**AGENDA**

**SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION**

**A MEETING OF THE OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION BOARD OF DIRECTORS WILL BE HELD VIA ZOOM LINK: HTTPS://US02WEB.ZOOM.US/J/88926211915?PWD=C002L2XMUHFRK1PSMS9PQLNZL0LMDZ09**
**DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 889 2621 1915 PASSWORD: 533227**
**ON WEDNESDAY, FEBRUARY 24, 2021**
**AT 1:30 P.M., TO CONSIDER THE FOLLOWING MATTERS:**
**BRIEFING AND POSSIBLE ACTION ON:**

Briefing and Possible Action on:

1. Approval of minutes.
2. Public Comment.
3. Consideration and possible action to approve a Resolution inducing the **Arbors at West Avenue Apartments**, 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.
4. Resolution concerning the Application of the ARDC San Pedro, Ltd. for the **Four25 Apartments**, a new 9% Low Income Housing Tax Credit project; 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.
5. A briefing on proposed legislation regarding public facility corporations.

***Executive Session**

The Board reserves the right to enter into an Executive Session at any time to discuss any of the agenda items pursuant to Section 551.071 (Consultation with Attorney) or 551.072 (Deliberation Regarding Real Property).

**DISABILITY ACCESS STATEMENT**

Auxiliary Aids and Services, including Deaf interpreters, must be requested forty-eight [48] hours prior to the meeting. For assistance, call (210) 207-7268 or 711 Texas Relay Service for the Deaf.

**SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION BOARD MEMBERS:**

Council Member Roberto C. Trevino (District 1), Council Member Rebecca J. Viagran (District 3), Council Member Dr. Adriana Rocha Garcia (District 4), Council Member Shirley Gonzales (District 5), Council Member John Courage (District 9)

**San Antonio Housing Trust Public Facility Corporation**

**Agenda Memorandum**

**File Number _____**

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**Agenda Item Number:** 1

**Agenda Date:** 2-24-2021

**In Control:** San Antonio Housing Trust Public Facility Corporation

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**DEPARTMENT:** San Antonio Housing Trust Public Facility Corporation

**DEPARTMENT HEAD:** Pedro Alanis

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Approval of minutes

**SUMMARY:**

This item includes the approval of minutes from the January 26, 2021 meeting.

**SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION**

**OFFICIAL MEETING MINUTES**

**January 26, 2021**

- The Public Facility Corporation met in session at 10:04 a.m, via Zoom
- The meeting was called to order by Councilwoman Viagran and the roll was called by Maria Bradley.

PRESENT: Councilwoman Rebecca Viagran, Councilman Roberto Treviño, Councilwoman Adriana Rocha Garcia, Councilwoman Shirley Gonzales, and Councilman John Courage

**ABSENT:**

**Staff/Visitors Present:**
Pedro Alanis-Executive Director San Antonio Housing Trust Public Facility Corporation; Nicole Collazo- Assistant Director San Antonio Housing Trust Public Facility Corporation; JD Hernandez –Asset Manager San Antonio Housing Trust Public Facility Corporation; Sharon Jennings-Contract Officer San Antonio Housing Trust Public Facility Corporation; Maria Bradley - Administrative Assistant, San Antonio Housing Trust Public Facility Corporation; James Plummer- Bracewell LLP; Summer Greathouse-Bracewell LLC; Allison Shae- NHSD; Kenneth Saks- Olivia, SAKS, Garcia & Curiel, L.L.P.; Caroline McDonald-Brown & Ortiz PC; Rebecca Flores-Citizen; John Minter-Bitterblue Investment; Timothy Alcott-SAHA; Edward Mungia- D4; Philip Morgan-Morgan Group; Rich Acosta-My City is My Home; Monica Cruz- Citizen; Jason Hauck- Travis Russell- Morgan Group; Dan Wilson-Atlantic Pacific Communities; Nick Laettner-Morgan Group; Tim Barr-Citizen; Ron Valentin-Collaborate Architects; Chris Villa-D3; Ruben Lizalde-D3; Carine Yhap-Atlantic Pacific Communities; Scott Teeter-Bitterblue; Amanda Gonzalez- Methodist Healthcare Ministries; Kayla Miranda- Citizen; Teresa Menendez Myers-D5; Peggy Pena- Highland Park Neighborhood Association; Derek Roberts-D9

1. **Approval of minutes for November 24, 2020.**

**MINUTES COMMISSION ACTION:**

The motion was made by Councilman Courage and seconded by Councilwoman Rocha Garcia for approval meeting minutes from November 24, 2020.

