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/87461241497?pwd=nvC1PYPqdwLfeGgosAEyp8Fz00KPNo.1
DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 874 6124 1497 PASSWORD: 419343
On Friday, July 15, 2022, 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 June 17, 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 resolution inducing the ***Memorial Apartments*** in partnership with San Antonio Alternative Housing Corporation, to be located at 1614 El Paso Street; and authorizing the execution of a nonbinding term sheet and other matters in connection therewith.
5. Discussion and possible action to approve Tax Credit Development Criteria
6. Adjournment

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), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.087 (economic development). *ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION*

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 **June 17, 2022**, meeting.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES

Date: Friday, June 17, 2022

The Public Facility Corporation met in session at 2:06 p.m., via Zoom and in person at 114 W Commerce St, San Antonio, TX 78205.

PRESENT: Antoinette Brumfield, Councilwoman Teri Castillo, Eric Cooper, Councilman John Courage, Jordan Ghawi, Rachell Hathaway, Marinella Murillo, Jane Pacione, and Councilwoman Phyllis Viagran.

ABSENT: Councilwoman Adriana Rocha Garcia, Councilman Jalen McKee-Rodriguez, and Mark Carmona.

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- Asset Manager San Antonio Housing Trust Foundation INC.; Lauren Bejaran- Sr. Administrative Assistant San Antonio Housing Trust Foundation INC.; Ruben Lizalde- D3; Edward Muniga- D4; Ileana Sandoval- D9; Dan Santee- Attorney DNRBZ; Summer Greathouse- Attorney Bracewell.

1. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by Vice President Jane Paccione and the roll was called by Nicole Collazo.

   Jordan Ghawi joined the meeting at 2:07 p.m.

2. **DISCUSSION AND POSSIBLE ACTION TO APPROVE MINUTES OF MAY 25, 2022.**

   Councilwoman Viagran motioned, and Councilwoman Castillo seconded for approval of the May 25, 2022, minutes with the noted corrections.

   AYES: 5
   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 APPROVE A RESOLUTION AUTHORIZING THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (COUNTRY CLUB VILLAGE), SERIES**

2022; AND OTHER MATTERS IN CONNECTION THEREWITH.

Pete Alanis briefed to the board about Prospera Housing Community Services, a local affordable housing nonprofit, and Versa Development, LLC co-partnership to develop a 4% LIHTC project located on Magic Dr. in District 7. The $68.6 million dollar project will include up to $35,000,000 in required tax-exempt bonds to be issued by the Public Facility Corporation. Country Club village is currently an existing 82-unit age restricted project for older adults over the age of 62 which will be rehabilitated. An additional 187 units will be newly constructed on an adjacent 7 acres of property. The new units shall be rented to individuals meeting the age restrictions and whose incomes are at or below 60% AMI. The 82 rehabilitated units will continue with a Section 8 Project- Based Voucher contract for an additional 20 years. Because the 82 rehabilitated units are Section 8 units, the voucher holders will likely be occupied by older adults at or below 30% AMI.

Country Club will feature both residential amenities and supportive services appropriate for older adults that will be provided by onsite staff managed through Prospera. The 270 total units will consist of 1–2-bedroom units; 72 1-bedroom PBV units, and 80 units at 60% AMI. The 2-bedroom units will include 10 PBV units and 108 units at 60% AMI. The PFC will not be a part of the Tax Credit Partnership but will issue up to $35 million in Tax Exempt Bonds. 50% of the property taxes will receive Property Tax Exemption through Prospera's nonprofit partnership. The PFC will receive a 1% bond issuance fee of $350,000 at closing, plus a $30 dollars per door per year annual administrative fee while the bonds are outstanding. Country Club's capital stack includes: $27.1 million in HUD debt, $27,395,000 in Tax Credit Equity, $6.5 million seller note, $4.3 million developer fee, and $3.25 million in CDBG funds. The project is expected to cost approximately $68,631,460 with a total development cost per door of $143,000. Staff recommends approval of a resolution authorizing the San Antonio Housing Trust Public Corporation Multifamily Housing Revenue bonds (Country Club Village), Series 2022; and other matters in connection therewith.

Eric Cooper asked if the $27 million dollars was missing from the total amount of $68.6 million dollars due to the amount per door for 270 units totaling to $254k, instead of $143k per door. Pete Alanis stated he might have calculated the hard cost of construction per unit instead of per unit for total development cost. Eric Cooper asked what the $110,000 per unit from the $254,000 account for in terms of the total development cost. Pete Alanis stated that the hard cost accounts for 60% of the total development cost of the Tax Credit Project. These costs could include, architectural fees, attorney fees, and bond fees.

