



# City of San Antonio

## Agenda Memorandum

**File Number:**19-3875

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**Agenda Item Number:** 21.

**Agenda Date:** 5/16/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, AICP, Director

**COUNCIL DISTRICTS IMPACTED:** Council District 7

### **SUBJECT:**

Authorizing the issuance of San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds for the development of Majestic Ranch Apartments.

### **SUMMARY:**

Ordinance authorizing the San Antonio Housing Trust Finance Corporation to issue Multifamily Housing Revenue Bonds for the development of Majestic Ranch Apartments in an amount not to exceed \$23,000,000.00 with final terms and documents to be approved hereafter by the San Antonio Housing Trust Public Facility Corporation.

### **BACKGROUND INFORMATION:**

The San Antonio Housing Trust Finance Corporation (SAHTFC) was created by City Council in 1997 by Ordinance No. 86465 under Chapter 394 of the Texas Housing Finance Corporations Act to be a financial pass-through entity 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. Majestic Ranch Apartments is a proposed 288-unit rental housing development to be located at the northeast corner of Majestic Drive and Callaghan Road in Council District 7. One hundred percent (100%) of the units would be restricted to 60% of area median income (e.g. a family of four will have a maximum income of \$40,080). The value of the Texas Department of Housing and Community Affairs (TDHCA) tax credit award to Majestic Ranch is approximately \$15,281,422, with total development costs for the project at approximately \$45 million. On December 6, 2018 the City approved a \$1,250,000 CDBG grant for the project to be structured as a cash flow note. Additionally, San Antonio Housing Authority is contributing \$2,000,000 to the Owner

partnership, which will also be structured as a cash flow note, and its public facility corporation, San Antonio Housing Facility Corporation, will own the real estate and controls the general partner in the partnership. Michael Hogan (Hogan Properties Company, In.) is the Developer. A limited liability company created by the San Antonio Housing Authority will control the general partner of the Owner.

On January 10, 2019 City Council approved a Resolution of No Objection for this development's application to the TDHCA for non-competitive (4%) housing tax credits and the CDBG loan.

## **ISSUE:**

The San Antonio Housing Trust Finance Corporation proposes to issue up to \$23 million in Multifamily Housing Revenue Bonds to help finance the construction of the Majestic Ranch Apartments, a 288-unit low income housing tax credit project located at the northeast corner of Majestic Drive and Callaghan Road in Council District 7. The bonds will only be payable from the revenues of the project and will not be an obligation or debt of the City.

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City Council previously approved a Resolution of No Objection for this development's application to the TDHCA for non-competitive (4%) housing tax credits and the CDBG loan.

## **ALTERNATIVES:**

City Council may elect not to authorize the San Antonio Housing Trust Finance Corporation to issue the Multifamily Housing Revenue bonds which would jeopardize the developer's other funding sources, preventing the project from proceeding.

## **FISCAL IMPACT:**

The San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds issued in an amount not to exceed \$23 million to develop the Majestic Ranch Apartments will only be payable from the revenues of the project and will not be an obligation or debt of the City. There is no fiscal impact to the City.

## **RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing the issuance of San Antonio Housing Trust Finance

Corporation Multifamily Housing Revenue Bonds in an amount not to exceed \$23 million to develop the Majestic Ranch Apartments.