**AYES: 5**
**NAYS: 0**
**ABSTAIN: 0**

**THE MOTION CARRIED.**

**2. PUBLIC COMMENT-**

Rebecca Flores expressed her concern on property tax exemptions and affordability to those that need it most. She questioned if the schools knew that they were losing state funding in the district where SAHT is building.

Rich Acosta from My City is My Home spoke greatly about the Tenant Protection Plan that Pedro Alanis; Executive Director of San Antonio Housing Trust is getting approved on all the SAHTPFC properties. He stated the City should take steps to increase renters' rights on all properties that accept taxpayer funds.

Monica Cruz a community researcher and concerned resident in San Antonio, spoke about tax breaks that are continued to approve in the community. These developments serve middle income renters. She is concerned about the family's whose income is less than 60% AMI.

Kayla Miranda resident of The Alazan Apache Apartments expressed her concern on the rents that are not affordable in her area and that the SAHT is not building affordability in the neighborhood.

**3. Consideration and possible action to approve a Resolution inducing the Ridgeline Flats Apartments, a new 350-unit mixed income affordable/market PFC structure in partnership with Morgan Group Development and Bitterblue, Inc., located on approximately 13 acres of land located on the north side of North Loop 1604 West between Shavano Ranch and Rogers Ranch, and the negotiation and execution of a Memorandum of Understanding in Connection therewith.**

Pete Alanis mentioned the Morgan Group is seeking a partnership with Bitterblue Inc. with the Public Facility Corporation. The new construction is in Council district 9, located along 1604 in Shavano Ranch. The project is a mix of 1, 2 and 3 bedroom units and will provide 36 units for tenants income less than 60% AMI and 140 units for tenants whose income at or below 80% AMI. The rest will be at market rate. The PFC will receive $250,000 origination fee at closing, $25,000 annual fee through year 4 and a $35,000 annual fee there afterwards. The PFC will also receive 1% transaction fee based on the gross sale of the project except of the first sale, which can be up to 1.4% depending on the performance of the project.

Councilman Courage wanted to clarify if the new developers did not include NRP Group and Pete did confirm it did not include NRP.

Councilman Treviño and Councilwoman Rocha Garcia had asked if SAHT had any communications with the school districts when it comes to a new project being built. Pete commented that it is not part of the process to engage with the school districts but can be part of their process in the future.

**COMMISSION ACTION:**

The motion was made by Councilman Courage and seconded by Councilman Treviño to approve the inducement approval Resolution for the Ridgeline Flats Apartments.

**AYES: 5**
**NAYS: 0**
**ABSTAIN: 0**

**The MOTION CARRIED.**

4. **Consideration and possible action to approve an Amended and Restated Resolution of Inducement for the Echo East Apartments transaction, including the execution of all documentation necessary to obtain the financing for such transaction; and authorizing all filings and agreements with the Texas department of Housing and Community Affairs in connection with applications for low-income housing tax credits; and to allow other matters in connection therewith.**

Pete Alanis wanted to update the PFC resolution for the purposes of complying with the TDHCA application process. TDHCA is requiring an updated resolution since the prior resolution was done back in 2019.

**COMMISSION ACTION:**

The motion was made by Councilwoman Gonzales and seconded by Councilwoman Rocha Garcia for the approval of the updated 2021 Resolution for Echo East Apartments.

