

# Redwood Apartments – Project Background

- **Project information:** ~296-unit multifamily rental housing development
- **Location:** 129 Pavonia Court, San Marcos, Texas
- **Ownership structure:** Affiliates of Capital Area Housing Finance Corporation (CAHFC) act as the project owner's general partner and as ground lessor of the land
- CAHFC plans to issue up to \$49 million of bonds to convert construction financing to permanent financing for the project, by way of refunding a portion of bonds issued in 2020 and 2024

# Redwood Apartments - City Public Hearing (New Chapter 394 Requirement)

- **Today's item:** City Council will hold the Chapter 394 public hearing for CAHFC's proposed bond financing for Redwood Apartments. No formal approval is required.
- **Why this is new:** HB 21 (effective May 28, 2025) amended Chapter 394 to require the applicable local government (not the HFC) to conduct this public hearing - so the City of San Marcos has not seen this process before on a CAHFC bond financing.
- **Affordability requirements:** Section 394.9025(a) allows CAHFC to proceed with the issuance of bonds after the public hearing if the project meets certain affordability requirements (at least 50% of the units are reserved for individuals and families earning less than 80% of the area median income).
- **New money issuances:** In addition to the new public hearing, when CAHFC issues new money tax-exempt bonds to construct or rehab a multifamily development in San Marcos, CAHFC will still be required to hold a TEFRA hearing and will seek approval of the Mayor. The project developer will also still be required to obtain a BONO from the City for low-