

Legislation Text

File #: 24-739, **Version:** 1

PRESENTER:

Jeff Jewell, Economic and Community Development Director

SUBJECT:

Approval of a resolution of the City Council of the City of New Braunfels, Texas providing a statement of non-objection to the Lyndon Ranch Apartments Project, located on Loop 337.

DEPARTMENT: Economic and Community Development**COUNCIL DISTRICTS IMPACTED:** 3**BACKGROUND INFORMATION:**

Paravel Capital (the “Developer”) is seeking a collaboration through a 75-year lease with Alamo Area Housing Finance Corporation (AAHFC) to develop a 303-unit multi-family workforce housing facility to be located at approximately 1801 Loop 337 in New Braunfels and known as the Lyndon Ranch Apartments (the “Project”). AAHFC is requesting a statement of non-objection from the City Council for development of the property. In exchange, 50% of the units will be leased to families with incomes at eighty percent (80%) of area median family income (“AMI”), which will be enforced via a restrictive covenant lasting at least [40] years. Additionally, five percent (5%) of 1-bedroom units will be set aside for teachers earning ninety five percent (95%) of AMI. The remaining units are anticipated to be leased at market rate. Additionally, the Developer will make a \$25,000 annual payment to New Braunfels ISD (the “School District”) and will create a preferred employer program with the School District, which will offer waived application fees for School District employees and a \$500 discount on the first month’s rent. The Project will be affirmatively marketed through the School District.

The development will provide half of the units at a discount that ranges from approximately \$170/month for a 1 bedroom/bath to \$482/month for a 3 bedroom/2 bath model. AAHFC is anticipated to receive \$500,000 as a closing fee, a fee equal to approximately 30% of sales tax savings (approximately \$800,000), and approximately \$230,000 payment as annual rent, increasing at 3% annually and a payment of 15% of the net proceeds of the sale upon the initial sale or refinancing of the project and a commission of 2% for any sales thereafter.

ISSUE:

Approval of a resolution of non-objection

STRATEGIC PLAN REFERENCE:

☒ Economic Mobility ☐ Enhanced Connectivity ☐ Community Identity
☐ Organizational Excellence ☐ Community Well-Being ☐ N/A
[Enter Objectives/Performance Measures Supported]

FISCAL IMPACT:

In exchange for the provision of 50% of units set aside for workforce, the City would be forgoing

approximately \$212,000 in annual property tax revenue.

RECOMMENDATION:

Staff recommends approval of the resolution.