

# Dallas Housing Finance Corporation and Dallas Public Facility Corporation Tax Exemption Summary



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# Background



- What is an HFC/PFC?
  - These are public instrumentalities formed by the City for the purpose of preserving and providing greater access to safe, sanitary, and affordable housing to the residents of Dallas
  - All major cities and counties in Texas participate in these programs
  - Projects built and operated by these corporations account for the vast majority of new affordable housing production in the state

# Benefit to the City



- Who is served?
  - Lower and middle income residents who are burdened by rent (more than 30% of income spent on housing)
- Typical Examples of Qualified Residents:

Qualified Residents		
Occupation	Employer	Average Income
Custodian	UNT Dallas	\$28,300
Customer Service Agent	Dallas Police Department	\$28,592
Bus Driver	Paul Quinn College	\$29,796
Teaching Assistant	Dallas ISD	\$30,613
Nursing Assistant	VA North Texas Health Care System	\$32,156
Warehouse Associate	Amazon Fulfillment Center FTW1	\$34,000
Sales Representative	Allstate	\$35,568
Mail Carrier	United States Postal Service	\$38,410
Financial Clerk	Dallas ISD	\$41,207
Administrative Assistant	Methodist Charlton Medical Center	\$43,008
Plumbing Specialist	SSG Plumbing	\$45,175
Construction Worker	Bluecrew	\$45,250
Maintenance Technician	Dallas ISD	\$46,420
Entry-Level Accountant	Southwest Search	\$47,000
Financial Bookkeeper	TRS Staffing	\$47,500
Assistant Property Manager	Bell Partners	\$48,750

- Other Benefits: less local traffic due to residents staying near work, more sales tax from retained residents, rent savings contributing to a bridge to homeownership

# Project Oversight



- These projects are HIGHLY regulated and strictly vetted AND monitored
- Projects approval process can often take 2-3 years
- Project Approvals are subject to:
  - All Projects **MUST** be approved by City Council
  - Proper zoning approvals from P&Z
  - At least **two** separate approvals from HFC/PFC Board
  - Bond Counsel/ Bond Underwriter
  - Attorney General Opinion (For bond-funded projects)
  - Developer
  - Equity Partners
  - Lender/Underwriter
  - Tax Counsel/Opinion
- **Ongoing** compliance monitoring from:
  - City of Dallas
  - TDHCA
  - HUD
  - DHFC Board