**AYES: 5**
**NAYS: 0**
**ABSTAIN: 0**

**THE MOTION CARRIED.**

5. **Briefing and consideration of a Proposed Tenant's Protection Policy**

Pete Alanis presented the Proposed Tenant Protection Policy. He mentioned that the policy will be available for a 45-day public comment period for any interested parties to provide any feedback.

**NO ACTION NEEDED:**

Councilwoman Viagran adjourned the meeting. There being no further business, the meeting adjourned at 11:17a.m.

**San Antonio Housing Trust Public Facility Corporation**

**Agenda Memorandum**

**File Number _____**

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**Agenda Item Number:** 2

**Agenda Date:** 2-24-2021

**In Control:** San Antonio Housing Trust Public Facility Corporation

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**DEPARTMENT:** San Antonio Housing Trust Public Facility Corporation

**DEPARTMENT HEAD:** Pedro Alanis

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Public Comment

**SUMMARY:**

This item will allow 3 minutes each for interested speakers to address the Board.

**San Antonio Housing Trust Public Facility Corporation**

**Agenda Memorandum**

**File Number _____**

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**Agenda Item Number:** 3

**Agenda Date:** 2-24-2021

**In Control:** San Antonio Housing Trust Public Facility Corporation

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**DEPARTMENT:** San Antonio Housing Trust Public Facility Corporation

**DEPARTMENT HEAD:** Pedro Alanis

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Consideration and possible action to approve a Resolution inducing the **Arbors at West Avenue Apartments**, 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.

**BACKGROUND:**

The project is a 234-unit multifamily, 4% tax credit project in District 1 located at approximately 3747 West Avenue, which consists of 150 existing units to be rehabilitated and an additional 84 units to be reconstructed. The project will seek low-income housing tax credits and HUD 221(d)(4) financing.

The developer is Prospera Housing and Community Services, which, is a charitable non-profit developer with approximately 4,300 units in 50 properties across South Texas.

Of the 234 total multifamily units, 43 Section 8 which are expected to serve tenants earning 30% of median family income, 98 units will be rented to individuals whose incomes are at or below 50% of median family income. 24 units will be rented to individuals whose incomes are at or below 60% of median family income. 69 units will be rented to individuals whose incomes are at or below 80% of median family income.

The following table shows the rent mix and projection with utility allowances built in, which is subject to change:

| Unit Type | AMI | Units | Rent |
|---|---|---|---|
| 1BR | Section 8 | 10 | 30% of Income |
| 1BR | 50% | 19 | $627-642 |
| 1BR | 60% | 4 | $762-777 |
| 1BR | 80% | 23 | $830-845 |
| 2BR | Section 8 | 23 | 30% of Income |
| 2BR | 50% | 43 | $747-754 |
| 2BR | 60% | 10 | $909-916 |
| 2BR | 80% | 34 | $980-988 |
| 3BR | Section 8 | 10 | 30% of Income |
| 3BR | 50% | 34 | $856 |
| 3BR | 60% | 8 | $1,043 |
| 3BR | 80% | 12 | $1,120 |
| 4BR | 50% | 2 | $925 |
| 4BR | 60% | 2 | $1,134 |

**Rent includes utility allowance*

The total project budget is approximately $51.1 million. The sale of low-income housing tax credits will raise approximately $19.2 million. Revenue bonds are anticipated to be issued by the San Antonio Housing Trust Finance Corporation in the amount of $25,000,000. The revenue bonds will not be a liability of the Finance Corporation, PFC or the City. The City has approved $1.25 million in HOME funds to support this project.

The Arbors at West Avenue is located in the North East Independent School District and would be serviced by 2019 Overall B-rated L.E.E High School; 2019 Overall B-rated Jackson Middle School; and 2019 Overall B-rated Dellview Elementary School. Taxing entities such as the school district will not see a direct loss to collected taxes, since the property has an existing prior tax exemption. The redevelopment action would trigger the project to pay 50% in property taxes without the partnership of the SAHT PFC. Thus, the rehabilitation and reconstruction would not be financially feasible.