Eric Cooper asked Pete to brief on how the SAHTPFC can make more affordable multifamily developments when we are paying two times more for the development of the properties. Pete stated the cost of development has been an ongoing issue when it comes to constructing affordable housing. With inflationary prices impacting the cost of construction, the Low-Income Housing Tax Credit Partnership deals assist with bringing the cost of the sales tax and cost of materials for the project down. The strategic approach to calculating total development costs for a project include looking at the cost of the land, increasing density of the project to lower the overall total development cost per unit, and certain items that will be needed for some properties, like parking garages. Pete stated there are several variables that affect the financing structure for each development, so it is hard to calculate for each project where to cut costs. The Financial Structure would be beneficial for the PFC compared to a HUD debt execution that would require additional fees for the project. The trade offs for more sustainable, accessible, universally designed, solar ready, and EVE energy ready projects are additional costs that the PFC is looking to offset. With the Low-Income Housing Tax Credit Program, Country Club will be given $27.3 million to help build as many affordable housing units as possible.

Eric Cooper asked if the PFC is going to pay $254,000 per unit that averages 900 square feet. Pete stated it depends on the bedroom size of the units. The 1-bedroom units will average 500-600 square feet and the 2-bedroom units will average around 900- 1000 square feet. Councilman Courage asked Pete if the initial upfront cost will affect the long-term services that Prospera will be providing for Country Club. Pete stated that the services provided play a factor in calculating the initial upfront costs. Low Income Housing Tax Credit Projects require a certain level of supportive services, depending on the type of project it is. The supportive services will be paid for out of the project budget due it being an operating expense for the property. To provide the additional services, the annual budget, annual expenses, will have to be increased.

Councilwoman Castillo expressed she is in full support of the project and asked Pete who would oversee the Tenant Relocation Plan. Pete stated Prospera would oversee the Tenant Relocation Plan. Prospera had to provide a Tennnt Relocation Plan, and have the plan included in the budget of the project. Eric Cooper asked if the PFC will be receiving the $30 per door revenues. Pete stated that the PFC will be receiving the $30 per door as an annual administrative fee as part of the PFC bond review.

MINUTES COMMISSION ACTION:
Councilman Courage motioned, and Councilwoman Castillo seconded to approve a resolution authorizing the San Antonio Housing Trust Public Facility Corporation Multifamily Housing Revenue bonds (Country Club Village), Series 2022; and other matters in connection therewith.

AYES: 5
NAYS:
ABSTAINED:
THE MOTION PASSED.

5. DISCUSSION AND POSSIBLE ACTION TO APPROVE TWO ITEMS RELATED TO CATTLEMEN SQUARE LOFTS:

(A) AUTHORIZING THE CATTLEMAN SQUARE LOFTS 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 CREATION OF SAHT CATTLEMAN SQUARE GP, LLC AND ITS ADMISSION AS THE GENERAL PARTNER OF ACG CATTLEMAN SQUARE, LP; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO ENTER INTO A JOINT VENTURE AGREEMENT TO SERVE AS GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH.

(B) AUTHORIZING THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (CATTLEMAN SQUARE LOFTS APARTMENTS), SERIES 2022; AND OTHER MATTERS IN CONNECTION THEREWITH.

ITEMS PULLED. NO DISCUSSION.

6. BRIEFING ON THE SAN ANTONIO HOUSING TRUST'S 5-YEAR STRATEGIC PLAN FACILITATED BY MISSION MATTERS GROUP.

Pete Alanis reported to the board on the new updates for the San Antonio Housing Trust's 5-Year Strategic Plan. The Alignment Phase of the projects is complete. Staff provided documents and materials associated to the alignment phase to Mission Matters. The Strategic Plan is currently in the Discovery phase. Discovery interviews with five City Council Members of the Board, the City's Chief Housing Officer, and the Chair of the Housing Commission, began in April and continues through mid-June. Stakeholders participated in seven focus groups facilitated by Mission Matters Group, including: Board Members, City Representatives, Community Housing Advocates, Community Housing Development Organizations, and Housing Developers. The Trust also invited approximately one hundred stakeholders to complete a survey. To date, the Survey has a 32% response rate. Pete stated that Mission Matters Group meets up with staff every 2 weeks to discuss the progress of the Discovery Phase.

Once the discovery interviews, focus groups and surveys are complete, Mission Matters Group will provide a synthesis of the finding to the SAHT Staff. After the Discovery Phase is completed, the Core Team's focus will be on development phase of the strategic plan. Pete stated he wanted update the board on the process of the Strategic Plan. During the time of the strategic plan development, the city of San Antonio is currently going through a bond process. The 2023 Tax Credit Program Round will start in October 2022. For the PFC to consider any projects to be done in 2023, the PFC will need to review and improve projects in August or September 2022. Pete is putting together terms and conditions stating what their priorities are for future Tax Credit Projects. The requirements in the terms and conditions will include such as site criteria and equity. SAHT Staff is also putting placeholders with respect to sustainable and universal designed criteria, due to the Sustainability and Universal Design Committee bringing those recommendations in the future.

