



## Legislation Text

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**File #:** 24-398, **Version:** 1

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**STRATEGIC PRIORITY:** Economic Development  
**AGENDA DATE:** February 28, 2024  
**COUNCIL DISTRICT(S):** 2  
**DEPARTMENT:** Office of Economic Development  
**EXECUTIVE:** Majed Al-Ghafry

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### **SUBJECT**

Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund (DDF), a Dallas-based Texas nonprofit corporation and certified Community Development Entity or a subsidiary thereof DDF, Resource Center and Regions Community Investments, LLC and its subsidiaries thereof, of up to \$7 million in NMTC allocation for a rehabilitation project to create a health campus located at 2603 Inwood Road, Dallas, Texas (Project), a qualified project under Section 45D of the Internal Revenue Code of 1986, as amended, as further described in Exhibit A, and for DDF to collect related closing costs and annual fees - Financing: No cost consideration to the City

### **BACKGROUND**

On February 11, 2009, the Dallas City Council authorized the creation of the DDF, a Texas nonprofit corporation and certified Community Development Entity (CDE), and submission of a (NMTC) allocation application to the U.S. Department of Treasury's Community Development Financial Institutions Fund (CDFI), by Resolution No. 09-0461. DDF was most recently awarded \$55 million in NMTC allocation during the CDFI's 2021 allocation cycle. Previously, DDF has been awarded a total of \$185 million in allocation from the 2009, 2012 and 2014, 2017 cycles. DDF has closed 21 NMTC transactions involving \$201 million in allocation.

Under DDF's bylaws, in addition to DDF Board approval, any DDF activity involving the use, transfer or allocation of NMTC must also be approved by the City through a City Council resolution indicating the allocation amount (\$7 million) and beneficiary of the NMTC subsidy (Resource Center).

The NMTC Program permits taxpayers to receive a federal income tax credit for making qualified equity investments in designated CDEs. These investments must be used by the CDE for qualified projects and investments in low-income communities, as defined by the NMTC Program regulations. The investor's tax credit totals 39 percent of the investment and is claimed over a 7-year credit allowance period.

On January 11, 2024, the DDF Board of Directors considered and approved a NMTC transaction between DDF, Regions Community Investments, LLC (Regions), and the beneficiary, the Resource Center. This NMTC transaction will use up to \$7 million of DDF's 2021 NMTC allocation of \$55 million. Regions, as the tax credit investor, is anticipated to provide approximately \$2.2 million in NMTC equity (gross) to support DDF's \$7 million allocation.

This Project supports the renovation of a 20,000-square-foot building into a new health campus focused on lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual, and more (LGBTQIA+) clients. The Project will include 12 exam rooms and two consultation rooms for primary care and human immunodeficiency virus (HIV) prevention and treatment services, a food pantry, a dining hall, and offices and meeting rooms for client services.

The Project will serve 3,200+ individuals with a variety of health services, addressing LGBTQIA+ community needs, including primary healthcare, HIV testing and treatment, outpatient medical care, food pantry access, congregate meals program, insurance assistance, and case management. By consolidating health services at one location, the Resource Center reduces barriers and provides a seamless experience for clients.

Primary services include the following:

- **Primary Healthcare.** The new facility will triple the organization's primary care capacity. Comprehensive services include well-woman exams, annual physicals, internal medicine, immunizations, smoking cessation programs, diabetes and hypertension treatment, HIV and sexually transmitted infections testing and treatment. Also, the clinic will provide gender-affirming primary care services for gender-diverse, transgender, and nonbinary individuals.
- **HIV Client Services.** The Resource Center will provide case management, food pantry access, congregate meals, insurance assistance, outpatient medical care, and specialized oral health care to low-income, HIV positive individuals.

The Project site is located at 2603 Inwood Road in Dallas, TX. The Project falls within Census Tract 4811300406, which is NMTC-qualified based on a median family income 61.5% of the area median income (2011-2015 American Community Survey) and is in a highly distressed area per the CDFI fund based on its location within the Maple-Mockingbird TIF District, a Major Disaster Declaration area, and a United States Department of Agriculture, Low-Income, Low-Access area.

NMTC funding is a critical source to allow the project to proceed as scheduled. Without the subsidy generated from DDF's NMTC allocation, the Resource Center would have to direct more of its fundraising toward construction expenses, slowing any potential programmatic growth or expansion of critical health services. Over the last year, the need for NMTC has become more pronounced as the commercial real estate market in Dallas softened and reduced the potential sale price for the existing healthcare facility that will be sold and the proceeds used as a permanent funding source for this Project.

Additional Project information can be found in Exhibit A to the Resolution.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On February 11, 2009, the City Council authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE) by Resolution No. 09-0461.

On January 13, 2010, the City Council authorized the acceptance of the initial \$55 million NMTC allocation by Resolution No. 10-0210.

The Economic Development Committee was briefed on the DDF and the NMTC Program on January 19, 2010.

The Economic Development Committee was briefed on the DDF and the NMTC Program on September 21, 2015.

On January 11, 2024, the Dallas Development Fund Board was briefed on the Resource Center Project and approved the transaction.

[The Economic Development Committee was briefed by memorandum regarding this matter on February 5, 2024. <](#)

<https://cityofdallas.legistar.com/View.ashx?M=F&ID=12640953&GUID=2BCB4CDF-ACB9-4D0C-8476-288F6E3484B3>>

### **FISCAL INFORMATION**

No cost consideration to the City.

### **OWNER**

#### **Resource Center**

Cece Cox, Chief Executive Officer