

Memorandum



CITY OF DALLAS

DATE August 4, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **August 23, 2023 Upcoming Agenda Item – File ID 23-1802 – New Markets Tax Credit Transaction for Behind Every Door Ministries, Inc.**

On August 23, 2023, the City Council will be asked to consider a resolution authorizing a New Markets Tax Credit (NMTC) transaction between Behind Every Door Ministries, Inc., the Dallas Development Fund (DDF) and JPMorgan Chase (Chase) bank for the acquisition and renovation of a community center facility located at 1007 Hutchins Road.

In 2009, the City of Dallas authorized the creation of DDF, a non-profit Community Development Entity (CDE) to apply for NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund and to manage awarded NMTC allocations. DDF was most recently awarded \$55 million in the 2021 allocation cycle, and previously has been awarded a total of \$185 million in allocation from the 2009, 2012, 2014, and 2017 cycles. DDF has closed \$185 million in allocation to date.

The NMTC program permits taxpayers 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, and serve as the subsidy to the project in the NMTC transaction. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a 7-year credit allowance period.

On June 12, 2023, DDF considered and approved a NMTC transaction between DDF, JPMorgan Chase (Chase), and Behind Every Door. This NMTC allocation will use up to \$10 million of DDF's \$55 million NMTC allocation. Chase is anticipated to provide a total of approximately \$3.01 million in NMTC equity (gross) to support the \$10 million in total allocation from DDF.

Founded in 2009, Behind Every Door Ministries, Inc. ("BED"), is a Dallas-based non-profit that operates community centers providing after-school youth programs and parent support to low-income families. BED uses a holistic, multi-generational approach to break ongoing, familial cycles of poverty. This approach includes afterschool enrichment for kids, parent education, senior citizen programming, community events, employment training, financial literacy programs, and access to support services.

Behind Every Door is acquiring and renovating a former Salvation Army community center into a 7.9-acre campus to serve the Cedar Crest community (the "Project"). The Project includes the following key components:

- **Community Center:** Rehabilitation of a ~20,000-square-foot community building to feature dedicated spaces for literacy, art, and community activities; a

commercial kitchen; an updated basketball gym and fitness facilities; a physical health clinic; behavioral health space; and a bank branch.

- **Assembly Building:** Rehabilitation of a ~4,000-square-foot assembly building that includes upgraded audiovisual equipment to teach students A/V skills and produce content for community programs and training modules for Behind Every Door’s community center training program.
- **Sports Complex:** Construction of a ~4,000-square-foot fieldhouse that includes a ticket office, concessions, and locker rooms to support youth and adult sports programs. An existing grass field will be converted to turf to allow for football, baseball, soccer, and lacrosse and contain a Little League baseball diamond.

The Project will provide services for more than 3,000 low-income community members, including youth programming and multigenerational support that includes financial literacy, physical health, and mental health services. These services will be provided by Veritex Bank, Catalyst Health, and the Center for Integrative Counseling.

The Project is located at 1007 Hutchins Road in Dallas, TX, which falls within Census Tract 48113008900. This Census Tract is NMTC-qualified and considered “severely distressed” per the Community Development Financial Institutions (CDFI) fund based on a poverty rate of 39.5%, a median family income 45.5% of the area median, and an unemployment rate that is 3.3 times the national average.

NMTC is a key funding source to ensure the viability of the Project. The project costs have come in substantially higher than anticipated, due to inflation and an unforeseen requirement for stormwater site work. The budget for this project has increased from \$12.3 million from the beginning of this year to the current budget of \$15.7 million. While BED continues to fundraise, as a nonprofit social service provider, BED has limited capacity to service market debt to cover the additional project costs. Without the subsidy generated from DDF’s NMTC allocation, BED would be forced to reduce the scope of work, limiting the breadth of impacts it can generate.

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development, at robin.bentley@dallas.gov or 214-670-1685.



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