Councilman Courage asked Pete to brief the board on what is in the pipeline in the way of requests that have been sent to SAHT and asked if they could be broken down into what are Low Income Housing Tax Credit Projects. Pete stated that he will present to the Finance and Audit Committee and the board, the project pipeline Pete advised to the board that he does not want to release too much information on development teams he has had discussions with before an application has been submitted. Pete meets with the development team first to see if SAHT wants to be involved in the project. The essential Housing Bond Tool and future projects applying for the bond program could possibly be utilized for future projects.

Councilwoman Castillo asked if the San Antonio Housing Authority was included in the one hundred stakeholders that were asked to complete the survey. Pete stated that the survey was sent to Ed Hinojosa, President, and CEO of SAHA. Pete stated that he will release a list to the board of all the stakeholders the survey was sent out to.

Councilman Courage asked Pete what the status of the property is at Cattleman Square Lofts since the project fell through. Pete stated the property is owned by Alamo City Group and they will ultimately decide on any plans for the property.

NO MOTION NEEDED.

7. ADJOURNMENT

Vice President Jane Paccione adjourned the meeting. There being no further business, the meeting adjourned at 2:45 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. Instructions to sign up for Public Comment via Zoom video conference.

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

San Antonio Housing Trust Public Facility Corporation
Agenda Item 4

Discussion and possible action to approve resolution inducing the Memorial Apartments in partnership with San Antonio Alternative Housing Corporation, to be located at 1614 El Paso Street; and authorizing the executive of a nonbinding term sheet and other mattes in connection therewith.

Summary:
San Antonio Alternative Housing Corporation (SAAHC), a local affordable housing non-profit is seeking to partner with the SAHT PFC to acquire the 11 parcels of property and lease back to SAAHC to develop and operate a new $6.4 Million, 30-unit apartment complex. SAAHC is an established "CHDO" that owns over one thousand units of rental multi-family and single-family units with 120 units managed in house.

The property is located at the site of the former Memorial Funeral Home and former Zamarripa family residence along with the associated outbuildings and parking lots. The site is also requiring a paper street closure for the unuse section of Elvira St. contained within the property tracts. The existing single-family home will be relocated within the neighborhood and leased to a low-income family. The former funeral home will be repurposed as a community learning center, property management office, and laundry facility.

The project will feature a few sustainability features including Rain Barrel collection system to collect condensation from AC units to support onsite irrigation. SAAHC is assessing additional sustainable features. The property will also have 10% of units accessible as fully accessible and are researching universal design elements.

The Memorial Apartments will be 100% affordable newly constructed rental project for households whose incomes average range from 30% to 60% of area median income.

Unit Mix	30% AMI Units	50% AMI Units	60% AMI Units	Total
0 Bedroom	1	1	1	3
1 Bedroom	3	4	7	14
2 Bedroom	2	2	5	9
3 Bedroom	1	1	2	4
Total	**7**	**8**	**15**	**30**

Fiscal Impact
Overall, the project has 11 parcels that provided $9,470 in property taxes as currently valued.

Due to the nature of this development, the PFC will seek an ownership/ground lease structure whereby the PFC will acquire the property at the financial closing to ensure permanent affordability while entering a long-term lease with a SAAHC created entity who will build and operate the apartment community.

San Antonio Alternative Housing Corporation shall provide approximately $3 million in cash equity into the project. The project also has a commitment from SATX Inner City Development Inc. of $250,000 in the form of a long-term low interest note. The remaining $3.1 million will be requested through future funding allocations from public sources including the City's Request for Proposals due out in August.

The estimated uses of funds shall include:

$5,432,195	Construction & Contingency
463,562	Land Acquisition
235,937	A&E, Impact Fees, and other soft costs
126,890	Development Costs
99,250	Financing Fees & Reserves
$6,357,834	

The PFC will not receive a development or transaction fee to ensure the full property tax benefit reduces operating expenses to allow for positive cash flow to provide a 3% return on equity for SAAHC, Inc. The PFC will receive annual compensation in the form of rent (~$5,250/Year) from SAAHC to cover the cost SAHT administrative oversight and compliance.

Recommendation
Staff recommends approval by the Finance Committee to move this item forward to the Public Facility Corporation board to consider initial inducement approval to support the acquisition and development of the Memorial Apartments, located at approximately 1.02 acres at 1614 El Paso in Council District 5.

