

AGENDA

A Regular Board Meeting for:
SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
will be held at Municipal Plaza B Room
114 W Commerce St., San Antonio, TX 78205
and virtually via ZOOM:

<https://us02web.zoom.us/j/89802122410?pwd=VjdIRm03aU11b1YxK0lpTGREK0p0QT09>

DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 898 0212 2410 PASSWORD: 057693

On Friday, January 20, 2023, beginning at 2:00 p.m.

NOTICE: *A quorum of the board of directors will be physically located at 114 W Commerce St., San Antonio, TX 78205 at 2:00 p.m. One or more of the Directors may attend this meeting by video conference pursuant to the requirements set forth in the Texas Open Meetings Act. An electronic copy of the agenda packet may be accessed at the San Antonio Housing Trust website under the CALENDAR/Board Meeting date page prior to the meeting.*

NOTICE: *This meeting of the Board, being held for the reasons listed below, is authorized in accordance with the Texas Government Code, Sections 551.001 - 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of the Executive Director.*

1. Call to Order and Roll Call.
2. Discussion and possible action to approve minutes of December 13, 2022.
3. Public Comment – Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters.
4. Discussion and possible action to approve a resolution inducing the Four25 San Pedro Apartments transaction, including the execution of all documentation necessary to obtain the financing for such transaction; and authorizing all fillings and agreements with Texas Department of Housing and Community Affairs in connection with applications for Low Income Housing Tax Credits; and other matters in connection therewith.
5. Discussion and possible action to approve amendments for the Preserve at the Port Apartments, including restructuring the debt for the project, authorizing additional debt, authorizing Brass Realty and its affiliates to be substituted in for Joey Guerra and his affiliates in various entities and positions and other matters in connection therewith.
6. **Executive Session:** The San Antonio Housing Trust PFC will convene into executive session pursuant to Texas Government Codes Section 551.072, (Real Property) and 551.071 (Consultation with Attorney) to discuss and deliberate the acquisition of land for affordable housing.
 - A. Reconvene into open session and action as necessary as discussed in Executive Session.
7. Discussion and possible action regarding the San Antonio Housing Trust Public

Facility Corporation's Multifamily Housing related strategic plan and policies.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION

BOARD MEMBERS:

Council Member Jalen McKee-Rodriguez (District 2), Council Member Phyllis Viagran (District 3), Council Member Dr. Adriana Rocha Garcia (District 4), Council Member Teri Castillo (District 5), Council Member John Courage (District 9), Jane Paccione, Jordan Ghawi

Attendance by Other Elected or Appointed Officials: It is possible that members City boards, commissions and/or committees may attend the open meeting in numbers that may constitute a quorum. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of any other boards, commissions and/or committees of the City, whose members may be in attendance in numbers constituting a quorum. These members of other City boards, commissions, and/or committees may not deliberate or take action on items listed on the agenda. [Attorney General Opinion – No. GA-0957 (2012)].

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretative services must be made 48 hours prior to this meeting. Please contact Nicole Collazo, for concerns or requests, at (210) 735-2772 or FAX (210) 735-2112.

**San Antonio Housing Trust Public Facility Corporation
Agenda Item 2**

This item includes the approval of minutes from the **December 13, 2022**, meeting.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES

DATE: December 13, 2022

TIME AND PLACE: The Public Facility Corporation met in session at 12:00 p.m., via Zoom and in person at 100 Military Plaza, San Antonio, TX 78205.

PRESENT: Councilwoman Adriana Rocha, Antoinette Brumfield, Councilwoman Teri Castillo, Mark Carmona, Jordan Ghawi, Councilwoman Phyllis Viagran, Councilman John Courage, Marinella Murillo, Jane Pacione and Councilman Jalen McKee-Rodriguez.

ABSENT: Eric Cooper and Rachell Hathaway.

STAFF/VISITORS PRESENT:

Pedro Alanis- Executive Director San Antonio Housing Trust Foundation INC.; Nicole Collazo- Director of Operations San Antonio Housing Trust Foundation INC.; John Hernandez- Senior Asset Manager; Ruben Lizalde- D3; Edward Muniga- D4; Ileana Sandoval- D9; Summer Greathouse- Attorney Bracewell; Clarissa Rodriguez- Attorney DNRBZ.

