



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 33.

Agenda Date: 6/19/2014

In Control: City Council A Session

DEPARTMENT: Department of Planning and Community Development

DEPARTMENT HEAD: John M. Dugan

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

SAHT Finance Corporation Multifamily Housing Revenue Bonds issuance for the Masters Ranch Apartments and SAWS impact fee waivers

SUMMARY:

An Ordinance authorizing the San Antonio Housing Trust (SAHT) Finance Corporation to issue an amount up to \$18,000,000 in Multifamily Housing Revenue Bonds, for the Masters Ranch Multifamily Housing Project located in City Council District 3; and authorizing \$297,287 in SAWS Impact Fee Waivers.

BACKGROUND INFORMATION:

The Pecan Valley Golf Course is a 180 acre privately owned golf club owned by Foresight Golf. The course hosted the PGA Championship in 1968 as well as several other notable golf events over the years. Due to financial issues, the golf course was closed in early 2012. The Foresight Golf LLC is proposing to redevelop the Pecan Valley Golf course into the Valor Club at Pecan Valley. The Valor Club at Pecan Valley would be first and only veteran-centric golf and recreational community. It will be comprised of seven distinct components tailored for veterans, senior citizens, people with disabilities, working families and children. Once completed, The Valor Club at Pecan Valley will be the only community of its kind in the United States. The proposed Masters Ranch development is an affordable housing project at the former Pecan Valley Golf Course and is separate and apart from of the Valor Club.

In June 2012, through Resolution 2012-06-07-0417, City Council approved a rezoning 101 acres of 4700 Pecan Valley to "G" Golf Course District. The rezoning was to ensure the preservation of the site as a golf course and

to discourage redevelopment in a floodplain. The remaining surrounding acreage is suitable for redevelopment efforts.

Additionally, through Ordinance 2013-04-04-0236, the City has set aside \$1,467,159 in FY 2014 Home Investment Partnership funds to the project as gap financing for multi-family rental redevelopment efforts, currently allocated to the Masters Ranch Apartments.

ISSUE:

The Masters Ranch Apartments (Masters SA Apartments, LP), located at 3435 E. Southcross, San Antonio, Texas will provide 252 new, affordable, modern, energy efficient apartment units including 84 handicapped accessible units to accommodate persons with disabilities, including the disabled, wounded veterans, and senior citizens.

San Antonio Housing Trust Public Facility Corporation has agreed to serve as the sole member of the General Partner of the Partnership in connection with the financing of the Project, acquire the Land and lease it to the Partnership pursuant to a Ground Lease, and serve as the general contractor for the Project. Home Springs Realty is the project developer.

In connection with the Bond Financing, the Partnership, the General Partner, and/or SAHT PFC will be required to enter into certain agreements, including but not limited to a Financing Agreement, a Bond Mortgage Note, a Regulatory Agreement and Declaration of Restrictive Covenants, a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing together with Ground Lessor Subordination and Joinder, a Ground Lease, an Official Statement, and a Bond Purchase Agreement. The Partnership also will enter into a loan transaction with an equity partner for a loan secured by the United States Department of Housing and Urban Development pursuant to Section 221(d)(4) in an amount not to exceed \$18,000,000. The Partnership also will contribute approximately \$7,575,783 of equity to the construction of the Project, which will be raised from the sale of tax credits.

On June 10, 2014 the SAHT Finance Corporation passed a resolution authorizing up to \$18,000,000 in Multifamily Housing Revenue Bonds, Series 2014, for the Masters Ranch Apartments.

Based on the service needs of the project, SAWS has estimated the total impact fees at \$576,000. To mitigate the impact of this fee on the project budget, the developer has requested a waiver under the ICRIP which provides SAWS impact fee waivers for eligible projects. Under the guidelines, a project of this type is eligible for a SAWS impact fee waiver for up to 1% of the total project investment. The total investment for this project is estimated at \$29,728,721 therefore the maximum waiver permitted under the program is \$297,287. Impact fee waivers exceeding \$100,000 require City Council approval.

ALTERNATIVES:

City Council may elect to reject the recommendation which would deem the project unfeasible.

FISCAL IMPACT:

There is no impact to the General Fund. The project is currently tax exempt and will remain tax exempt. The SAHT PFC is a self-supporting entity through program income. Bonds are federally insured through a guarantee

by the Federal Housing Administration. Each fiscal year SAWS allocates impact fee waiver credits for distribution by the Center City Development Office to eligible projects pursuant to the Inner City Reinvestment and Infill Policy. Sufficient SAWS credits are available to accommodate this proposed waiver and it has no fiscal impact to the City of San Antonio.

RECOMMENDATION:

Staff recommends approval of the San Antonio Housing Trust (SAHT) Finance Corporation to issue an amount up to \$18,000,000 in Multifamily Housing Revenue Bonds, for the Masters Ranch Multifamily Housing Project located in City Council District 3; and authorizing \$297,287 in SAWS Impact Fee Waivers.