Attachments:
Resolution
Term Sheet

MEMORIAL APARTMENTS
Inducement

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 July 15, 2022 (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 MEMORIAL APARTMENTS IN PARTNERSHIP WITH SAN ANTONIO ALTERNATIVE HOUSING CORPORATION, TO BE LOCATED AT 1614 EL PASO STREET; AND AUTHORIZING THE EXECUTION OF A NONBINDING TERM SHEET 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 July 15, 2022.

_____
Pedro A. Alanis, Assistant Secretary

RESOLUTION INDUCING THE MEMORIAL APARTMENTS IN PARTNERSHIP WITH SAN ANTONIO ALTERNATIVE HOUSING CORPORATION, TO BE LOCATED AT 1614 EL PASO STREET AND AUTHORIZING THE EXECUTION OF A NONBINDING TERM SHEET 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, [_____, LLC], a Texas limited liability company (the "User"), has requested that (i) the PFC finance the acquisition, construction, and equipping of a proposed 30-unit multifamily housing facility to be located at 1614 El Paso Street and to be known as the Memorial Apartments (the "Project");

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

WHEREAS, the Board has reviewed a non-binding term sheet with the User regarding the Project in substantially the form set forth on Exhibit A attached hereto (the "Term Sheet");

WHEREAS, this Resolution shall constitute the PFC's authorization to enter into the Term Sheet and consummate the transactions contemplated by the Term Sheet, subject to the terms and conditions thereof;

WHEREAS, the User has requested that the PFC create a single member limited liability company to serve as a member 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; and

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; 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

(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 contracts or agreements deemed necessary and

desirable by the User or the PFC in connection with the Project (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) 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. **Provider 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 the Term Sheet.

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 Corporation
Agenda Item 5

Discussion and possible action to approve 2023 Tax Credit Development Policy:

Summary:
The SAHT has adopted the City of San Antonio's Strategic Housing Implementation Plan (SHIP) goals which seek to build or preserve over 28,000 affordable homes over the next 10 years.

In line with initial feedback through our Five-Year Strategic Plan, we would seek to continue focusing on creating affordable rental units for families earning between >30 to 60% of AMI and preserving rental units affordable to families earning between >30 to 80% of AMI in line with SHIP policy. Additionally, the SAHT shall also partner with selected non-profit providers who demonstrate a record of providing substantive supportive services for the creation of permanent supportive housing.

To that end, the San Antonio Housing Trust (SAHT) should provide potential partners for the 2023 Tax Credit Round, specific guidance on:

- Program Goals
- Application Information
- Site Eligibility Criteria
  - Project Location
  - Property Standards
- Project Eligibility Criteria:
  - Affordability Requirements
  - Targeted Populations
  - Service Requirements
  - Design Standards
  - Digital Access Requirements
  - Tenant Protection Requirements
- Development Team Qualifications
  - Developer Capabilities
  - Property Management
  - Development Team Requirements
- Financial Underwriting Criteria
  - Pro-forma Assumptions
  - Acquisition Costs
  - Construction Costs
  - Acceptable Contingencies
  - Deferred Dev Fees
  - Tax Credit Equity Requirements
  - Other Funding Sources
  - Operating Revenue Requirements
  - Operating Expense Requirements
  - Replacement Reserves
  - Tenant Assistance Fund Requirements
- Partnership Fees & Terms
  - For Profit Terms
  - Non Profit Terms
  - Limitations

Recommendation
Finance and Audit Committee reviewed the criteria and moved the item forward to the full board for review and consideration.

Attachments:
Draft Requirements

Tax Credit Partnership Program

The San Antonio Housing Trust (SAHT) partners with private developers on the **creation and preservation** of affordable multifamily housing by issuing Tax Exempt Private Activity Bonds (4%) as well as participating as the General Partner, Ground Lessor, and/or General Contractor of a Low-Income Housing Tax Credit Partnership (4%) to bring a 100% Property Tax Exemption and Sales Tax Exemption to the project. Below are our traditional terms for tax credit projects.

The SAHT has adopted the City of San Antonio's Strategic Housing Implementation Plan (SHIP) goals which seek to build or preserve over 28,000 affordable homes over the next 10 years. The SAHT shall focus on creating rental units affordable to families earning between >30 to 60% of the area median income and preserving rental units affordable to families earning between >30 to 80% of the area median income in line with SHIP policy.

Additionally, the SAHT shall also partner with selected non-profit providers who demonstrate a record of providing substantive supportive services for the creation of **permanent supportive housing** by participating in the ownership structure of a Low-Income Housing Tax Credit Partnership (4%/9%) to bring a 100% Property Tax Exemption and Sales Tax Exemption to the project. Permanent Supportive Housing project terms will be negotiated separately for each project based upon the needs of the residents.

