



## **SOUTHERN DALLAS DEVELOPMENT CORPORATION**

### **MISSION STATEMENT AND ORGANIZATIONAL HISTORY**

The Southern Dallas Development Corporation (SDDC) was established in 1989 as a nonprofit corporation and subsequently designated by the U.S. Department of Treasury as a Community Development Financial Institution (CDFI). SDDC makes loans directly or in partnership with conventional banks to small businesses primarily in the city of Dallas. We accomplish this through the management and administration of three loan funds.

The mission of SDDC is “To assist in the development and financing of small businesses, create jobs, and stimulate the economic growth of Southern Dallas and the Enterprise Zones by promoting investment”.

The role of SDDC is to facilitate private sector investments in distressed communities and to women and minority owned businesses. One way SDDC accomplishes this is by reducing the risk or exposure the bank may perceive when reviewing loan requests that have inadequate collateral, tight cash flow available to service debt or borrowers with marginal credit histories. This is often accomplished by SDDC’s subordinating its collateral position to the bank. SDDC is willing to take on slightly more risk to make a deal happen - particularly if there is a strong community impact. SDDC will not, however, take on excessive risk or make loans when the probability of default is considered very likely. SDDC operates in a narrow range, doing deals that are essentially good credits, but perhaps have one or more of the deficiencies mentioned above.

SDDC’s lending impact through February 28, 2005, is \$59,711,924 in direct loans and \$117,326,559 in bank/investor dollars leveraged, for a total investment in Southern Dallas of \$177,038,483. SDDC has assisted 497 businesses, and helped to create or retain 4,518 jobs where they are needed most.

SDDC has achieved substantial growth through our loan programs: In 1989, SDDC began lending with community development funds, our basic building block. In 1992, SDDC created the first multi-bank community development corporation (CDC) in Texas; i.e., the Southern Dallas Development Fund, Inc. capitalized at \$3.6 million. In 1992, SDDC became the first SBA micro lender in Texas. In 1992, SDDC created the Dallas Business Finance Corporation (DBFC) to use SBA “504” funds for long-term, fixed asset financing. In 1995, SDDC created an Investment Zone (IZ) Fund based on SDDC’s winning a national tax credit (12 of 165 applicants were winners) and coupling it with a city tax abatement to generate a \$2 million donation to SDDC (first CDC in the nation to sell the tax credit). In 1997, SDDC won a Treasury Department competition receiving a grant of \$600,000 for the IZ Fund, matched by a \$600,000 grant from three banks (1 of 4 applicants were winners). Further, in 1999, SDDC established and began managing the \$8.5 million Texas Mezzanine Fund, Inc., the first statewide CDC formed by thrifts in the nation.

SDDC is considered a national market leader and has been recognized by: The White House; HUD; Small Business Administration; Department of Treasury; Office of Comptroller of the Currency; Federal Reserve; Council for Urban Economic Development; National Association for Development Companies; Woodstock Institute; American Assembly; and, the State of Texas in 1994 and 1999.