# Background

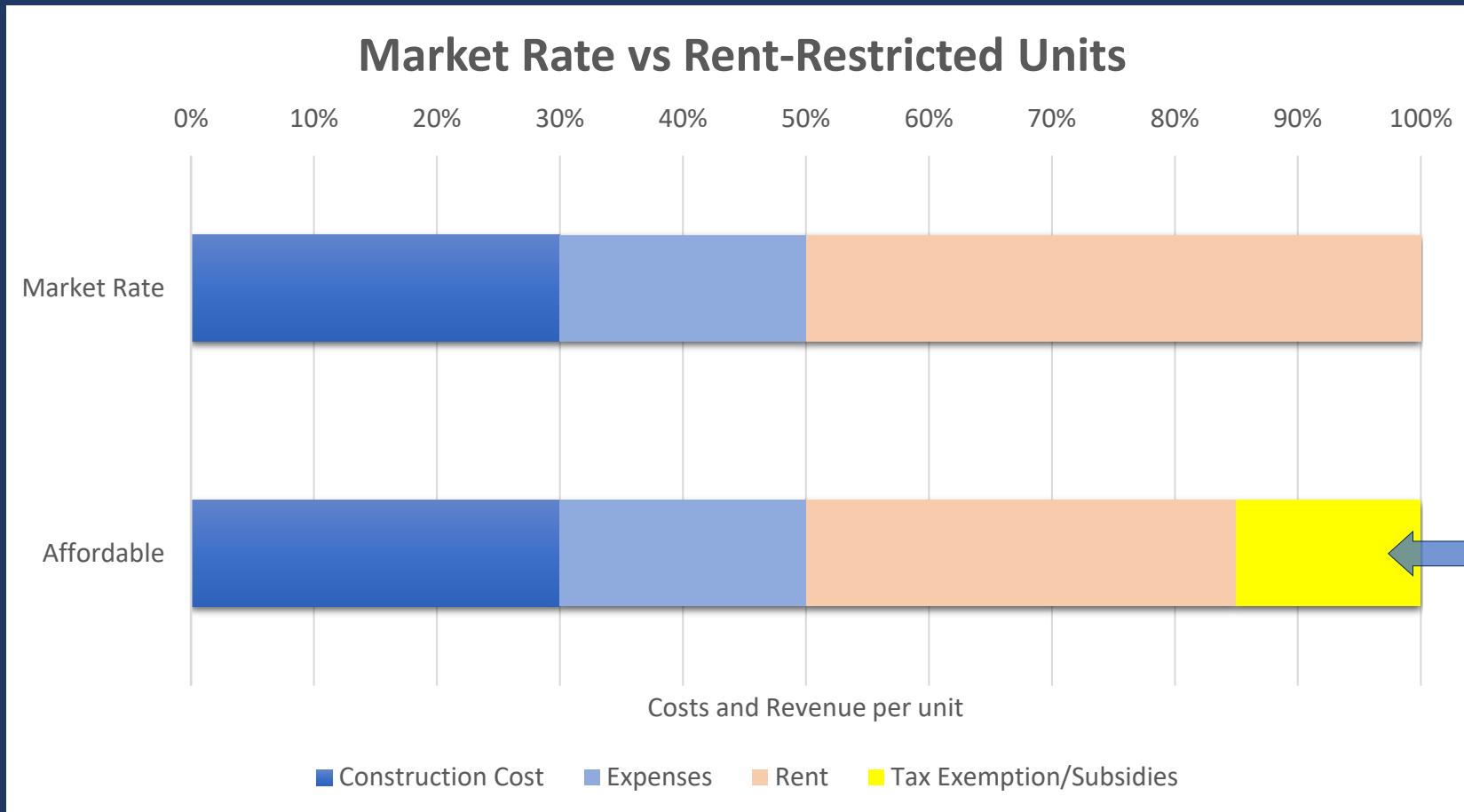


- How is Affordable Housing Funded?
  - Tax Credits (Federal Dollars from the State)
  - Property Tax Exemptions
  - Tax-Exempt Bonds
  - CDBG and HOME Funds (Housing Department)
  - Local Government Bond Issuances
  - Charities/Faith-Based Programs
- Each restricted-rent unit costs money to fund each year
- Subsidies from the above-listed programs fund these units
- Estimated total land exemptions equal about \$4.5 million or roughly 1/5 of one percent of the city budget
- Units average a \$350 per year subsidy from the city of Dallas
- In contrast, public benefits including rental savings and payments to the DHFC/DPFC average about \$500 per unit/yr