The Finance Corporation approved a $25 million bond inducement on August 26, 2020 and shall receive a 1% closing fee of the final bond inducement amount. It is anticipated that the Public Facilities Corporation will receive 25% of the developer/deferred fees and 50% of the Cash Flow from the project and 50% of any proceeds from the sale or refinancing of the Project.

Staff recommends that the board approve the resolution to allow the project to progress. Once the financing is secured, we will negotiate definitive documents and bring them back for approval. The non-binding resolution authorizing Prospera to proceed is attached.

**ALTERNATIVES:**

If the San Antonio Housing Public Facility Corporation Board does not approve this transaction, the 150 existing affordable units will not be rehabilitated and the 80 new affordable units will not be constructed.

**FISCAL IMPACT:**

No fiscal impact, as this is a non-binding resolution.

**RECOMMENDATION:**

Staff recommends approval of the Resolution

**ATTACHMENT:**

Resolution

**ARBORS AT WEST AVENUE APARTMENTS**

**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 February 24, 2021 (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 ARBORS AT WEST AVENUE 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 Bylaws of SAHTPFC.

SIGNED February 24, 2021

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Pedro A. Alanis, Assistant Secretary

RESOLUTION INDUCING THE ARBORS AT WEST AVENUE 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 Arbors at West Avenue LP, a Texas limited liability company (the "Partnership"), and SAHT Arbors at West Avenue GP, LLC, a Texas limited liability company and its general partner (the "General Partner"), have been formed to acquire, rehabilitate and construct an approximately 234-unit multifamily housing facility (the "Housing Facility") to be located at approximately 3747 West Avenue, San Antonio, Texas (the "Land," together with the Housing Facility, the "Project");

WHEREAS, at the request of the Partnership, San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") has agreed to (i) serve as the sole member of the General Partner of the Partnership in connection with the financing of the Project, (ii) acquire the Land and lease it to the Partnership pursuant to a Ground Lease (the "Ground Lease"), and (iii) enter into a joint venture with Prospera Housing and Community Services (the "Developer") to form an entity that will serve as the general contractor for the Project;

WHEREAS, the Partnership has requested that the San Antonio Housing Trust Finance Corporation (the "Issuer") issue its Multifamily Housing Revenue Bonds (Arbors at West Avenue Apartments) Series 2021 (the "Bonds") to finance the Project (the "Bond Financing");

WHEREAS, the Issuer will issue the Bonds in an amount not to exceed $25,000,000 and loan such proceeds to the Partnership;

WHEREAS, in connection with the Bond Financing, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to a Loan Agreement, a Trust Indenture, a Note, a Regulatory Agreement and Declaration of Restrictive Covenants, a Leasehold Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing together with Ground Lessor Subordination and Joinder, a Servicing Agreement, and a Ground Lease (collectively, the "Bond Documents");

WHEREAS, the Developer, on behalf of the Partnership, has applied or will simultaneously herewith apply for approximately $20,952,270 in low income housing tax credits (the "LIHTCs") from the Texas Department of Housing and Community Affairs ("TDHCA");

WHEREAS, in connection with the application for LIHTCs, it is anticipated that the Partnership, General Partner and/or SAHTPFC will be required to execute, complete and deliver various applications, agreements, documents, certificates and instruments to TDHCA (the "TDHCA Documents");

WHEREAS, the Partnership will contribute approximately $19,274,158 of equity to the construction of the Project, which will be contributed by a limited partner to be determined at a later date (the "Equity Financing");

WHEREAS, in connection with the Equity Financing, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to an Amended and Restated Agreement of Limited Partnership, a Development Agreement, and closing certificates (collectively, the "Equity Documents");

WHEREAS, in order to provide additional funding for the Project, the Partnership may enter into one or more subordinate loans ("Subordinate Loans");

WHEREAS, in connection with the Subordinate Loans, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to loan agreements, leasehold deeds of trust, declaration of restrictive covenant of affordability or land use restriction agreements, assignments, notes, and subordination agreements (collectively, the "Subordinate Loan Documents");

