

RESOLUTION

WHEREAS, Paisano Housing Redevelopment (instrumentality of HACEP dba HOME) has proposed a development for 64 affordable rental housing units along the west side of South Mesa Hills Drive, just south of its intersection with Bluff Trail Lane El Paso, El Paso County, Texas 79912, named South Mesa Hills I, in the City of El Paso, Texas; and

WHEREAS, Paisano Housing Redevelopment (instrumentality of HACEP dba HOME) has committed to a minimum 45-year affordability period for those additional 64 units at the west side of South Mesa Hills Drive, just south of its intersection with Bluff Trail Lane El Paso, El Paso County, Texas 79912; and

WHEREAS, Paisano Housing Redevelopment (instrumentality of HACEP dba HOME) has advised that it intends to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) for 2025 Competitive 4% Housing Tax Credits for South Mesa Hills II.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That the City of El Paso, Texas, acting through its governing body, hereby confirms that it has **no objection** to the proposed **South Mesa Hills I** development located along the west side of South Mesa Hills Drive, just south of its intersection with Bluff Trail Lane El Paso, El Paso County, Texas 79912, named South Mesa Hills I, in the City of El Paso, Texas (TDHCA Application number _____) and that this formal action has been taken to put on record the opinion expressed by the City of El Paso, Texas on September 16, 2025.
2. That for and on behalf of the Governing Body, Laura Prine, City Clerk, is hereby authorized, empowered, and directed to certify these resolutions to the Texas Department of Housing and Community Affairs.

APPROVED this ____ day of _____, 2025.

CITY OF EL PASO, TEXAS

Renard U. Johnson
Mayor

ATTEST:

Laura Prine
City Clerk



9/10/2025

Karla M. Nieman
City Attorney

BRACEWELL

MEMORANDUM

To: Honorable Mayor Renard Johnson and Members of the City Council
City of El Paso, Texas

From: William T. Avila, Bracewell LLP, Bond Counsel

Date: September 12, 2025

Subject: Summary Statement Regarding Request for No Objection Resolution for proposed South Mesa Hills Apartments, a residential rental project development by Alamito Public Facilities Corporation

Question Presented

Please describe the legal requirements and procedures related to the “No Objection Resolution” in connection with the financing by the Housing Authority of the City of El Paso (“HACEP”) d/b/a Housing Opportunity Management Enterprises (“HOME”).

Answer

The U.S. Department of Housing and Urban Development (“HUD”) has established its Rental Assistance Demonstration Program (the “RAD Program”), which permits local housing authorities in the U.S. to convert their public housing stock from public housing to Section 8 multifamily housing in an attempt to address the \$26 billion backlog of capital improvements needed across the U.S. Since October 2017, HUD has approved (i) HOME’s application to convert its entire portfolio of public housing units to rental assistance based housing, and (ii) HOME’s repositioning of other portions of its public housing inventory, which, in this instance, has included, among others, the following Project of HOME: 64 units for the South Mesa Hills Apartments Project.

HOME is utilizing the 4% “low-income housing tax credit (“LIHTC”) program” administered by the Texas Department of Housing and Community Affairs (“TDHCA”) to generate equity for the financing of its conversion to RAD and its other repositioning activities, and, thereby, reduce the amount of debt required to accomplish the financing of its RAD Conversion and repositioning programs.

Section 2306.6701(c)(4), Chapter 2306, Subchapter DD, Texas Government Code, requires that HOME’s application for LIHTC include a resolution of no objection passed and approved by the governing body of the jurisdiction where the Project is located evidencing that the City Council does not object to the application. In furtherance of the state law requirements, HOME, as project sponsor, has already filed an application in the name of Alamito Public Facility Corporation, as Bond Issuer, the nonprofit public facility

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corporation created by, and for the benefit of, HOME, for an allocation of low-income housing tax credits with, and has already received from, TDHCA for, a 4% LIHTC allocation for the following Project subject to the receipt by TDHCA of the passed, approved and signed no objection resolution and in the following amount: \$12,000,000 for the “South Mesa Hills Apartments Project” (the “Project”), for the Project covering a total of 64 units.