Councilman John Courage and Councilwoman Teri Castillo arrive to the PFC Meeting at 12:03 p.m.

1. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by President Adriana Rocha Garcia and the roll was called by Nicole Collazo.
2. **DISCUSSION AND POSSIBLE ACTION TO APPROVE MINUTES OF OCTOBER 21, 2022.**
Jordan Ghawi motioned, and Jane Paccione seconded for approval of the October 21, 2022, minutes with the noted corrections.
AYES: 7
NAYS:
ABSTAINED:
THE MOTION PASSED.
3. **CITIZENS TO BE HEARD-INTERESTED SPEAKERS WILL HAVE 3 MINUTES EACH TO ADDRESS THE BOARD ON AGENDA ITEMS OR HOUSING POLICY RELATED MATTERS; A TOTAL OF 15 MINUTES WILL BE PROVIDED.**
NONE.
NO ACTION WAS TAKEN.
4. **DISCUSSION AND POSSIBLE ACTION TO AUTHORIZE THE VIENTO APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF ALL THE MEMBERSHIP INTEREST**

OF SAHT VIENTO APARTMENTS GP, LLC AND ITS ADMISSION AS THE GENERAL PARTNER OF VIENTO APARTMENTS LTD.; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH.

Tom Roth, the Development Director for the San Antonio Housing Trust, briefed on the proposed PFC, NRP, and Huntington Capital Partnership 324-unit new construction project located on 15 acres of vacant land in District 4. Viento at Vida will be a 4% LIHTC apartment community include a mix of 1-to-4-bedroom units, with all units being rent and income restricted between 30% and 70% AMI.

The \$81.3 million project requires the PFC to create a \$486,000 Tenant Assistance Fund to support existing tenants at Viento at Vida with emergency grants, loan assistance, tenant services, programming, and or, other tenant support. The Finance and Audit Committee met on December 7, 2022, and approved to move this item forward to the PFC board to consider authorization of the Viento Apartments transaction.

Councilman Jalen McKee-Rodriguez arrives to the PFC meeting at 12:08 p.m.

MINUTES COMMISSION ACTION:

Councilwoman Phyllis Viagran motioned, and Councilwoman Castillo seconded to approve Item #4 for the Viento at Vida Apartments.

AYES: 7

NAYS:

ABSTAINED:

THE MOTION PASSED.

5. EXECUTIVE SESSION: REAL ESTATE/CONSULTATION WITH ATTORNEY. DELIBERATE THE MANAGEMENT, PURCHASE, EXCHANGE, LEASE OR VALUE OF CERTAIN REAL PROPERTIES AND OBTAIN LEGAL ADVICE REGARDING RELATED LEGAL ISSUES FOR SAHT PORT SA, LP, LLC PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.072 (REAL PROPERTY) AND 551.071 (CONSULTATION WITH ATTORNEY)

President Adriana Rocha Garcia convened The San Antonio Housing Trust Public Facility Corporation into Executive Session at 12:12 p.m. to discuss Item Number 5.

Executive Session. The San Antonio Housing Trust reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), and 551.087 (economic development). ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION.

President Adriana Rocha Garcia convened The San Antonio Housing Trust Public Facility Corporation into open session at 12:36 p.m. No action was taken during Executive Session.

NO ACTION TAKEN.

6. ADJOURNMENT

President Adriana Rocha Garcia adjourned the meeting. There being no further business, the meeting adjourned at 12:36 p.m.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 3

Public Comment

Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters; a total of 15 minutes will be provided.

To sign up for Public Comment please call 210-735-2772 24 hours prior to this meeting to place your name on the list.

Los oradores interesados tendrán 3 minutos cada uno para dirigirse a la Junta sobre temas de la agenda o asuntos relacionados con la política de vivienda; Se proporcionará un total de 15 minutos.

Para inscribirse en Comentario Público, llame al 210-735-2772 24 horas antes de esta reunión para incluir su nombre en la lista.