WHEREAS, SAHTPFC will enter into a joint venture with the Developer to form an entity that will enter into a construction contract with the Partnership to serve as the general contractor to construct the Project (the "Construction Documents");

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

| Name of Director/Officer | Position |
|---|---|
| Rebecca Viagran | President and Director |
| Shirley Gonzales | Vice President and Director |
| Roberto Trevino | Director |
| Dr. Adriana Rocha Garcia | Director |
| John Courage | Director |
| Pedro A. Alanis | 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 Partnership may construct the Project;

WHEREAS, this 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 Project, the various structures of financing contemplated for the Project, including but not limited to the Bond Financing, the LIHTCs, the Equity Financing and the Subordinate Loans are hereby approved and the TDHCA Documents and the Construction Documents, are hereby approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, the Executive Director, any Assistant Secretary, or any of them, are hereby authorized to execute any and all applications and term sheets required for the financing and construction of the Project, including, but not limited to, the TDHCA Documents and the Construction Documents and all other documents relating to obtaining the Bond Financing, LIHTCs, Equity Financing, and the Subordinate Loans to which the Partnership, the General Partner, and/or SAHTPFC is a party.

Section 3. The President, any Vice President, the Secretary, the Treasurer, and the Executive Director, any Assistant Secretary, 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, including, without limitation, the TDHCA Documents and all filings or other actions required by the TDHCA in connection with the LIHTCs. The President, any Vice President, the Secretary, the Treasurer, the Executive Director, 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. It is understood by SAHTPFC and the Partnership and Developer have represented to SAHTPFC, that in consideration of SAHTPFC's adoption of this Resolution, and subject to the terms and conditions hereof, that the Partnership and Developer have agreed that

(a) the Partnership and Developer will (1) pay all Project costs that are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless SAHTPFC and the City against all losses, costs, damages, expenses and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and courts 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 SAHTPFC or the City).

Section 5. This Resolution shall be deemed to constitute the acceptance of the Partnership's and Developer's proposal that it be further induced to proceed with providing the Project. **Provided that neither the Partnership nor the Developer nor any other party is entitled to rely on this Resolution as a commitment to enter into the proposed transaction, and SAHTPFC reserves the right not to enter into the proposed transaction either with or without cause and with or without notice, and in such event SAHTPFC shall not be subject to any liability or damages of any nature. Neither the Partnership nor the Developer nor anyone claiming by, through or under the Partnership or the Developer, nor any investment banking firm or potential purchaser shall have any claim against SAHTPFC whatsoever as a result of any decision by SAHTPFC not to enter into the proposed transaction.**

Section 6. 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 7. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to the General Partner and SAHTPFC for this transaction.

Section 8. 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 9. 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 10. 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 11. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 12. This Resolution shall be in force and effect from and after its passage.

**San Antonio Housing Trust Public Facility Corporation**

**Agenda Memorandum**

**File Number _____**

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**Agenda Item Number:** 4

**Agenda Date:** 2-24-2021

**In Control:** San Antonio Housing Trust Public Facility Corporation

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**DEPARTMENT:** San Antonio Housing Trust Public Facility Corporation

**DEPARTMENT HEAD:** Pedro Alanis

**COUNCIL DISTRICTS IMPACTED:** District 1

**SUBJECT:**

Resolution concerning the Application of the ARDC San Pedro, Ltd. for the **Four25 Apartments**, to be located at 425 South San Pedro Avenue; and other matters in connection therewith.

**BACKGROUND:**

This is an inducement for a proposed 9% tax credit transaction for Franklin's Four25 Apartments.

The project is an 80-unit multifamily, 9% tax credit project in District 1 located at 425 South San Pedro Avenue. The project will consist of low-income housing tax credit units for the following income levels: 30% AMI – 16 units; 50% AMI – 32 units; and 60% AMI – 32 units, all spread throughout the project. The total project cost is estimated at $22,455,952.

