



City of San Antonio

Agenda Memorandum

File Number:20-2788

Agenda Item Number: 11.

Agenda Date: 4/30/2020

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of financing for purposes of the Internal Revenue Code and San Antonio Housing Trust Finance Corporation's organizational documents (Pan American Apartments)

SUMMARY:

This Ordinance approves the issuance by the San Antonio Housing Trust Finance Corporation of its Multifamily Housing Revenue Bonds (Pan American Apartments) Series 2020 (the "Bonds") for purposes of Section 147 (f) of the Internal Revenue Code and San Antonio Housing Trust Finance Corporation's organizational documents.

BACKGROUND INFORMATION:

Section 147(f) of the Internal Revenue Code (the "Code") requires that the issuance of any private activity bond obligations be approved by the applicable elected representative of the governmental unit in which the project is located after a public hearing following reasonable public notice.

The City was contacted regarding San Antonio Housing Trust Finance Corporation (the "Issuer") financing the costs of acquiring, rehabilitating, constructing and equipping a 100-unit affordable multifamily housing facility (the "Project") located at 143 NW 36th Street, San Antonio, Bexar County, Texas 78237 for the benefit of Steele Pan American LP (the "Borrower"). All units in the project will be made available to families whose income averages 60% or less than the median income. This is a 100% Section 8 property whose tenants' incomes are generally 30% of the median income. The Borrower will spend approximately \$80,000 per unit rehabilitating the Project. In addition, the rents will be restricted to 30% of the tenant's income. These

restrictions will remain in place for 40 years. A public hearing with respect to the Project and issuance of the Bonds was held in the City of San Antonio on April 27, 2020 in compliance with Section 147(f) of the Code.

No comments were received at the public hearing.

ISSUE:

To meet the requirements of the Code, the Borrower has requested that City Council adopt an Ordinance confirming public approval of the financing plan and issuance of the one or more series of Bonds by the Issuer up to a maximum aggregate amount of \$15,000,000, all of which will be used to finance the costs of acquisition, rehabilitation, construction and equipping of the Project. The consideration and approval of this action is consistent with the City's practice of providing consent for projects located in San Antonio that involve qualified institutions obtaining tax-exempt financing for capital improvement projects through conduit issuers.

ALTERNATIVES:

If the City does not adopt an Ordinance confirming public approval of the bond issuance by the Issuer, this financing cannot be effectuated.

FISCAL IMPACT:

The Ordinance does not obligate the City to pay the debt or Bonds, and does not obligate or create any expectations of, or liabilities for, the City. The Borrower is solely responsible for paying all debt service and other costs associated with the Bonds. Upon the adoption of this ordinance, the San Antonio Housing Trust Finance Corporation will pay the City an administrative fee of \$2,500.00, which will be deposited in accordance with the FY 2020 Adopted General Fund Budget.

RECOMMENDATION:

Staff recommends approval of the Ordinance approving the issuance by the San Antonio Housing Trust Finance Corporation of its Multifamily Housing Revenue Bonds (Pan American Apartments) Series 2020.