

A Resolution to Carry Forward the City's 2024 Private Activity Bond Allocation

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Outline

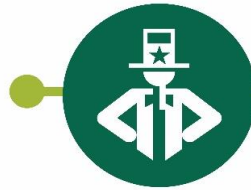


- 1. What are PABs and how are they allocated?**
- 2. What did COS receive this year?**
- 3. What is a carryforward?**
- 4. Pipeline**
- 5. Previous PAB Developments**

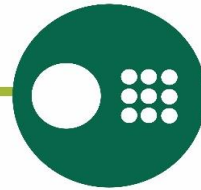
What are PABs and how are they allocated?



HOW DO PRIVATE ACTIVITY BONDS (PAB) WORK?



The Internal Revenue Service (IRS) distributes private activity bonds to the state of Colorado according to population size and a per capita multiplier of \$125. In 2024 CO received \$734.7M in private activity bonds.



Half of the bonds are allocated to the Colorado Housing and Finance Authority, while the remaining portion is distributed to municipalities proportional to population.



The City received \$30.5M PABs in 2024. In comparison, Denver received \$44.8M and El Paso County received \$14.1M.



The City issues the bonds to developers as a pass-through entity. When pass-through entities issue PABs, the tax-exempt status of the entity flows through to the investor who purchases the bonds.



Developers borrow funds from investors at lower interest rates because the interest the investors are earning is tax-exempt. As a result of the lower interest rates, the overall development cost is lower.



The City issues the PABs as revenue bonds to Affordable housing developers, meaning the debt service payments are generated from specific revenue sources tied to the project, such as rental income. **As a result, the City's general funds or taxpayers' money are not directly pledged for the repayment of PABs.**

2024 Allocation - \$30.5M



- **Statewide Population in 2023: 5,877,610 (YoY increase 37,684)**
- **Per Capita Multiplier: \$125 (\$5 increase/capita)**
- **Statewide PAB available in 2024: \$734,701,250 (YoY increase \$33.9M)**
- **Allocations to Designated Local Issuing Authorities:**

Area	2023	2024	PAB Increase	Population 2023	Population 2024	Population Change
State	\$700,791,120	\$734,701,250	\$33,910,130	5,839,926	5,877,610	37,684
CHFA	\$345,395,560	\$362,350,625	\$16,955,065	n/a	n/a	n/a
Denver	\$42,903,655	\$44,836,357	\$1,932,702	711,973	717,382	5,409
COS	\$29,163,118	\$30,523,317	\$1,360,199	483,953	488,373	4,420
EPC	\$13,757,652	\$14,181,423	\$423,771	224,590	226,903	2,313

What is a Carryforward?



- **The City must elect to carry forward unused 2024 cap for one or more purposes.**
- **The PAB working group elected to carry forward 2024 cap until 12/31/2027 for financing of residential facilities for low- and middle-income families or persons.**
- **Other uses for PAB cap include**
 - **Manufacturing “small issue” industrial development bonds**
 - **Qualified redevelopment bonds for acquiring property in blighted areas**
 - **Exempt facility bonds for hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass community facilities, local district heating and cooling facilities, local electric energy or gas facilities, and multifamily housing bonds.**
 - **Qualified 501(c)(3) bonds for use by non-profit hospitals and private universities**
 - **Mortgage credit certificates (MCC) which is a bond allocation for qualified homebuyers**
 - **Single-family mortgage revenue bonds (SFMRB) sold by local and state agencies for mortgages to low- and moderate-income people.**

Use & Carry Forward Options



- **(1) Issue your volume cap for a specific PAB project.**
- **(2) Assign your volume cap to another local government or housing authority to assist their qualified project. The recipient must either issue or carry forward that cap by September 15th.**
- **(3) Assign your cap to another issuer such as CHFA or DOLA. The recipient must either issue or carry forward that cap by September 15th.**
- **(4) Relinquish bond volume cap to the Statewide balance. All relinquished bond cap will be awarded to other qualified projects in the state through a competitive process by the end of the calendar year.**
- **(5) Carry forward your volume cap for up three years for a qualified project.**

Available PAB



PAB Allocations	2018	2019	2020	2021 (+4.5M Statewide Balance)	2022	2023	2024
COS Allocations	24,200,033.00	24,866,520.00	25,162,725.00	30,988,131.00	26,492,032.00	29,163,118.00	30,523,317.00
Bonds Issued							
Atrium at Austin Bluffs (\$8M)	8,000,000.00						
Academy Heights (\$22M)	16,200,033.00	5,799,967.00					
Village at Solid Rock (\$10.8M)		10,800,000.00					
Sumner House (\$7.224M COS + \$4.5M State)		4,266,553.00	2,957,965.28	4,500,000.00			
Copper Rose (\$24M)			22,204,759.72	1,795,240.28			
InterQuest Ridge (\$4M)		4,000,000.00					
Paloma Gardens (\$21.25M)				21,250,000.00			
Bentley Commons (Transfer to CHFA \$16.655M)				3,442,890.72	13,212,109.28		
PAB Balance	0.00	0.00	0.00	0.00	13,279,922.72	29,163,118.00	32,966,357.72
Inducement Resolution Passed							
Royal Pine (\$40M)					13,279,922.72	26,720,077.28	
Remaining Balance	0.00	0.00	0.00	0.00	0.00	2,443,040.72	32,966,357.72

- **HCVD will be opening our PAB application in the coming weeks, we will likely receive 3 applications for Affordable multi-family development for a total request of ~90M in PAB.**

Progress on Previous PAB Developments



Paloma Garden

- 125 units 30%-60% AMI, Seniors
- \$21.25M PAB



Progress on Previous PAB Developments

Village at Solid Rock

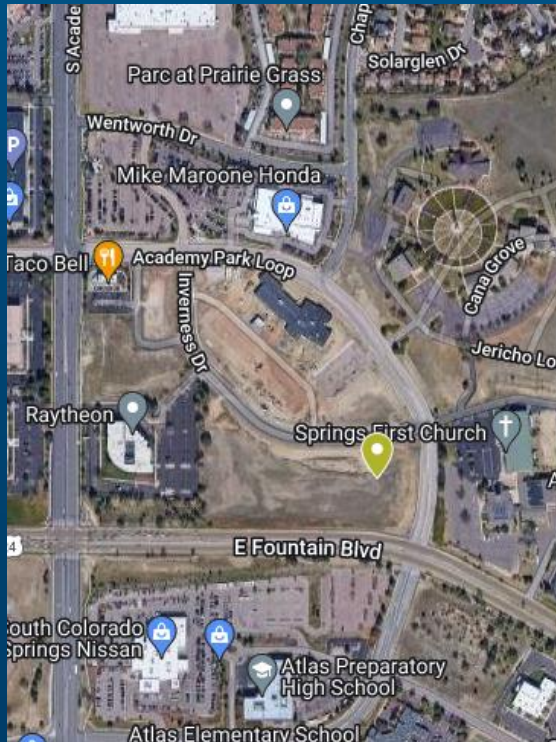
- 77 units 30%-80%
AMI
- \$10.8M PAB



Progress on Previous PAB Developments

Academy Heights

- 201 units @ 60% AMI
- \$22M PAB
- Leased Up



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