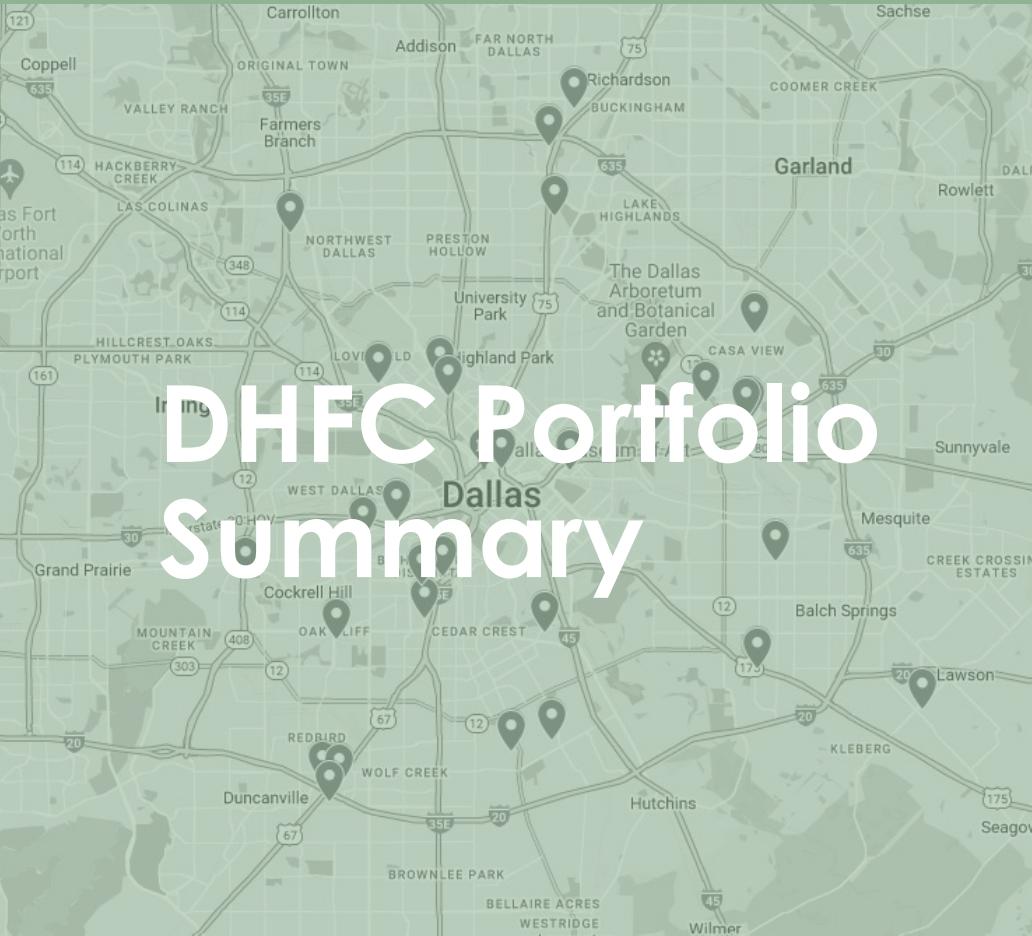
# Tax Exemptions



- How do tax exemptions fund Affordable Housing?



1. Costs to build and operate affordable and market rate units are EQUAL
2. Revenues available to operate affordable properties are reduced due to lower rent prices
3. Tax exemptions and other subsidies make affordable housing possible by covering the rent shortfall