San Antonio Housing Trust Public Facility Agenda Item 4

Discussion and possible action to authorize the Four25 San Pedro transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of all the membership interest of and other matters in connection therewith

Background:

In February 2021, the PFC board approved a non-binding inducement resolution for the 9% LIHTC project located at 425 San Pedro Avenue which initially was proposed as an 80-unit development with permanent supportive housing. Due to low scores for the schools in the area, the development would not score well as a family development per Texas Department of Housing and Community Affairs (TDHCA) Qualified Allocation Plan (QAP). The development was reimagined as a non-family development containing 80 one-bedroom units. The Five Points Neighborhood Association opposed the redesign, and the TDHCA tax credit application was withdrawn.

Summary:

Since that time, the school rating has improved considerably, which will allow for a new 80-unit 9% LIHTC development focused on families to be competitive in the state's Qualified Allocation Plan. The development will consist of 41 two-bedroom units and 39 three-bedroom units serving families with incomes at 30% to 60% of Area Median Income (AMI). The property will be both income and rent restricted based on family size and AMI of the occupants. The affordability restriction will remain in place for 40 years.

Franklin Development and City representatives met with members of the Five Points Neighborhood Association to discuss proposed family-focused supportive housing development. On December 22, 2022, the Five Points Neighborhood Association provided a letter of support.

The *pre*-application for a competitive 9% tax credit award was due on January 6, 2023. Given the PFC board previously approved the project, our strategic plan goals to create PSH, and the *pre*-application deadline associated with the QAP, I supported Franklin's *pre*-application submission listing the PFC as a partner pending formal board approval. The full LIHTC application materials will be due by the end of February.

Anticipated Services

In San Antonio, there is a growing number of families who are working but are unable to afford the necessities of housing, food, childcare, health care, and transportation are known as Asset Limited, Income Constrained, Employed (*ALICE*). Twenty-eight percent of Texas families meet those criteria. In Bexar County, 52% of households fall below ALICE thresholds.

The Four25 will provide on-site family focused supportive housing services through SAMMinistries who provided the preliminary supportive services and amenities package for the pre-application submission. While it is still early in the process, the supportive services will aim to help residents remain stably housed through multi-disciplined programs to help address physical health, mental health and substance abuse with access to available programs and support. Services will be flexible and unique to each resident. Supportive services are not required, but offered assertively, meaning case managers will continue to show up and check on residents on an on-going basis. SAMM is anticipated to provide integrated and on the ground support with onsite case managers, food pantry to service meal needs, on site resources for continuation education, life skills workshops and financial literacy. This includes meeting spaces, and common amenity areas to facilitate all services on site. Residents have access to public transportation, grocery stores, parks, educational opportunities, and other neighborhood amenities common to all other residents.

The supportive services anticipated to be provided are client-centered, use a Trauma-Informed approach, and operate within the principles of “Housing First” and “Harm Reduction.” These evidenced based practices are critical to productive work with this population, given that most of the residents have histories of trauma and victimization. No fees will be charged to any resident for any service provided.

Financial Structure

The development will be structured as a 9% LIHTC tax credit limited partnership with the PFC (related entity) serving as the general partner, and PFC owning the land and leasing it back to the partnership to preserve the real estate tax exemption. A Franklin Development related entity will provide the required guarantees and manage the asset. A *to-be-determined* investor will act as the limited partner and provide the tax credit equity. There will also need to be a Historically Underutilized Business (HUB) possibly acting as a non-managing member of our GP partnership. The full financing structure has not been finalized, but will likely include mortgage debt, 2017 City Bond proceeds, tax credit equity, fee waivers, and Texas Multi-Family Development funds.

The SAHTPFC will receive a portion of the development fee, cash flow, and sale proceeds (after the 15-year initial compliance period). Until a HUB is selected and terms are negotiated, we don't yet have the specific fee terms defined. However, they will be similar to other deals previously negotiated.

Recommendation:

Staff recommends moving this item to the full board for a PFC Inducement Resolution to support the 9% LIHTC application.

FOUR25 SAN PEDRO APARTMENTS

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation (the “PFC”) hereby certifies as follows:

1. In accordance with the bylaws of the PFC, the Board of Directors of the PFC (the “Board”) held a meeting on January 20, 2023 (the “Meeting”) of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION INDUCING THE FOUR25 SAN PEDRO APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO OBTAIN THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; AND OTHER MATTERS IN CONNECTION THEREWITH

(the “Resolution”) was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board’s minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Articles of Incorporation and the Bylaws of the PFC.

