



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 17

Agenda Date: June 15, 2023

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

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

SUMMARY:

This Ordinance approves the issuance by the San Antonio Housing Trust Public Facility Corporation of its "Multifamily Housing Revenue Bonds (Palladium Crestway Apartments) Series 2023" (the "Bonds") in a maximum aggregate amount of \$43,000,000.00 and for purposes of Section 147 (f) of the Internal Revenue Code and in order to comply with the San Antonio Housing Trust Public Facility Corporation's organizational documents. The Borrower will pay the City an administrative fee of \$2,500.00 upon the adoption of the requested Ordinance and the fee will go to the Affordable Housing Fund.

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.

When the City created the San Antonio Housing Trust Public Facility Corporation (the "Issuer"),

it required in the organizational documents that all bonds issued by the Issuer be approved by the City prior to their issuance. The attached Ordinance approves the Bonds for purposes of complying with this requirement.

The City was contacted regarding the financing the costs of acquiring, constructing, rehabilitating and equipping a 270-unit affordable multifamily housing facility (the “Project”) in a maximum aggregate amount of \$43,000,000.00 to be located at approximately 5319 Crestway Road, in City Council District 2, for the benefit of Palladium San Antonio II, Ltd. (the “Borrower”). All units in the project will be made available to families whose average incomes are 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 30 years. A public hearing with respect to the Project and issuance of the Bonds was held in the City of San Antonio on May 22, 2023 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 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 \$43,000,000.00, 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 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. The Borrower will pay the City an administrative fee of \$2,500.00 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 San Antonio Housing Trust Public Facility Corporation of its Multifamily Housing Revenue Bonds (Palladium Crestway Apartments) Series 2023.