42 total - 28 in operation, 14 under construction/renovation

## Total Properties

**Total Units** **9,616**

**LIHTC Units** **7,467**

**Essential Bond Units** **447**

**Workforce Units** **1,702**

**Voucher/30% AMI Units** **1,316**

**50% AMI Units** **1,108**

**60% AMI Units** **5,913**

**80% AMI Units** **868**

**Market Rate Units** **411**

# What is LIHTC?

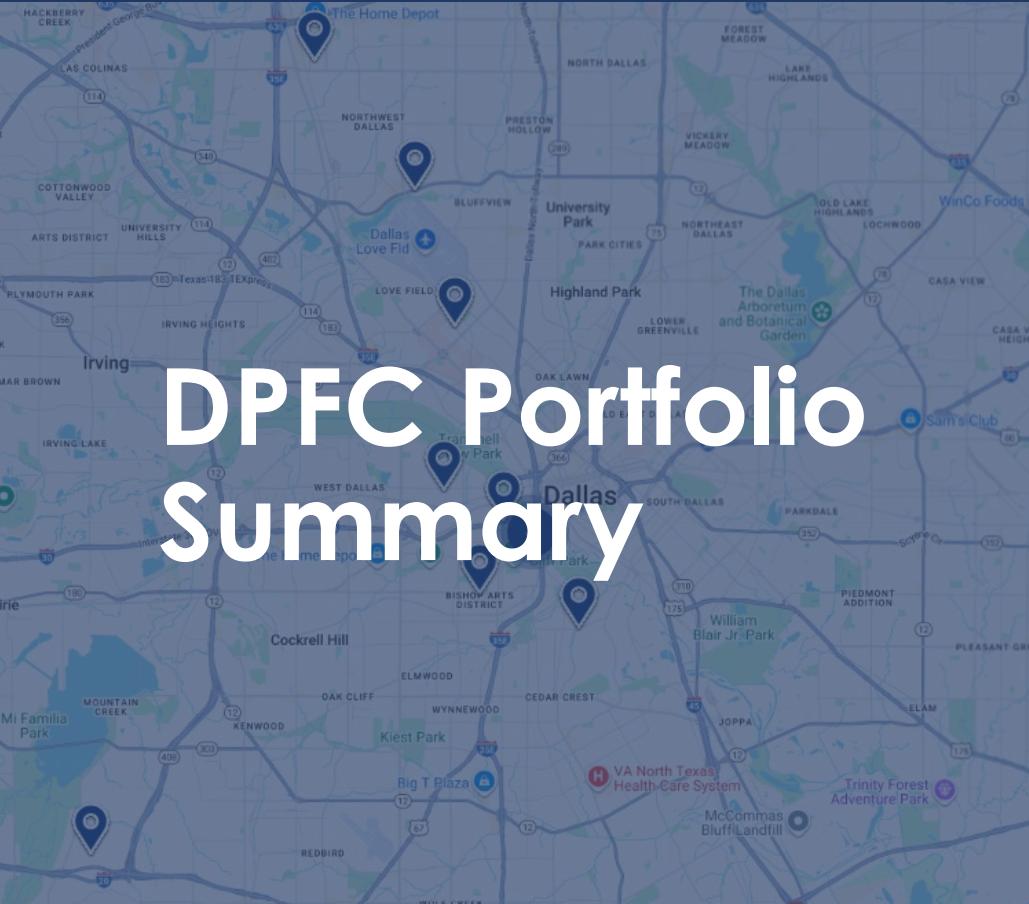


- It stands for “Low Income Housing Tax Credit”
- Established in the 1980s, this federal program gives tax credit equity to developers in exchange for rent-restricted units in housing developments
- Rents are governed by a Land Use Restriction Agreement(LURA) that is a standard 30-year restriction on affordable rents
- LIHTC programs in Texas are administered and monitored by TDHCA, the state agency that administers housing funds
- LIHTC projects are typically 100% restricted at 60% AMI
- Funding for these projects typically consists of several parts:
  1. Tax Credits
  2. Tax Exempt Bonds
  3. Investor Equity
  4. Soft Funds
  5. Tax Exemptions

# Tax Exemptions



- In 2025, the 40 properties in the DHFC portfolio that include tax exemptions cost the city **\$1,756,256** in actual taxes forgone
- On a per unit basis, that is **\$213 per year** for each unit of tax-exempt property
- To put that in perspective, the city subsidy of **\$18 per month per unit** provides over 9,000 families access to safe and high-quality affordable housing
- Since 2011, actual forgone taxes to the city total \$4.8 million



## Total Properties

### Total Units

19 total - 12 in lease up, 7 under construction

**3,826**

### Affordable Units

1,936

### 30% AMI Units

3

### 50% AMI Units

22

### 60% AMI Units

252

### 80% AMI Units

1,659

### Market Rate Units

1,893



# Background - DPFC



- Dallas Public Facility Corporation(DPFC) was established in 2020 under chapter 303 of the local government code
- DPFC programs are aimed at providing greater access to housing affordability through multifamily workforce housing
- Program Guidelines:
  1. 60 year property tax exemption for new construction
  2. Minimum of 40% of the total units restricted to 80% AMI
  3. Minimum of 10% of the total units restricted to 60% AMI
  4. Projects are audited each year through TDHCA for affordability compliance
  5. Noncompliance must be cured or tax exemptions are paid back

# Tax Exemptions - DPFC



- In 2025, the 19 tax-exempt properties in the DHFC portfolio cost the city **\$385,634** in actual taxes forgone
- On a per unit basis, that is **\$321 per year** for each unit of tax-exempt property
- To put that in perspective, the city subsidy of **\$27 per month per unit** provides over 3,800 families access to safe and high-quality affordable housing
- Since 2020 when this program was initiated, actual forgone taxes to the city total \$882,000 for the entire portfolio