SIGNED AND SEALED January 20, 2023

Pedro A. Alanis, Assistant Secretary

RESOLUTION INDUCING THE FOUR25 SAN PEDRO APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO OBTAIN THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of San Antonio, Texas (the “City”), has, pursuant to the Texas Public Facility Corporations Act, Chapter 303, Texas Local Government Code, as amended (the “Act”), approved and created the San Antonio Housing Trust Public Facility Corporation, a nonstock, nonprofit public facility corporation (the “PFC”);

WHEREAS, the PFC, on behalf of the City, is empowered to finance the costs of public facilities that will provide decent, safe, and sanitary housing at affordable prices for residents of the City;

WHEREAS, ARDC San Pedro, Ltd., a Texas limited partnership (the “User”), has filed an Application for financing (the “Application”), requesting that the PFC participate in the acquisition, construction, and equipping of a proposed 80-unit multifamily housing facility to be located at 425 South San Pedro Avenue and to be known as the Four25 San Pedro Apartments (the “Project”);

WHEREAS, the User intends to finance the Project in part with 9% housing tax credits competitively procured from the Texas Department of Housing and Community Affairs (“TDHCA”), one or more loans, and bonds issued under the City of San Antonio’s Neighborhood Improvements Bond Program;

WHEREAS, this Resolution shall constitute the PFC’s preliminary, non-binding commitment, subject to the terms hereof, to proceed;

WHEREAS, the User has requested that the PFC create a single-member limited liability company to serve as a general partner of the User;

WHEREAS, the User has requested authorization to make all filings necessary to obtain and maintain equity and debt financing for the Project, including 9% tax credits from the TDHCA;

WHEREAS, in order to comply with the requirements of the 9% tax credit program, the User requested the PFC enter into a Contract for Purchase Option and Ground Lease (the “Site Control Contract”) with Franklin Development Properties, Ltd. and the User in order to secure site control of the land on which the Project will be located;

WHEREAS, the members of the Board of Directors of SAHTPFC (collectively, the “Board”) and their respective offices are as follows:

<u>Name of Director/Officer</u>	<u>Position</u>
Dr. Adriana Rocha Garcia	President and Director
Jane Paccione	Vice President and Director

Jordan Ghawi
John Courage
Teri Castillo
Phyllis Viagran
Pedro A. Alanis
Nicole Collazo

Director and Secretary
Director and Treasurer
Director
Director
Assistant Secretary
Assistant Secretary

WHEREAS, the Board has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio for the various entities to enter into the transactions described above so that the User may construct the Project; and

WHEREAS, this Board has reviewed the foregoing and determined that the action herein authorized is in furtherance of the public purposes of SAHTPFC; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION THAT:

Section 1. Subject to the terms hereof, the PFC agrees that it will, acting in either its own capacity or as the party controlling the general partner of the User:

(a) cooperate with the User with respect to the Project, and, if arrangements therefor satisfactory to the User and the PFC can be made, take such action and authorize the execution of such documents and take such further action as may be necessary or advisable for the authorization, execution, and delivery of any applications, notices, contracts or agreements deemed necessary and desirable by the User or the PFC in connection with the Project, specifically including any applications, agreements, documents, certificates and instruments necessary to obtain tax credits from the TDHCA (collectively, the "Contracts"), providing among other things for financing, acquisition, construction, equipping, and improvement of the Project; and use, operation, and maintenance of the Project, all as shall be authorized, required, or permitted by law and as shall be satisfactory to the PFC and the User;

(b) own the real estate and serve as the general contractor for the Project to obtain tax exemptions;

(c) take or cause to be taken such other actions as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Neither the State of Texas (the "State"), the City, nor any political PFC, subdivision, or agency of the State shall be obligated to pay any debt or other obligation of the User or the Project and that neither the faith and credit nor the taxing power of the State, the City, or any political, subdivision, or agency thereof is pledged to any obligation relating to the Project.

