

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Marichelle Samples, Director of Economic Development

DATE: September 6, 2022

SUBJECT: **Approval of a Resolution for the Creation of the Lewisville Public Facility Corporation pursuant to Chapter 303 of the Texas Local Government Code.**

BACKGROUND

In recent years, housing costs have increased throughout the North Texas region and as a result, affordability has become a major regional concern. At the 2019 annual City Council retreat, affordable housing was a topic of discussion. City staff provided trends and assessments of the status of affordable housing, which showed that 40% of Lewisville's households that rented in 2018 were either cost-burdened or severely cost-burdened. The City Council directed staff to explore how to better leverage the City's Housing Finance Corporation and other tools to create and preserve affordable housing, which also included hiring a consultant to conduct a housing study. In March of 2022, the City Council revisited the discussion during its annual retreat. Staff presented data from Costar which showed that rents had further increased by 18% between 2020-2021. The City's consultant presented various tools that the City could utilize to support affordable and workforce housing.

Following retreat, the City Council adopted priorities for City staff over the coming year. City staff was directed to take the appropriate steps to encourage and facilitate workforce/affordable housing development, in accordance with provisions of the Lewisville 2025 Plan and the Sustainability Action Plan. This included, among other tools, researching the use of a rapidly growing tool known as a Public Facility Corporation ("PFC") to incentivize development and redevelopment of the workforce/affordable housing stock in Lewisville and the completion of a housing study to help identify gaps in the City's housing stock, including affordability ("Housing Strategy Plan"). A Request for Proposals for the Housing Strategy Plan closed on August 18, 2022, and two proposals were submitted. City staff will review the proposals and will tentatively make a decision on September 14, 2022. Staff anticipates that the professional service agreement will be brought to the City Council on October 17, 2022 for approval, and work can begin on October 18, 2022. The tentative timeline for the plan will be data collection and analysis by December 2022 and the toolkit and actions by March of 2023.

Subject: Approval of a Resolution for the creation of the Lewisville Public Facility Corporation pursuant to Chapter 303 of the Texas Local Government Code.

September 6, 2022

Page 2

City staff will utilize the results of the Housing Strategy Plan to further the City's efforts in filling the gaps in the City's housing stock.

ANALYSIS

The City of Lewisville desires to promote quality workforce/affordable housing. The City, pursuant to the provisions of the Public Facility Corporation Act, as amended, Chapter 303, Texas Local Government Code (the "Act"), is authorized to create a public facility corporation for the purposes set forth in the Act. It is in the public interest and to the benefit of the neighborhoods of the City that the PFC be created to finance, refinance, or provide the costs of public facilities for the City. This would allow the City to sponsor and create a nonprofit corporation using the name "Lewisville PFC." The Act allows a PFC to (1) issue bonds, including bonds to purchase sponsor obligations; (2) finance public facilities on behalf of its sponsor; or (3) loan the proceeds of the obligations to other entities to accomplish the purposes of the sponsor. The sponsor may use the corporation to: (1) acquire, construct, rehabilitate, renovate, repair, equip, furnish, or place in service public facilities; or (2) issue bonds on the sponsor's behalf to finance the costs of the public facilities. This would allow the City to encourage and facilitate workforce/affordable housing development and redevelopment in the City of Lewisville in accordance with the Lewisville 2025 Plan and the Sustainability Action Plan.

The resolution will include (a) the Certificate of Formation for the Lewisville PFC for filing with the Secretary of State of the State of Texas, which establishes the creation of the Lewisville PFC within the State of Texas. It sets forth the name of the proposed entity, the board of directors, the purpose and the limitations, the registered agent for service of process, and the address of the place of business, among other information; and (b) the Bylaws for the Lewisville PFC, which will guide the board of director's actions and will regulate the affairs of the Lewisville PFC. The board of directors will be comprised of the Mayor, Mayor Pro Tem, Deputy Mayor Pro Tem, and City Council Members. Terms will be coterminous with their term on the City Council. Officers will include a President, Vice President, Treasurer, and Secretary. The President will be in general charge of the properties and affairs of the Lewisville PFC. The City Manager will be the General Manager of the Lewisville PFC and will manage the day-to-day activities.

CITY STAFF'S RECOMMENDATION

That the City Council approve the resolution as set forth in the caption above.