Program Goals	Priority Goals: 1. Preservation of affordable units through acquisition and substantial rehabilitation of existing rental units serving targeted populations. 2. Permanent supportive housing serving persons experiencing homelessness. 3. Creation of new affordable units serving targeted populations. 4. Re-syndication of LIHTC developments to extend affordability beyond the initial LURA period.
Application Information and Schedule	Private affordable housing developers seeking to execute a 4% or 9% LIHTC development can seek a tax credit partnership inducement and/or bond inducement on a year-round basis. To apply, please contact the SAHT Executive Director at 210-735-2772 to set an appointment prior to applying.

SITE ELIGIBILITY	
Project Location	1. Must be located within the City of San Antonio Limits. *Projects located within an Extra-Territorial Jurisdiction (ETJ) or another municipality are not eligible.* 2. No projects may involuntarily displace any household, business, or non-profit organization that moves from real property permanently, as a direct result of project activity. a. Relocation plans must be provided to address the re-housing of any low-income households displaced by demolition and/or redevelopment associated with the proposed project. *(PLACEHOLDER FOR FUTURE DISPLACEMENT IMPACT CRITERIA)* 3. <u>New Construction/Adaptive Reuse</u>

DRAFT

SITE ELIGIBILITY	
	a. Must be located within 1 mile of an SA Tomorrow Regional Center or major university; or on publicly owned property; or within 500 feet of a Via Transit Center; or have other major catalytic redevelopment or revitalization significance as identified by a Department of the City of San Antonio or San Antonio City Council; or b. If not within 500 feet of a transit center, project must be within 0.25 miles from a transit stop or station connected with an accessible sidewalk to the stop or station. c. Projects located in areas that have a maximum combined score of 6 or less according to the City of San Antonio Equity Matrix for new construction will be considered. Preferences shall be provided for lower combined score in the evaluation of applications. 4. Permanent Supportive Housing, Senior Housing, Acquisition/Rehabilitation, and other similar continuum of care supportive housing projects may be located outside the above areas 3a & 3c above but must remain in the San Antonio City limits and have access to public transit in accordance with **3b.**
Property Standards	1. Prior to application, applicants must provide evidence of site control. 2. Prior to application, the Councilmember whose District the project resides in must consent to the consideration of the application by the Board, including considering any required rezoning of the property. 3. Prior to final board approval, project must provide a Zoning Verification Letter from the City of San Antonio Development Services Department. Any zoning authorization conditioned on aspects of the project (e.g., density bonus, actions required for approval) must also be provided. 4. Environmental Assessment: An ASTM Phase I/II in accordance with TCEQ standards. The Phase I ESA must be conducted by a qualified, state-licensed professional, to determine if any recognized environmental conditions (RECs) exist on the site or on adjacent properties and dated no more than 180 days prior to application submission. Phase II ESA and/or any mitigation plans or Operations & Maintenance plans, with budgets, if relevant. a. Prior to closing a satisfactory TCEQ plan for all Recognized Environmental Conditions (RECs) will required. b. Prior to closing the development budget must provide for an appropriate level of funding to address remediation, mitigation, or abatement.

PROJECT ELIGIBILITY	
Affordability Requirement	The project must meet income targets described by QAP rules for maximum QAP Points **OR** as described in the following table, whichever provides greater affordability. <u>Bond Issuance Only (New Construction)</u>: 15% of the units must serve households at or below 30% of AMI or be attached to a Project Based contract **AND** 85% of the units must be for households at or below 60% of AMI. <u>4% LIHTC Equity</u>: 5% of the units must serve households at or below 30% of AMI or be attached to a Project Based contract **AND** 10% of the units must serve households at or below 50% of AMI. Income Averaging is acceptable if the 30%/50% AMI levels are achieved, at a minimum. <u>9% LIHTC Equity</u>: Applicant must be a nonprofit organization developing affordable housing **OR** may act as co-developer with a for-profit co-developer in support of Permanent Supportive Housing (PSH). **Preservation/Rehabilitation will be evaluated based on the conditions of each transaction.*

