



LDG
DEVELOPMENT

DATE: December 2, 2020

TO: City of San Marcos Housing Committee

FROM: Jake Brown – LDG Development

RE: Amendment to Redwood Apartments Resolution

To Whom It May Concern,

My name is Jake Brown, and I am the developer/owner of the proposed Redwood Apartments development on Redwood Rd. As you may remember, we received a Resolution of No Objection from the San Marcos City Council on February 4, 2020 and then amended that Resolution at the San Marcos City Council meeting on August 4, 2020 to include an additional Resolution. My legal team has recommended that we update the Resolution of No Objection for Redwood again to include the following language:

“To the extent applicable, the City Council hereby approves the application of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code (the “Act”), to the property on which the development will be constructed and grants its approval for the use of proceeds of bonds issued by a housing finance corporation pursuant to the Act to finance construction of the development.”

The purpose of this language is for the City Council to approve the application of Chapter 394 of the Texas Local Government Code related to Housing Finance Corporations (i.e. Capital Area HFC). Specifically, the section of Chapter 394 that relates to ad valorem exemptions for Housing Finance Corporations.

There is pending litigation in a county in north Texas against a developer and an HFC regarding the eligibility of the HFC’s tax-exempt status without first receiving approval from the local municipality that it is acceptable to pursue a structure with an HFC that would generate an ad valorem tax exemption. We very clearly have approval from the City of San Marcos to pursue a tax-exempt structure with Capital Area HFC. This is evidenced in both versions of the Resolution that were approved by the San Marcos City Council. However, my legal team has recommended that we include the specific language quoted above in order to eliminate any potential uncertainty regarding the applicability of Chapter 394 of the Texas Local Government Code.

I have attached an updated draft of the Resolution that incorporates this language. I appreciate the Housing Committee’s consideration of this request. I will be available for questions at the next Housing Committee meeting. Please let me know if any additional information is required prior to that meeting.

I look forward to discussing with you.

Sincerely,

Jake Brown