Section 2. It is understood by the PFC, and the User has represented to the PFC, that in consideration of the PFC's adoption of this Resolution, and subject to the terms and conditions hereof, the User has agreed that

(a) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless the PFC and the City against

all losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the Project, or the design, construction, equipping, installation, operation, use, occupancy, maintenance, or ownership of the Project (other than claims arising from the gross negligence or willful misconduct of the PFC or the City); and

Section 3. This Resolution shall be deemed to constitute the acceptance of the User's proposal that it be further induced to proceed with providing the Project. **Provided that neither the User nor any other party is entitled to rely on this Resolution as a commitment to enter into the proposed transaction, and the PFC reserves the right not to enter into the proposed transaction either with or without cause and with or without notice, and in such event the PFC shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser shall have any claim against the PFC whatsoever as a result of any decision by the PFC not to enter into the proposed transaction.**

Section 4. The Board authorizes the President, Vice President, Secretary, Treasurer, Executive Director, or Assistant Secretary of the Board to execute any Contracts and take any and all actions required to obtain tax credits, equity financing and debt financing, including without limitation, the Site Control Contract, and authorizes Ryan Wilson, as representative of the User, to execute any applications and submissions to TDHCA for its 9% housing tax credit program.

Section 5. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 6. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 7. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. This Resolution shall be in force and effect from and after its passage.

* * *

**San Antonio Housing Trust Public Facility
Agenda Item 5**

Discussion and possible action to approve amendments for the Preserve at the Port Apartments, including restructuring the debt for the project, authorizing additional debt, authorizing Brass Realty and its affiliates to be substituted in for Joey Guerra and his affiliates in various entities and positions and other matters in connection therewith.

Background:

In April 2021, the PFC partnership with Integrated Realty Group closed financing on the Preserve at Billy Mitchell (Port), a 384-unit garden style multi-family rehabilitation using a combination of construction loan debt and historic tax credit equity. Since this time, the development project encountered the following challenges:

- Construction delays due to supply chain and material shortages
- Vandalism to renovated and partially renovated units
- Several fires caused by unauthorized occupants resulted in the loss of 24 units
- Escalating construction financing variable interest rates

The developer paused rehabilitation work on the project. On October 21, the PFC board authorized an adjustment to the project affordability unit mix considering the project's challenges. Under the revised affordability stratification, 51% of the units will meet the city's definition of affordability.

AMI Stratification						
	30%	50%	60%	70%	100%	Total
Original	19	58	0	307	0	384
Revised	20	35	131	0	182	368*

*16 units were lost to fires and cannot be rebuilt due to historical designation

Issue

In December 2022, the developer informed us in December that they were working with IBC Bank/42 Equity (the construction lender and tax credit purchaser) to transfer their interest to a new development partner who had the financial capacity and expertise to complete the project.

The new development partner is Brass Realty, LLC (Brass) which is owned by Rick Rodriquez. Brass is a San Antonio based real estate investment and management firm that has been in existence since 1996. Their portfolio consists of office buildings and multifamily developments. The multifamily portfolio consists of 11 properties containing 3,181 units which were either

newly constructed or acquired and rehabilitated. Most of these properties are affordable housing developments.

Staff and our legal counsel have participated in several calls with our former development partner and the Brass team and their attorney. We have obtained credit information on Rick Rodriguez and confirmed the proposed new financing structure with IBC Bank, which will extend the term of the existing construction loan by 3 years and provide additional debt of \$6,619,000 to complete the rehabilitation of the project. Additionally, Brass has negotiated a more competitive interest rate with the lender due to the guarantees he brings to the deal.

Staff has also reviewed the following information submitted by the Brass team:

1. Schedule to complete the renovations
2. Monthly and annual pro-forma operating projections
3. Projections for securing a permanent mortgage upon completion of renovations and lease up/stabilization of occupancy

Financial Structure

To complete the project, the following modifications will need to be made to the original deal terms:

1. Additional debt of \$6,619,000 provided by IBC bank at a new lower interest rate
2. Extension of the existing \$44,000,000 construction loan with a new lower interest rate
3. Payment of a \$1,206,000 preferred return to Brass Realty which will prioritize payment prior to development fee and cash flow owed to the PFC.