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PROJECT ELIGIBILITY	
Target Population	Development must primarily serve at least one of the following populations through both residential requirements and target services provided onsite: • Low Income Families with Children • Older Adults (age 55+) • Persons with physical, intellectual, or developmental disabilities • Persons experiencing homelessness • Formerly Homeless, at-risk of homelessness • Veteran-Centric Housing • Workforce Housing (*under Site Eligibility 3a*) • Youth aging out of foster care • Violence Against Women Act (VAWA) Protections • Chronically Ill • Continuum of Care recipients • Other underserved or protected population whose housing needs are not served through conventional means
Services Requirement	1. Residential Services must be provided for onsite residents of the targeted population. For example, for a family-focused project the applicant can provide after-school or daycare services. Applications must include information on how residents will be connected to services to the specific targeted population. 2. For regulated Supportive Housing Services, written documentation that appropriate supportive services by a qualified provider shall be secured prior to closing. Documentation may be a contract with a qualified service provider or electronic communications indicating that a service plan and contracts are underway and a target timeline for service delivery has been set. For projects providing supportive services: a. Service Provider(s) must have demonstrated experience working with similar resident populations b. A service delivery plan and schedule for the specific services is required c. The cost for supportive services must be identified and included in the project's operating budget, in the form of: i. increased site staffing with some portion of that staffing dedicated to resident services, OR ii. indicating the funding source that will pay for a contracted provider, (commonly shown as an operating expense from property operations or as an externally funded grant or contract). 3. If resident services funding is being provided by an external party a commitment or contract for that funding must be provided as a condition of closing.
Other Considerations	1. SAHT shall encourage Universal Design that exceed City's Universal Design (Visit-ability) Ordinance. 2. SAHT shall encourage Sustainability measures that exceed 2021 City Code Requirements and provide for a 3rd Party certification (i.e. LEED, NGBS, Enterprise Green Communities, BSAG, Green Globes, Living Building Challenge, etc.) 3. Project are required to participate with Energy Star Multifamily National Program Requirements

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PROJECT ELIGIBILITY	
	4. Project must comply with the SAHT Tenant Protection Policy which can be found online at https://sahousingtrust.org/adopted-policies/ 5. Project must have high speed internet access (wired or wireless) available to each unit with a minimum internet speed of 100Mbps.

DEVELOPMENT TEAM QUALIFICATIONS	
Developer Qualifications	*Applicant must demonstrate both organizational capacity and key staff experience in developing multifamily housing projects, managing the property, and adequately providing services to residents.* 1. The Housing Trust will in no case participate in a developer's first tax credit project. 2. Applicant must have experience with at least three completed LIHTC or otherwise affordable multi-family rental developments that are comparable in size and complexity and were completed in the prior 10 years in Texas. Developers with less experience may be permitted, however engagement of tax credit consultants and other technical assistance may be required. For PSH and non-profit entities that do not meet all the development team qualifications, including but not limited to the experience requirements, the involvement of a co-Developer that has the experience may be required. 3. Applicants must provide clear roles and responsibilities for each co-developer (if applicable) and SAHT must understand the working relationship and history between the development team. Applicants should identify any previous market concerns, complex deal structures, and the expected exit date, if any, for each partner. 4. If SAHT bond issuance is being sought, Applicants must demonstrate a successful track record of having used tax exempt bonds in the production of affordable rental housing on at least three prior projects. 5. Applicant must disclose any bankruptcy court filings, liens, judgments, or lawsuits. 6. Applicant must provide consent for a criminal background checks on the development team, including lien and litigation searches. 7. Applicants must provide sufficient documentation to determine if the Development Team is financially solvent and able to support the proposed Development. The developer must submit: a. Three (3) years of audited financial statements or tax returns b. Schedule of Real Estate Owned. These must show at least $5,000,000 in net assets. c. Documentation of liquid securities or cash of at least $1,000,000. d. If the developer's financial strength is insufficient to meet these standards, the assets and liquidity of a Guarantor may also be used, provided that the Guarantor is providing guarantees that begin no later than when SAHT's resource(s) are invested. 8. If the project proforma relies upon a financial contribution from the developer, bank statements or other evidence must be provided demonstrating sufficient liquid assets available. 9. Applicant's pipeline of development will be reviewed. Ideally, the pipeline will consist of developments in various stages of planning and completion. If a significant increase in development activity is projected, the Applicant will need to provide plans on how the workload of the development partners will be managed. Additionally, for most projects there is a 15-year hold period for which a development team's staffing level must be sufficient, and succession planning in place for any senior leaders or principals who have indicated a plan to leave the organization within that time.

