



Legislation Text

File #: 23-1328, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: June 14, 2023
COUNCIL DISTRICT(S): 8
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, JPMorgan Chase and its subsidiaries, and Vogel Alcove, and its affiliates for interior construction of a new childcare facility at 3662 Camp Wisdom Road - Financing: No cost consideration to the City

BACKGROUND

The City of Dallas authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE), by Resolution No. 09-0461 on February 11, 2009, to apply for a New Markets Tax Credit (NMTC) allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund in its 2009 funding cycle. DDF was most recently awarded \$55 million in the 2021 allocation cycle, and was previously awarded \$185 million in allocation from the 2009, 2012 and 2014, 2017 cycles. DDF has closed \$185 million in allocation to date.

The NMTC program permits taxpayers (generally corporate) to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC Program. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period.

On April 24, 2023, DDF considered and approved a NMTC transaction between DDF, JPMorgan Chase (Chase), and Vogel Alcove (Sponsor). This NMTC allocation will use up to \$6 million of DDF's \$55 million NMTC allocation. Chase is anticipated to provide a total of approximately \$1.8 million in NMTC equity to support the \$6 million in total allocation from DDF.

The Sponsor is constructing an interior finish-out for a new childcare center on the first floor of the Shops at RedBird. The 15,000-square-foot childcare and resource center, the organization's second facility in Dallas, will deliver two-generation support to low-income families, with a strong focus on lower income families working at RedBird and those experiencing homelessness (the "Project").

The Project will include four infant classrooms, four toddler classrooms, four preschool classrooms, dedicated sensory play and therapy spaces, offices, and multipurpose space for case management and training for adults. The Sponsor will enter into a 15-year lease at \$0/year Triple net lease and will be responsible for the build out of the space.

The Sponsor will provide early childhood care and wrap-around support services to 134 unique students, ages six weeks to five years old, with enrichment programs in art, music, and physical development. Additionally, the Sponsor screens for developmental delays and disorders; when delays are identified, The Sponsor intervenes with the appropriate speech, occupational, and physical therapy on-site. An onsite pediatric nurse practitioner will care for the children's health needs, perform vision and hearing screenings, make referrals for well-baby exams, and provide health training for parents. The developmental and behavioral health team also trains staff on trauma-informed care practices in the classroom, equips parents with behavioral intervention tools to use at home, and provides trauma-informed mental health programming onsite to help children process and cope with physical, emotional, and psychological trauma.

In addition to extensive services for children, the Sponsor provides support for the entire family. Each family is assigned a clinical case manager and parents have access to career readiness and job training, GED/ESL classes, financial literacy classes, and housing support and resource assistance. The Sponsor anticipates providing 50 parents with career readiness and job training at this new facility annually. The Sponsor will also partner with major employers at RedBird Mall to facilitate pathways to employment for Vogel parents.

The project is located at 3662 Camp Wisdom Road in Dallas, TX. The Project address is NMTC-qualified and considered "severely distressed" per the CDFI fund based on a poverty rate of 34.6% and a median family income (MFI) 35.6% of the area median income (AMI).

NMTC is a key funding source to ensure the viability of the Project. Without NMTC, Vogel Alcove would lack the resources to build the Project and would require additional fundraising, resulting in a delay in construction, or reduce the scope of the project.

Additional information on the project 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).

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 April 24, 2023, the Dallas Development Fund was briefed on the Vogel Alcove project and approved the transaction.

[The Economic Development Committee was briefed by memorandum regarding this matter on June 6, 2023. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=12060870&GUID=669C300A-B537-4305-AD30-70D97BC8F7B1>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12060870&GUID=669C300A-B537-4305-AD30-70D97BC8F7B1)

FISCAL INFORMATION

No cost consideration to the City.

OWNER

Vogel Alcove

Karen Hughes, President and Chief Executive Officer