

Developers Break Ground On Oakhouse, The First Mixed-Income Project Financed Through Dallas' PFC

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Dallas' first mixed-income housing project to receive funding via its public facilities corporation got underway earlier this week.

Oakhouse, a Mintwood Real Estate development built in partnership with MSquared and Mirasol Capital, will bring 219 units of Class-A affordable and market-rate housing to Oak Cliff. To qualify for financing through the Dallas Public Facilities Corp., the developers will set aside 110 units at rates affordable to households earning up to 80% of area median income.



“Oakhouse delivers housing on land that has been underutilized for decades — the former greenfield will be home to over 116 units per acre at completion,” Mintwood Real Estate principal and founder Katy Slade

said in a statement. “As rents climb in the Oak Cliff neighborhood, Oakhouse will preserve long-term affordability for more than half of its residents thanks to the leadership of the city of Dallas and our partners.”

Dallas’ PFC was approved in 2020 to support the development of mixed-income workforce housing. Developers partner with the city to acquire or build the projects, which are exempt from property taxes for 75 years.

The average property tax savings for developers is about \$1M per year, according to a 2020 study by University of Texas School of Law, PFCs also receive a 100% sales tax exemption on construction materials, which translates to an average one-time savings of \$1.3M, per the study.

“We are seeing this much more often because property taxes are a larger component of the expense load in Texas,” Angela Kelcher, a JLL Dallas senior managing director of capital markets focused on affordable multifamily housing, told *Bisnow* in a previous interview, “In order to address some of the higher costs associated with land, labor and construction while still providing affordable housing, it may be the only way to fill that gap.”

PFCs are viewed as an important tool to making affordable housing deals pencil, especially in Texas, where property taxes increased by 20% between 2017 and 2021, according to the Texas Tribune. But they are not without controversy.

A bill filed by state Sen. Paul Bettencour in the ongoing legislative session outlines allegations of PFC abuse by housing authorities accused of granting tax breaks to developers whose projects don’t meet affordability thresholds. If passed, the bill would repeal housing authorities’ ability to use PFCs.

Advocates of the program say it protects residents from runaway rent growth. Oakhouse is the perfect example of a project that will provide housing to middle-income earners who have been largely priced out of the area, said Aaron Equinto, assistant general manager of the Dallas PFC and Housing Finance Corp.

“PFC projects like these are key to offering affordability to those in the community earning just enough to get by, and they will see an immediate impact on their ability to cover life’s basic necessities as their rent burden is decreased,” Equinto said in a statement.

Oakhouse is slated for completion in late summer 2024.

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