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DEVELOPMENT TEAM QUALIFICATIONS	
	10. A list of Applicant's current projects with % completion.
Property Management Qualifications	Qualifications of the anticipated property manager must include: 1. Number of units and buildings under management. The total number of units currently under management must be greater than the number of units in the proposed project. 2. At least three years of Section 42 or related affordable housing experience. 3. Evidence that the property manager has experience in the Texas Market or markets in multiple states and with the targeted resident base, including any special needs populations. a. No fewer than 3 years of experience managing one or more multifamily projects. The projects must have a similar number of units as are contemplated in the proposed project. b. For projects serving special populations and/or PSH residents including formerly homeless individuals or persons with addictions or mental health issues, the property manager must provide evidence of prior experience managing a similar population OR provide written documentation that a specialized services partner will be contracted to support Management. 4. A schedule of real estate managed in their portfolio. Property managers must supply information about any 8823s, including a description of the ultimate outcome (cure or recapture), and REAC scores on their properties. 5. References from other developers or lenders for projects of similar size, resident population, and scope. 6. All properties greater than 50 units that work with SAHT shall have onsite property management and policies ensuring all employees undergo criminal background checks. 7. The property manager may be an affiliate of the developer, but project economics must not rely on a below-market management fee.
Other Additional Requirements	1. Evidence that any architect and or project engineer are licensed in the state of Texas and have experience with similar projects in size and scope. 2. Evidence that the project's CPA or financial advisor is experienced with IRC Section 42 or other affordable rental housing projects including HUD programs where needed. 3. Evidence the Legal counsel has experience with IRC Section 42 or other affordable rental housing projects of similar projects in size and scope. 4. Evidence that the general contractor (or master subcontractor) has experience with similar projects and can complete this development on time and on budget; include information on at least 2 recently completed projects of similar scale. 5. Documentation from the general contractor (or master subcontractor) ensuring construction completion prior to closing. Documentation may involve: (a) a Letter of Credit equal to or greater than 15% of the project's construction contract amount; or (b) securing a 100% payment and performance bond that is issued by a nationally, financially recognized bonding company (AM Best A-9).

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FINANCIAL UNDERWRITING CRITERIA	
Proforma Assumptions	Pro forma submission must include the following: 1. Long-term assumptions are well-supported by historical data or are appropriately conservative where no history exists. 2. Construction costs, closing through stabilization, and then 15 years from stabilization 3. A 2% growth factor for income and a 3% growth factor for expenses 4. Management Fees shall be based as 4% of each year's EGI 5. Project DSCR at stabilization must be no less than 1.15X. 6. Cash flow waterfall distributions for each year, including a breakout of SAHT's distribution 7. Annual ground lease payments, if applicable 8. Normalized residential vacancy/loss must be no less than 7%. 100% project-based assistance projects may be underwritten at 5% vacancy/loss. Unless master leased, commercial income must be underwritten with no less than 50% vacancy.
Acquisition Cost	1. Site acquisition costs may not exceed appraised "as is" land value plus reasonable carrying costs, including existing buildings to be demolished. This cost must be itemized in the initial development budget and documented with proof of site control. 2. The cost of acquisition should be broken down to show the cost of the land separate from the cost of the buildings and improvements. 3. Where documentation of an arm's length/unaffiliated sale is not available, a recent appraisal can be used as the basis for valuing the land. 4. Closing costs associated with the acquisition should be itemized and shown separately. 5. Any carrying costs (i.e., taxes, insurance, and utilities), should be shown separately. 6. SAHT reserves the right to scrutinize and/or disallow excessive additions to land costs. 7. Allowable additions to acquisition cost above the price of the arm's length sale include but are not limited to any non-refundable option or extension fees paid to an unaffiliated party and any interest paid on acquisition financing.
Construction Costs	1. List of all hard construction costs broken down to show general requirements, builders profit, and overhead as separate line-items. 2. Offsite and Site Work costs will be considered if required by a third-party engineer with supporting documentation. 3. <u>New Construction Only</u>: No minimum. Hard costs are capped at the Eligible Building Cost as published in the annual QAP. 4. <u>Rehab Only</u>: Must involve substantial rehabilitation where the work area exceeds 50% of the aggregate area of the building based on City adopted International Code Council level 3 alteration scope of work. Hard costs are capped at the Eligible Building Cost per Square Foot as published in the annual QAP. 5. Soft costs must be itemized and calculated in the Total Development Cost (TDC).

