



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 20

**Agenda Date:** March 23, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Approval of financing for purposes of the Internal Revenue Code (Costa Almadena Apartments)

**SUMMARY:**

This ordinance approves the issuance by the Las Varas Public Facility Corporation of its Multifamily Housing Revenue Notes (Costa Almadena Apartments), Series 2023 (the “Notes”) 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”) financing the costs of acquiring, rehabilitating, and equipping a 176-unit affordable multifamily housing facility to be known as the Costa Almadena Apartments (the “Project”) located at approximately 6222 S. New Braunfels, in City Council District 3, for the benefit of Costa Almadena, Ltd., a Texas limited partnership (the “Borrower”). All units in the project will be made available to families whose income is 60% or less of 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 30 years. A public hearing with respect to the Project and issuance of the Notes was held in the City of San Antonio on March 8, 2023 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 one or more series of Notes by the Issuer up to a maximum aggregate amount of \$25,000,000.00, all of which will be used to finance the costs of acquisition, rehabilitation 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 issuance of notes by the Issuer, this financing cannot be effectuated.

**FISCAL IMPACT:**

The ordinance does not obligate the City to pay the debt or the Notes, 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 Notes. The Borrower will pay the City an administrative fee of \$25,000.00 upon the adoption of the requested ordinance and the fee will go to the Affordable Housing Fund.

**RECOMMENDATION:**

Staff recommends approval of the ordinance approving the issuance by the Las Varas Public Facility Corporation of its Multifamily Housing Revenue Notes (Costa Almadena Apartments), Series 2023 for purposes of Section 147(f) of the Internal Revenue Code.