The projections indicate the following key financial milestones:

1. Completion of building and common area renovations by June 2023
2. Lease up and stabilization of the property by January 2024
3. Conversion to permanent financing by March 2024

Rick Rodriguez will be assuming the guarantees that were provided by the original development partner. However, the interest rate on the existing debt and new debt will be at a lower interest rate. Based on the revised project timeline, the reduced interest rate on the construction loan and new loan will save the partnership approximately \$1,349,000 which more than offsets the \$1,206,000 preferred return payment to Brass. However, to ensure that the key financial milestones are met, Brass has agreed that no preferred return payments will be made until the following events occur:

1. Renovations are completed and certificates of occupancy have been issued by the city for all buildings.
2. Occupancy is stabilized at 90% for ninety consecutive days
3. A firm commitment is issued for permanent financing of at least \$44,000,000
4. Confirmation of the additional historical tax credit allocation of \$4,560,000

Additionally, once the preferred return has been fully paid and the permanent financing is in place, Brass has agreed to consult with PFC to review annual operating budgets, and annual rental increases proposed for existing residents occupying affordable units. The PFC is still receiving the original \$1,550,000 in deferred development fees (after preferred) paid out from 2025-2027 and projected cash flow of \$9,382,622 payable from 2027-2037.

The PFC believes these terms will allow for the completion of the 368-unit affordable housing development while preserving the long-term affordability and financial viability of the project

Recommendation

Staff recommends approving an amendment to our agreements to reflect the above negotiated terms.

Attachments

Revised Sources and Uses

Building Rehabilitation Schedule

PRESERVE AT THE PORT
A/O December 2022

SOURCES

Revised additonal tax credit equity	\$	4,560,000.00
Original Tax Equity	\$	15,262,856.87
Midland State remaining funds	\$	1,000,000.00
Original Partner's contribution for shortfalls	\$	2,252,000.00
Insurance Proceeds B20 rebuild	\$	1,711,671.94
IBC Loan	\$	44,000,000.00
Brass New Equity	\$	6,619,000.00
Master Tenant Payments	\$	3,491,147.91
Other Insurance Proceeds	\$	1,738,974.00
TOTAL SOURCES	\$	80,635,650.72

USES

Midland State Loan	\$	11,144,856.87
Brass New Equity and Pref Payoff	\$	7,678,040.00
Construction	\$	44,221,584.00
Original Soft Costs	\$	9,826,990.00
IBC Interest on 44m loan @ 6.172%	\$	3,243,533.33
Brass Equity 6.172%	\$	408,524.68
Midland Interest @ 5%	\$	232,184.52
Soft Cost Increase	\$	585,000.00
Original Partner's Construction through 9/30	\$	850,000.00
Perm Loan Fee HUD 223f	\$	769,000.00
Financing Fee	\$	132,380.00
Cushman Op Ex Reserve	\$	200,000.00
Cushman Op Ex	\$	1,323,978.00
TOTAL USES	\$	80,616,071.40

DELTA **\$** **19,579.32**

**BUILDING COMPLETION SCHEDULE
FROM BRASS REALTY DEC 2022**

Building #	# of units completed	# of units pending	Estimated Completion Date
1	0	12	2/10/2023
2	0	12	6/21/2023 last building completion date
3	0	20	6/11/2023
4	0	16	3/6/2023
5	4	0	N/A
6	0	24	4/45/2023
7	4	0	N/A
8	0	20	1/21/2023
9	0	24	4/16/2023
10	0	12	2/5/2023
11	0	12	1/21/2023
12	12	0	N/A
13	20	0	N/A
14	24	0	N/A
15	24	0	N/A
16	0	24	4/16/2023
17	0	16	5/3/2023
18	12	0	N/A
19	24	0	N/A
20	0	16	3/3/2023
21	8	0	N/A
22	20	0	N/A
			rebuild of fire
23	0	8	damaged units
totals	152	216	368

N/A = renovation completed

unit count by floor-plan

style	# of units
1 bedroom	224
2 bedroom	132
3 bedroom	12
Total	368

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation, a Texas nonprofit corporation created pursuant to the laws of the State of Texas ("SAHTPFC") hereby certifies as follows:

1. In accordance with its bylaws, the Board of Directors of SAHTPFC (the "Board") held a meeting on January 20, 2023, (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

**RESOLUTION AUTHORIZING AMENDMENTS FOR THE PRESERVE
AT THE PORT APARTMENTS, INCLUDING RESTRUCTURING THE
DEBT FOR THE PROJECT, AUTHORIZING ADDITIONAL DEBT,
AUTHORIZING BRASS REALTY AND ITS AFFILIATES TO BE
SUBSTITUTED IN FOR JOEY GUERRA AND HIS AFFILIATES IN
VARIOUS ENTITIES AND POSITIONS AND OTHER MATTERS IN
CONNECTION THEREWITH**

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Bylaws of San Antonio Housing Trust Public Facility Corporation.

