

# Preliminary Inducement Resolution to Issue Private Activity Bonds

January 27, 2020

Steve Posey, HUD Program Manager  
Community Development Division



# Background



- Annually, the City receives an allocation of Private Activity Bonds (PAB)
- The City is a 'conduit issuer' of PAB & incurs no debt related to PAB issues
- Bond proceeds are used to finance development
- Construction of affordable multi-family rental is one of the most common uses of PAB combined with 4% Low-Income Housing Tax Credits (LIHTC)

# Recent Allocations



- The City's 2018 allocation = \$24,200,033
- The City's 2019 allocation = \$24,866,520
- Estimated 2020 allocation = \$25M
- Both the 2018 & 2019 allocations were carried forward for "...financing residential facilities for low- and moderate-income families or persons..."
- The PAB working group will bring forward a recommendation for 2020

# Project Description



## Draper Commons

SE Downtown area

280 units: Studios, 1BR & 2BR

Rents: \$375 - \$1025

Tenants will be a mix of seniors &  
\$14 - \$18 hourly wage earners

Ground-breaking: Summer, 2020

# Project Support



- Innovations in Aging
- Independent Living Center
- Chamber of Commerce
- Downtown Partnership
- Pikes Peak Community Foundation
- Silver Key

# Resolution Specifics



- Meets Colorado Housing Finance Authority (CHFA) requirements
- Identifies a specific project to be financed with PAB proceeds
- Awards a portion of the City's PAB allocation & sets a limit to the amount of the issue
- Specifies conditions which must be met prior to issuance
- States that no costs associated with the issue will be borne by the City
- Establishes an end-date for all conditions to be met and the issue to occur
- Allows the developer to incur costs that are eligible for reimbursement with bond proceeds

# Prior Inducement Resolutions



- Atrium at Austin Bluffs: \$8M
- Current balance of 2018/2019 PAB: \$41M
  - Draper Commons: \$21M
  - Balance remaining: \$20M
- Project pipeline:
  - 2 – 3 additional multi-family projects planned for 2020 – 2021.

# More Information



Steve Posey

HUD Program Manager

steve.posey@coloradosprings.gov

(719) 385-6880

[www.coloradosprings.gov/communitydevelopment](http://www.coloradosprings.gov/communitydevelopment)