The 4% LIHTC allocation awarded by HOME from the TDHCA which will enable a subsidiary of HOME, in this instance Alamito Public Facility Corporation, to issue up to \$12,000,000 in tax exempt bonds in one or more separate series, each, which together will be used to finance a portion of the costs of the acquisition, rehabilitation, construction, equipment of the subject multifamily housing complex.

Section 147(f) of the U.S. Internal Revenue Code (the “Code”) provides that obligations of a unit of local government can be treated as “tax-exempt” if issued for a qualified purpose, to finance a qualified facility, and if certain local approval procedures are complied with prior to the issuance of such obligations. The issuance of bonds to finance affordable housing is a qualified purpose. Multifamily housing rental units which are available by persons who are at or below 60% of the area median income are qualified facilities. Section 147(f), however, requires that before the bonds are issued the issuance of such tax-exempt bonds must be approved by the highest elected official of the local governmental unit having jurisdiction over the area in which such facility is located after a public hearing following reasonable notice to the public of the public hearing. Section 147(f) provides further that notice is presumed to be reasonable if it is published at least one time in a newspaper of general circulation in the City no less than 7 days before the date of the public hearing.

In furtherance of the federal tax law requirements, HOME published a Notice of Public Hearing in the *El Paso Times* once as required by Section 147(f) with the publication appearing on Tuesday, June 10, 2025. HOME held its public hearing telephonically on Wednesday, June 18, 2025, which was at least 7 days after the publication of the Notice of Public Hearing, to comply with the requirements of Section 147(f). HOME now requests that the City Council pass and approve the No Objection Resolution evidencing its no objection to the Project.

A similar item was approved by the City Council in January 2024 for the Mesa Hills II development, located at Parcel 1, Lot 3, Block One, Coronado del Sol, Mesa Hills Drive, for the Alamito Public Facilities Corporation.

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The Housing Authority of the City of El Paso d/b/a Housing Opportunity Management Enterprises (“HOME”) is developing a new affordable housing community on South Mesa Hills, near the intersection of Sunland Park and South Mesa Hills in West El Paso.

The Project is the second phase of an overall two-phase project – South Mesa Hills I (64 units) and South Mesa Hills II (40 units). However, once constructed, both phases will be integrated into single community so that the final result will be a single 104-unit apartment community.

The South Mesa Hills Project community will offer housing to El Pasoans with lower incomes, near amenities such as the retail stores along Sunland Park, good access to transportation by car or bus, and quick access to I-10. This project will directly address El Paso’s significant need for more quality affordable housing for its residents.

HOME will soon build the “South Mesa Hills Apartments” as a nice looking and well-built housing community that blends into the neighborhood, and that is safe, quiet, and adds to the fabric of the neighborhood. The style and look of the community will be equivalent to “market rate” apartments. Once completed, the community will consist of over 50% open space with a large parking area for residents, a playground, community center, hundreds of trees, and desert landscaping.

HOME has secured approximately \$25 million in new local funds for the development and construction of both phases of the South Mesa Hills community. **It is important to emphasize that no City funds and no local or state tax dollars will be used for the construction or development of this community. Thus, the City has no financial or operational responsibility for the project.**

There are two separate items slated for approval by City Council at this time. Both are related to South Mesa Hills I. The first, addressed in a separate memo, is a technical request for approval of a “TEFRA notice” for the tax-exempt bond financing portion of South Mesa Hills I. The second, addressed in this memo, is to request a resolution of “no objection” to the development of South Mesa Hills I. This “no objection” resolution is an administrative requirement of the Texas Department of Housing and Community Affairs (“TDHCA”) as part of its allocation of 4% low income housing tax credit financing for South Mesa Hills I.

The City of El Paso has voted to provide critical support for the South Mesa Hills community at several stages along its path to construction, which is supposed to start later this calendar year. The City of El

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Paso's past support includes approving a 9% low income housing tax credit application for South Mesa Hills II, an allocation of federal HOME Investment Partnership Program funds for South Mesa Hills I, and approving zoning changes for the development site.

WTA

WTA/scb

CC: Shelly Rivas, General Counsel (Housing Authority of the City for El Paso)
Juan Gonzalez, Assistant City Attorney (El Paso City Attorney's Office)