

Public Facility Corporations

DCPFC 25-003

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Director of Community Services

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Background

- **May 2, 2023:** Council considered creation of a Public Facility Corporation, but did not approve at that time. ([ID 23-865](#)).
- **June 18, 2023:** The 88th Legislative Session passed changes to [Chapter 303](#) of the Texas Local Government Code, which authorizes Public Facility Corporations. The changes increased affordability and transparency requirements, as well as protections for jurisdictions and tenants ([TX HB 2071](#)).
- **April 16, 2024:** Council approved the creation of a Public Facility Corporation ([ID 24-668](#)).
- **July 22, 2024:** Denton City Public Facility Corporation is certified as a Domestic Nonprofit Corporation by the Texas Secretary of State.
- **January 7, 2025:** Initial Meeting of Denton City Public Facility Corporation is held. Bylaw amendments are proposed and approved.
- **August 19, 2025:** Bylaw Amendments approved by Denton City Council ([ID 25-1215](#)).

Legal status and public benefit

PUBLIC FACILITY CORPORATION (PFC) is a corporation created by a local government entity to hold title to and provide funding for any real, personal, or mixed property, or an interest in property devoted to public use.

- Authorized by [Chapter 303](#) of the Texas Local Government Code – the Public Facility Corporation Act (Act)
- It is a **nonprofit** corporation created through Texas Secretary of State

Legal status and public benefit

A sponsor (municipality, county, school district or housing authority) may create one or more of the nonprofit public facility corporations to acquire, construct, rehabilitate, renovate, repair, equip, furnish, or place in service public facilities such as affordable housing developments.

A PFC can:

- Issue bonds
- Finance public facilities (such as multifamily affordable housing)
- Provide a tax exemption to a multifamily affordable housing development through partnership
 - Receive revenue from such a partnership deal

Administration of the PFC

Developers seeking funding or partnerships must complete a formal application, which undergoes a multi-step review process:

- **Initial Staff Review:** Applications are reviewed for completeness and alignment with program goals, as set by DCPFC Policies and Procedures.
- **Board Review:** The DCPFC board evaluates applications which pass staff review using a detailed scoring matrix and makes recommendations for partnership or funding.
- **Agreement:** If selected, applicants negotiate a term sheet and enter into a formal agreement with the PFC.

Administration of the PFC

DCPFC requires certain services City Staff are unable to provide and must be procured through a 3rd party vendor. Specifically, these services are **underwriting** and **legal counsel** within the context of a potential deal.

Because the PFC is an independent entity, it does not need to follow the same procurement process as the City. PFC's can procure these services at will when a deal is being considered and charge the applicant for the costs associated.

Remaining items

- Consider amending bylaws (staff-initiated)
 - Amending role of City Staff in bylaws to accurately reflect capacity
 - Include option to use revenue as fee-in-lieu of waived taxes
- Adopt Policies and Procedures
- Begin Accepting Applications