



City of San Antonio

Agenda Memorandum

File Number: 18-3821

Agenda Item Number: 49.

Agenda Date: 6/21/2018

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

An ordinance authorizing the San Antonio Housing Trust Finance Corporation to issue a Multifamily Housing Governmental Note for the Lord Road Apartments.

SUMMARY:

The San Antonio Housing Trust Finance Corporation is seeking approval for the issuance of its Multifamily Housing Governmental Note for the development of Lord Road Apartments in an amount not to exceed \$27,500,000.00 with final terms and documents to be approved hereafter by the San Antonio Housing Trust Public Facility Corporation (SAHTPFC).

BACKGROUND INFORMATION:

The San Antonio Housing Trust Finance Corporation (SAHTFC) was formed by the San Antonio Housing Trust (SAHT) in 1997 under Chapter 394 of the Texas Housing Finance Act to be a financial pass-through facility to issue bonds for affordable single and multi-family housing. The Board of the SAHTFC consists of five members of the San Antonio City Council: City Council Members from Districts 1, 2, 3, 4 and 5. Additionally, the SAHTFC is administered by the SAHT. The San Antonio Housing Trust Public Facility Corporation owns the real estate and controls the general partner in the partnership.

Lord Road Apartments is a proposed 324-unit rental housing development to be located at 4835 Lord Road in Council District 2 with a total development cost of \$49 million. Five percent or sixteen of the units would be restricted to 50% of area median income and the remaining balance of 308 units will be restricted to 60% of area median income (e.g., a family of four will have a maximum income of \$40,080.00).

Along with the proposed issuance of a Multifamily Housing Governmental Note for \$27,500,000.00, this project is funded with \$16,827,098.00 in Texas Department of Housing and Community Affairs (TDHCA) tax credits, \$2,850,000.00 in HOME grant loans that City Council approved in September 29, 2016 and October 5, 2017, \$250,000.00 in previously awarded loans from the San Antonio Housing Trust Public Facility Corporation and \$1,581,063.00 of deferred development fees.

NRP is the Developer for the project. A limited liability company created by the SAHTPFC will be the general partner in the tax credit partnership and SAHTPFC will contract with NRP for project construction.

ISSUE:

The San Antonio Housing Trust Finance Corporation proposes to issue up to \$27,500,000.00 in Multifamily Housing Governmental Notes to help finance the construction of the Lord Road Apartments, a 324-unit low income housing tax credit project located at 4835 Lord Road in Council District 2. The bonds will only be payable from the revenues of the project and will not be an obligation or debt of the City.

The value of the Texas Department of Housing and Community Affairs (TDHCA) tax credit award to Lord Road is approximately \$16,827,098.00 with total development costs for the project at \$49 million.

This arrangement waives the project from paying property taxes and the project is sales tax exempt. The estimated property tax foregone by the City is \$75,000.00 annually. The estimated sales tax foregone by the City is \$87,500.00 for the life of the project.

ALTERNATIVES:

City Council may elect not to issue the multifamily mortgage backed notes which would not allow the development to proceed.

FISCAL IMPACT:

The San Antonio Housing Trust Finance Corporation is seeking approval for the issuance of its Multifamily Housing Governmental Note for the development of Lord Road Apartments in an amount not to exceed \$27,500,000.00 and payable from the revenues of the project and will not be an obligation or debt of the City. The City will not receive property taxes and the project is sales tax exempt.

RECOMMENDATION:

Staff recommends approval of an Ordinance authorizing the issuance of San Antonio Housing Trust Finance Corporation Multifamily Housing Governmental Note in an amount not to exceed \$27,500,000.00 to develop the Lord Road Apartments.