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FINANCIAL UNDERWRITING CRITERIA	
Contingencies	Hard Cost must be: • New Construction: a minimum of 5% but no greater than 10% • Rehab: a minimum of 10% but no greater than 15% • Historic/Adaptive Reuse: a minimum of 15% but no greater than 20% of hard cost Soft Cost: recommend 2%-3%, depending on status of negotiated and fixed fees prior to closing.
Deferred Developer Fee (DDF)	1. Limited to 75% of total development fee for up to 10 years or a later date if permitted by other capital providers, and in no case longer than 13 years (for tax credit deals). 2. The project proforma must show all DDF as being plausibly repayable during the expected hold period of the developer. 3. Applicants seeking a higher percentage of developer fee must negotiate the terms with SAHT in advance of a final closing proforma before Board approval. 4. The deferred developer fee shall be repaid at cost unless an investor or other senior lender requires the deferred developer fee to be repaid with interest.
Tax Credit (LIHTC) Equity	1. Eligible basis information used to derive the credits commitment from the syndicated partner on the value of the Tax Credit equity must be provided. 2. All tax credit equity must be supported by a firm commitment letter prior to final project approval. 3. All Investor letters must indicate at a minimum the approximate size of total equity investment (including any other tax credits beyond LIHTC being used, including state housing tax credits, solar/renewable energy credits, historic tax credits, or others), the expected price per credit dollar, and the date at which the commitment expires.
Other Sources of Funding	GRANTS are defined as cash provided to a project and not repayable or repayable only if covenants pertaining to the award of the grant are breached. • Applicant must disclose if the project has received or intends to receive any grants or forgivable loans prior to initial inducement. • All grants must be supported by a firm commitment letter or resolution prior to final SAHT board approval. In the case of a city grant, an ordinance action is required prior to closing. CITY FUNDS or INCENTIVES • Applicant must disclose if the project has received or intends to receive or apply for City of San Antonio Council approved incentives, funds, or programs (i.e., Bonds, TIRZ, CDBG, HOME, Fee Waivers, etc.) anytime during the SAHT engagement process.
Operating Revenue	Miscellaneous Income: Financial underwriting for late fees, storage fees, laundry income, interest on deposits, washer and dryer rent, telecommunications fees, and other miscellaneous income, must be no greater than $5 to $20 per unit per month. Miscellaneous income may be significantly lower for certain populations. Section 8 Income: Income in excess of allowable max rents ("overhang") associated with tenant-based ("portable" or "housing choice") Section 8 vouchers will not be underwritten. Where a project-based Section 8 contract is in place, Section 8 overhang income will be included only if: • A 7% vacancy rate has been assumed, and • The contract continues for the greater of 15 years or the expected duration of SAHT involvement.

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FINANCIAL UNDERWRITING CRITERIA	
	SAHT will consider other treatments of Section 8 overhang by other capital providers, but acceptance of such treatments is at SAHT's sole discretion.
Operating Expenses	Management Fees: Fee paid to the property management company to oversee the operation of the Property and is most often based upon a percentage of EGI as documented in an existing property management agreement or proposal. SAHT will allow management fee of 4.0% of EGI and may limit additional fees paid to the same management agent (e.g., added compliance fees, software fees, training fees, etc.) at its sole discretion. Below-the-line Asset Management Fees are not allowed unless equity partner charges said fee.
Replacement Reserves	A minimum reserve of $250 per Unit per year for New Construction Developments and $300 per Unit per year for all other Developments must be provided. A higher amount may be used if required by a superior-lien lender or LIHTC equity investor. SAHT may require an amount above $300 depending on the Capital/Physical Needs Assessment. Such deposits shall escalate at 3% per year unless otherwise underwritten by the Investor.
Tenant Assistance Fund	A minimum of $1500 per unit shall be established as a Tenant Assistance Fund (TAF). The TAF will be used to assist existing tenants of the Facilities with emergency grant or loan assistance, tenant services, programing, and/or other tenant support at the GP's sole discretion.

PARTNERSHIP TERMS	
SAHT Terms	SAHT PFC has two options for for-profit development partnerships and one option for local non-profit development partnerships: For Profit Developer Option 1 SAHT Receives: ○ $5,000 Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 40% of Developer Fee and Deferred Fees ○ 50% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 25% of Estimated Sales Tax Savings ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ No Bargain Purchase Right under IRC 42(i)(7) For Profit Developer Option 2 SAHT Receives: ○ $5,000 Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 30% of Developer Fee and Deferred Fees ○ 50% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 25% of Estimated Sales Tax Savings ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ Bargain Purchase Right under IRC 42(i)(7)

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PARTNERSHIP TERMS	
	<u>For Non-Profit Developer Option SAHT Receives:</u> ○ No Application Fee ○ Reimbursement at Closing for Financial Advisor/Underwriter ○ 10% of Developer Fee and Deferred Fees ○ 25% of Cash Flow (after Deferred Fees) ○ 50% of Capital Event Proceeds ○ 1% Bond Issuance Fee at Closing ○ $30/Unit/Door Annual Bond Fee ○ Non-Profit shall have ROFR; if not exercised SAHT shall have ROFR
Limitations	• SAHT PFC or Finance Corporation is required to issue bonds for all 4% Tax Credit Partnerships • Developer is responsible for TDHCA/TBRB/HUD required Fees & Applications • SAHT Financial Advisor/Bond Underwriter/GP & Bond Counsel Fees will be paid by the project at Closing • Partnership is responsible for paying SAHT compliance costs, GP, and Partnership Tax Return Filings, & GP Franchise Tax Certificate Filing

ADDITIONAL RESOURCES
The SAHT PFC/FC may participate in applications for other sources of public gap funding including City of San Antonio Bond, CDBG, HOME, and TIRZ dollars.

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