



City of San Antonio

Agenda Memorandum

File Number:21-2023

Agenda Item Number: 16.

Agenda Date: 3/18/2021

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.

SUMMARY:

This Ordinance approves the issuance by the Las Varas Public Facility Corporation of its Multifamily Housing Revenue Bonds (Watson Road Apartments) Series 2021 (the “Bonds”) for purposes of Section 147 (f) of the Internal Revenue Code.

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 Las Varas Public Facility Corporation (the “Issuer”) for the benefit of Watson Road Apartments Ltd. (the “Borrower”) that is financing through the Issuer the costs of constructing a 348-unit affordable multifamily housing facility (the “Project”) to be located at the northeast corner of Somerset Road and Watson Road, San Antonio, Texas. 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 the Texas Department of Housing Tax Credit rents for the tenant income adjusted for family size. These restrictions will remain in place for 35 years. A public hearing with respect to the Project and issuance of the Bonds was held in the City of San Antonio on March 1, 2021 in compliance with Section 147(f) of the Code.

ISSUE:

To meet the requirements of the Code, the Borrower has requested that City Council adopt a Resolution 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 \$38,000,000, all of which will be used to finance the costs of acquisition, 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 a Resolution 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. The Borrower will pay the City an administrative fee of \$2,500 upon the adoption of the requested Ordinance.

RECOMMENDATION:

Staff recommends approval of the Ordinance approving the issuance by the Las Varas Public Facility Corporation of its Multifamily Housing Revenue Bonds (Watson Road Apartments) Series 2021 for purposes of Section 147(f) of the Internal Revenue Code.