SIGNED January 20, 2023.

Pedro A. Alanis, Assistant Secretary

**RESOLUTION AUTHORIZING AMENDMENTS FOR THE PRESERVE
AT THE PORT APARTMENTS, INCLUDING RESTRUCTURING THE
DEBT FOR THE PROJECT, AUTHORIZING ADDITIONAL DEBT,
AUTHORIZING BRASS REALTY AND ITS AFFILIATES TO BE
SUBSTITUTED IN FOR JOEY GUERRA AND HIS AFFILIATES IN
VARIOUS ENTITIES AND POSITIONS AND OTHER MATTERS IN
CONNECTION THEREWITH**

WHEREAS, Port SA Redevelopment, LP (the “Partnership”) owns and operates the Preserve at Billy Mitchell Apartments (the “Project”) in partnership with San Antonio Housing Trust Public Facility Corporation (“SAHTPFC”), which is the sole member of the general partner of the Partnership;

WHEREAS, to finance the rehabilitation of the Project, the Partnership and certain of its partners entered into various documents in connection with the rehabilitation of, debt and equity financing for, and operation of the Project including without limitation, loan agreements, promissory notes, security agreements, guaranty agreements, partnership and limited liability company agreements, construction contracts and other related documents (collectively, the “Project and Financing Documents”);

WHEREAS, in order to facilitate the rehabilitation and operation of the Project pursuant to the Project and Financing Documents, Brass Realty is acquiring all of the interest of Joey Guerra and his affiliates in Integrated Realty and any other entities affiliated or involved with the Project;

WHEREAS, the Partnership and Brass Realty have requested to modify and amend the Project and Financing Documents and enter into any additional documents necessary to, among other things, restructure the debt, incur additional indebtedness and authorize the substitution of Brass Realty and its affiliates for Joey Guerra and his affiliates and otherwise facilitate the completion of the Project (collectively, the “Amendment Documents”);

WHEREAS, the Board of Directors of SAHTPFC (the “Board”) has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio for the various entities to enter into transactions necessary to consummate the modifications to the debt and equity structures (collectively, the “Amendments”);

WHEREAS, the Board has reviewed the foregoing and determined that the action herein authorized is in furtherance of the public purposes of SAHTPFC;

BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION, THAT:

Section 1. The Amendments and the Amendment Documents are hereby authorized and approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are hereby authorized to execute the Amendment Documents and any and all other documentation required to achieve the foregoing purposes, whether on behalf of SAHTPFC or the general partner of the Partnership.

Section 3. The President, any Vice President, the Secretary, the Treasurer, and the Assistant Secretaries, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 4. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 5. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to SAHTPFC for this transaction.

Section 6. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 8. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 10. This Resolution shall be in force and effect from and after its passage.

**San Antonio Housing Trust Public Facility
Agenda Item 6**

Executive Session: The San Antonio Housing Trust PFC will convene into executive session pursuant to Texas Government Codes Section 551.072, (Real Property) and 551.071 (Consultation with Attorney) to discuss and deliberate the acquisition of land for affordable housing.

San Antonio Housing Trust Public Facility Agenda Item 7

Summary:

SAHT has aligned its five-year strategic plan with the City of San Antonio's Strategic Housing Implementation Plan (SHIP) which seek to build or preserve over 28,000 affordable homes over the next 10 years.

