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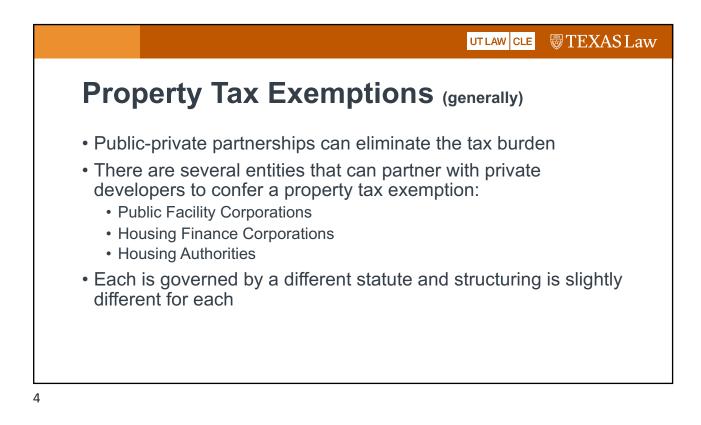
Public Facility Corporation (PFC) Basics

- Governed by Chapter 303 Texas Local Government Code
- Can only be formed by certain sponsors
 - Political subdivisions, (some) taxing entities, housing authorities, special districts
- General Powers
 - Nonprofit Corporation+
- Purposes
 - · Own and finance "public facilities"
- Examples
 - Public-private partnerships

Let's Talk About Housing and Taxes

- Property taxes are the highest operating expense for multifamily projects in Texas
 - Represent 40% 50% of annual op ex
 - · Growing as a result of migration and increases in property values
- · Effect on overall ability to finance projects
 - Increased interest rates
 - Increased insurance and building supplies
 - · Lowest number of market rate starts in years



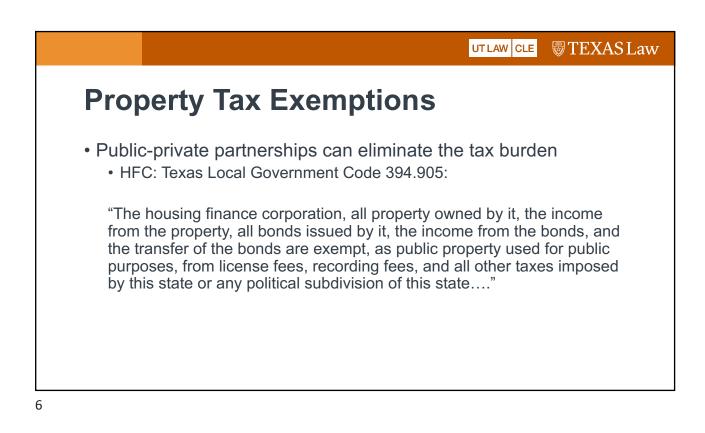


Property Tax Exemptions

- Public-private partnerships can eliminate the tax burden
 - PFC: Texas Local Government Code 303.042(c)

"Subject to Section 303.0421(h), a corporation is engaged exclusively in performance of charitable functions and is exempt from taxation by this state or a municipality or other political subdivision of this state. Bonds issued by a corporation under this chapter, a transfer of the bonds, interest on the bonds, and a profit from the sale or exchange of the bonds are exempt from taxation by this state or a municipality or other political subdivision of this state."

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Title search: Give Me a (Tax) Break: Considerations for Affordable and Workforce Housing Transactions Utilizing Public Facility Corporations (PFCs)

Also available as part of the eCourse <u>Real Estate Financing: Using Public Facility Corporations and C-PACE Financing</u>

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