



City of San Antonio

Agenda Memorandum

File Number:18-3281

Agenda Item Number: 30.

Agenda Date: 6/14/2018

In Control: City Council A Session

DEPARTMENT: Department of Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT:

Approval of San Antonio Housing Trust Finance Corporation Multi-family Tax-Exempt Mortgage Backed Bonds for St. John's Apartments.

SUMMARY:

The San Antonio Housing Trust Finance Corporation is seeking approval for the issuance of its Multi-family Tax-Exempt Mortgage Backed Bonds for the development of St. John's 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 (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.

St. John's Apartments is a proposed 228-unit rental housing development which is an adaptive reuse of the St. John's Seminary property located at 222 Mitchell Drive in Council District 3. Seventy-seven percent, (77%)

one hundred and seventy-six of the units would be restricted to 60% of area median income (e.g. a family of four will have a maximum income of \$40,080.00). The remaining twenty-three percent, (23%) fifty-two units will be at market rate. The value of the Texas Department of Housing and Community Affairs (TDHCA) tax credit award to St. John's is approximately \$10,301,250.00, with total development costs for the project at approximately \$40 million. Mission DG (210 Development Group) is the developer. A limited liability company created by the SAHTPFC will control the general partner of the Owner, and the SAHTPFC will serve as the general contractor. City Council previously approved a Resolution of No Objection for this development's application to the TDHCA for non-competitive (4%) housing tax credits.

This item was approved by the San Antonio Housing Trust Public Facility Corporation on March 28, 2018.

ISSUE:

The San Antonio Housing Trust Finance Corporation proposes to issue up to \$23 million in Multi-family Tax-Exempt Mortgage Backed Bonds to help finance the construction of the St. John's Apartments, a 228-unit low income housing tax credit project located at 222 Mitchell Drive in Council District 3. Seventy-seven percent (77%) of the units would be restricted to 60% of area median income (e.g. a family of four will have a maximum income of \$40,080.00). The remaining twenty-three percent (23%) will be at market rate. 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 St. John's is approximately \$10.3 million with total development costs for the project at \$40 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 for the life of the project.

ALTERNATIVES:

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

FISCAL IMPACT:

The San Antonio Housing Trust Finance Corporation Multi-family Tax-Exempt Mortgage Backed Bonds issued in an amount not to exceed \$23 million to develop the St. John's Apartments will only be payable from the revenues of the project and will not be an obligation or debt of the City. There is a fiscal impact to 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 Multi-family Tax-Exempt Mortgage Backed Bonds in an amount not to exceed \$23 million to develop the St. John's Apartments.