The SAHT five-year strategic plan, adopted effective October 1, 2023 established six objectives with two objectives focusing on the creation and preservation of affordable rental housing described as follows:

MF Rental New Construction

To achieve our new construction goal of providing additional housing opportunities for low- and moderate-income families, the Trust agreed in our five-year plan to prioritize the creation of new multifamily rental housing by producing:

- New LIHTC developments
- Inclusive mixed-income housing to be owned by SAHT
- Permanent Supportive Housing (PSH)
- Permanently Affordable Multifamily Land Trust with non-profits

New Construction	
5 Year SAHT Target	
60% AMI	4,950
50% AMI	375
30% AMI	600
PSH	300
Units	6,225

Our *supporting strategies* for this objective focus on:

1. adopting the City of San Antonio's Displacement Impact Tool to assess potential impacts to nearby residents at risk of displacement, and incorporate it into the SAHT's final Tax Credit Development Criteria,
2. partnering with developers to create LIHTC projects that serve the targeted populations and require lower developer fee splits from nonprofit partners so they may increase their earnings to continue their missions,
3. engaging with Continuum of Care nonprofit providers to identify PSH development partners and initiate predevelopment efforts,
4. maintaining SAHT cash resources to fund operating and supportive services reserves for PSH,
5. establishing multifamily new construction criteria that promote site selection, equity, digital access, tenant protections, increased accessibility, universal design, and sustainability features.
6. prioritize the use of publicly owned land to build affordable housing,
7. identify and acquire property suitable for future redevelopment including SAHT-owned inclusive housing, multifamily land trusts, or PSH.

MF Rental Preservation

To achieve its goal of continuing housing opportunities for low- and moderate-income families, the Trust will prioritize the preservation of existing multifamily rental housing by:

- Ensuring low-income housing restrictions are either placed or remain in place
- Preserving long-term housing affordability by extending restrictions
- Extending the life of existing structures, including safety, accessibility, sustainability, and climate resiliency upgrades

Preservation	
5 Year SAHT Target	
80% AMI	435
60% AMI	2,850
50% AMI	113
30% AMI	313
Units	3,711

Our *supporting strategies* for this objective focus on:

1. monitoring LIHTC properties in San Antonio to assess, prioritize, and develop preservation plans for at-risk properties with expiring land use restrictions or covenants.
2. partnering with nonprofit developers to acquire and preserve multiple smaller properties that may not be financially viable as a 4% LIHTC on their own but can be pooled into a single financing package.
3. partnering with developers to acquire and rehabilitate multifamily rental properties under PFC ownership for permanent affordability. This may include adding or extending affordability restrictions on SAHT-financed properties.
4. provide gap financing to support the preservation of multifamily rental developments by affordable housing partners, including Opportunity Home, focusing on affordable to households, prioritizing those with incomes from < 30% AMI to 80% AMI.
5. supporting NHSD to increase preservation of housing affordable to households with income at or below 30% AMI by increasing City support and establishing a dedicated revenue source for gap financing.
6. leveraging SAHT funding for accessibility, universal design, sustainability, and/or climate resiliency grants to multifamily rental properties serving targeted populations that are aligned with the SA Climate Ready goals and social determinants of health goals

Issue

This past summer, the SAHT board elected not to move forward on the proposed LIHTC multifamily policy. The board wanted time to consider additional policy options regarding displacement, transportation, and equity for the next 4% bond cycle in 2024. However, in the meantime, we anticipate receiving inquiries regarding the use of conventionally financed structures which require a substantial amount of equity (non-tax credit) seeking market returns.

Previous SAHT PFC boards have approved such structured projects, however, the projects were subject to scrutiny due to issues surrounding displacement, inadequate rent and income limits, lack of affordability as defined by the City of San Antonio, as well as lower return expectations for the Housing Trust PFC. The conventional financing structures that we were able to previously negotiate do not appear to be in line with current policy goals set forth in our Five Year Strategic

Plan. Additionally, I anticipate there to be changes made to the PFC program at the state level, which could require SAHT to adjust our approach to these tax-exempt structures.

There are also alternatives that may be able to be considered by conventionally financed developers that do not provide 100% tax exemptions for 55–99-year periods, including other PFCs, city or county tax rebate programs, HUD financing which lowers the requirement on a project, and other programs which may be forthcoming by the federal government in terms of promoting increased sustainability.

Recommendation

While this is only a briefing for board discussion, staff recommends continuing our policy discussions with respect to displacement, transportation, equity, and long-term affordability needs but not only in the context of a LIHTC Policy, but of a broader Multifamily Policy.