The LIHTC program will raise approximately $13,798,620 in tax credit equity and will require approximately $5,300,000 of debt. $2,650,000 of city funds are anticipated to be utilized through the City of San Antonio's Neighborhood Improvements Bond Program.

The following table shows the rent mix and projection with utility allowances built in, which is subject to change:

| Unit Type | AMI | Units | Rent |
|---|---|---|---|
| 2BR | 30% | 8 | 361 |
| 2BR | 50% | 17 | 685 |
| 2BR | 60% | 16 | 847 |
| 3BR | 30% | 8 | 386 |
| 3BR | 50% | 15 | 760 |
| 3BR | 60% | 16 | 948 |

9% applicants have previously worked with 501(c)(3) entities to obtain one additional point in the 9% scoring. The proposed structure will seek to utilize a historically under-utilized business ("HUB") partner to obtain one additional point and make the project competitive. In order to receive this point the HUB must materially participate.

It is anticipated that the Public Facilities Corporation will receive 38% of the developer fee and 47.5% of the Cash Flow from the project and 50% of any capital event likely end of the 15-year tax credit period.

The Corporation staff recommends that the board approve all of the documents necessary to obtain tax credits and the required debt. Once the financing is secured, we will negotiate definitive documents and bring them back for approval. The non-binding resolution authorizing us to proceed is attached.

**ALTERNATIVES:**

If the San Antonio Housing Trust Public Facility Corporation board does not approve this transaction, the 80 affordable units will not be constructed.

**FISCAL IMPACT:**

No fiscal impact, as this is a non-binding resolution.

**RECOMMENDATION:**

Staff recommends approval of the attached Resolution.

**ATTACHMENT:**

Resolution

**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 February 24, 2021 (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 February 24, 2021

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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 (i) 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, the members of the Board of Directors of SAHTPFC (collectively, the "Board") and their respective offices are as follows:

| Name of Director/Officer | Position |
|---|---|
| Rebecca Viagran | President and Director |
| Shirley Gonzales | Vice President and Director |
| Roberto Trevino | Director |
| Dr. Adriana Rocha Garcia | Director |
| John Courage | Director |
| Pedro A. Alanis | 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, 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.

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## San Antonio Housing Trust Public Facility Corporation

## Agenda Memorandum

## File Number _____

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**Agenda Item Number:** 5

**Agenda Date:** 2-24-2021

**In Control:** San Antonio Housing Trust Public Facility Corporation

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**SUBJECT:** A briefing on proposed legislation regarding public facility corporations.

**BRIEFING:**
During the 2021 Texas Legislative Session, there are three bills that may have an impact on the Public Facility Corporation projects subject to Section 303.042, Local Government Code and one bill impacting existing Tax Credit developments.

**SB 591 - Paul Bettencourt (R) & HB 1604 - Jim Murphy (R)**
This bill which has been filed in both the Senate and the House, requires a resolution approving that the PFC development be adopted by the governing body of each governmental unit authorized by law to impose taxes on the property. The bill also has a Section 8 Voucher Protection clause and establishes minimum income targeting as follows:

- 25% at 80% AMI
- 12.5% at 60% AMI
- 12.5% at 30% AMI

**HB 1096 - Gary Gates (R)**
This bill which has been filed in the House seeks to repeal Section 303.042(f) however it would not apply to a leasehold or other possessory interest granted before the effective date. The bill calls for an immediate effective date if it is passed with a 2/3 vote or would be effective on Sept 1, 2021. Any projects subject to 303.042(f) would remain in effect for anything prior to the effective date.

**HB 1286 (as of 1-22-21) - Jon Rosenthal (D)**
This bill which has been filed in the House seeks to provide sweeping improvements to the PFC 303.042(f) program. This bill is the most in-line with recommendations from the UT School of Law Report that was released in August 2020. The current text of this bill is likely to be amended or revised in Urban Affairs Committee with input from other advocate entities including the Texas Houser's.

**HB 628 - Jon Rosenthal (D)**
This bill which has been filed in the House seeks to prohibit the increasing of tenant's rents while residing in a development supported with a LIHTC during the lease term.