



City of San Antonio

Agenda Memorandum

File Number:20-5553

Agenda Item Number: 18.

Agenda Date: 10/1/2020

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of tax exempt bonds for purposes of the Internal Revenue Code and to comply with the San Antonio Housing Trust Finance Corporation's organizational documents.

SUMMARY:

This Ordinance approves the issuance by the San Antonio Housing Trust Finance Corporation of its "First Lien Multifamily Housing Revenue Bonds (Northview Apartments Project) Series 2020A" and its "Second Lien Multifamily Housing Revenue Bonds (Northview Apartments Project) Series 2020B" (collectively, the "Bonds") for purposes of Section 147 (f) of the Internal Revenue Code and in order to comply with the 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 created the San Antonio Housing Trust Finance Corporation (the "Corporation") and the organizational documents require that all bonds issued by the Corporation be approved by the City prior to their issuance. The attached ordinance approves the bonds for purposes of complying with this requirement.

The Bonds are being issued to finance the costs of acquiring, constructing, and equipping a 156-unit affordable multifamily housing facility (the "Project") to be located at 23132 US Highway 281 North in San Antonio for

the benefit of VCCPHC-San Antonio I, LP (the “Borrower”). All units in the Project will be made available to families whose income averages 60% or less than the median income. 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 September 22, 2020 in compliance with Section 147(f) of the Code.

ISSUE:

To meet the organizational requirements of the Corporation and to meet the requirements of the Code, City Council is requested to adopt an Ordinance confirming public approval of the financing plan and issuance of one or more series of Bonds by the Corporation up to a maximum aggregate amount of \$21,750,000. The interest rate on the Bonds will be variable during construction and will be swapped to a fixed rate which will not exceed 5%. 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 Corporation, 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. The Borrower will pay the City an administrative fee of \$2,500 upon the adoption of the requested Ordinance.

RECOMMENDATION:

Staff recommends approval of an Ordinance approving the issuance by the San Antonio Housing Trust Finance Corporation of its First Lien Multifamily Housing Revenue Bonds (Northview Apartments Project) Series 2020A and its Second Lien Multifamily Housing Revenue Bonds (Northview Apartments Project) Series 2020B.