancement : 20%

Unit count : 2,000



**Average fund
size \$50M =>
Supports 1,500-
2,000 Units**

Dallas Housing Opportunity Fund (potential)



FUND HIGHLIGHTS

Location	Dallas, TX
Fund Size	\$40-100 million
Fund Life	5 year investment period and 18 years post-investment
Target Asset Class	New construction, rehab, and naturally occurring affordable housing
Fund Products	Senior/Subordinated loans (up to 18 year term); Preferred Equity (non-LIHTC)
Affordable housing target	< 120% City of Dallas median income

CHALLENGE

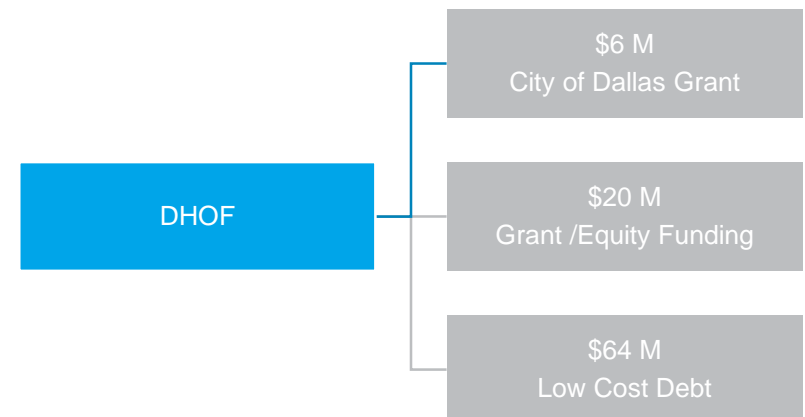
The City of Dallas serves as the hub of economic activity for the fastest growing region in the country, yet low income households are increasingly having a difficult time obtaining affordable housing.

OPPORTUNITY

Dallas Housing Opportunity Fund (DHOV) is an entity created by LISC to provide financing to facilitate the production and preservation of affordable housing units within the corporate limits of the City of Dallas. DHOV will partner with LISC to provide fund management and capital raising expertise and TREC Community Investors' for local market knowledge and relationships.

IMPACT GOALS

1,500 - 5,000
affordable housing
units



Overview of City's Chapter 380 Grant Agreement

GRANT: City will provide a conditional grant of \$6,000,000 to Dallas Housing Opportunity Fund, LLC

- The funds will be provided on execution of the agreement.
- The promissory note will be forgiven in 1/15 increments (i.e. \$400,000) as each 100 units of affordable housing is produced.
- The city's note will be unsecured, and any repayment obligation is subordinate to DHOF's other lenders.

Overview of City's Chapter 380 Grant Agreement

DHOF OBLIGATIONS: DHOF will be required to meet the following benchmarks:

- Raise a minimum of **\$40,000,000** (in addition to the city's funding) on or before December 31, 2026
- Produce a minimum of **1,500 affordable housing units** on or before December 31, 2031
- The **first 100 units** of affordable housing must be produced on or before December 31, 2025
- **Deed restrict** the income restricted units for households earning at or below **120% AMI** for a minimum of 15 years

OTHER MATERIAL TERMS:

- DHOF will only work within Dallas city limits
- During the fundraising period DHOF will submit quarterly progress reports to the city. During construction, DHOF will submit annual progress reports to the city.
- Funds are to be paid upon execution of grant agreement

Housing Trust Fund

The source of the \$6,000,000 conditional grant will be the City's Housing Trust Fund.

In May 2018 the City Council approved the Dallas Comprehensive Housing Policy to create and maintain affordable housing throughout Dallas, promote greater fair housing choices, and overcome patterns of segregation and concentrations of poverty through incentives and requirements. The Policy called for the establishment of a Dallas Housing Trust Fund.

In December 2018 the Office of Economic Development provided \$7M to the Housing Trust Fund as seed funding.

In January 2020 the City Council approved using \$1M from the Housing Trust Fund for the residential neighborhood empowerment zone program, leaving a \$6M balance which will be deployed for this agreement.

Recent Economic Development Affordable Housing Incentives

(Incentives supported total project and potentially provided additional public benefits)

Project name	Address	Affordability	Affordable Units	City Subsidy (\$M)	Subsidy/ Affordable Unit
The Galbreath	2400 Bryan	51% total units, 80% AMFI, 20 years (LIHTC)	111	\$14.00	\$126,126
Villas at Western Heights	1515 Fort Worth	80%/30-60%/ 45 (LIHTC)	104	\$7.68	\$73,835
Gateway Oak Cliff	400 S. Beckley	80%/60%/45 (LIHTC)	184	\$4.25	\$23,073
Alexan Riveredge	150 Turtle Creek	20%/80%/15 (TIF)	63	\$7.80	\$123,810
Sylvan 30	750 Fort Worth	20%/80%/15 (TIF)	40	\$3.20	\$80,000
Harvest Lofts	1111 S. Pearl St	20%/80%/15 (TIF)	48	\$8.54	\$177,843
Taylor Lofts	1010 S. Pearl St	20%/80%/15 (TIF)	12	\$3.55	\$296,124
Alta Maple Station	5522 Maple	20%/80%/15 (TIF)	50	\$8.00	\$160,000
The Haven	7707 Watercrest	20%/80%/15 (TIF)	40	\$10.00	\$250,000
Cypress @ Trinity Groves	320 Singleton	20%/80%/15 (TIF)	70	\$13.95	\$199,286
555 Ross	1777 N. Record	20%/80%/15 (TIF)	28	\$5.50	\$196,429
Alexan Trinity	333 E. Greenbriar	20%/80%/15 (TIF)	34	\$4.00	\$117,647
Bishop Arts Station (Victor Prosper)	195 & 196 W. Davis	20%/80%/15 (TIF)	44	\$11.25	\$255,682

Dallas Housing Opportunity Fund	Up to 120% AMI	1500	\$6.00	\$4,000
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Next Steps

On December 8, City Council will consider two actions:

1. Approval of affordable housing as an economic development program, as required under Chapter 380 of the Texas Local Government Code; and
2. Approval of a Chapter 380 Economic Development Conditional Grant Agreement with Dallas Housing Opportunity Fund, LLC for \$6,000,000.

Questions?