

EL PASO  **COUNTY**
COLORADO

COMMISSIONERS
AMY LATHEN, CHAIR
DENNIS HISEY, VICE CHAIR

DARRYL GLENN
SALLIE CLARK
PEGGY LITTLETON

BUDGET ADMINISTRATION
ECONOMIC DEVELOPMENT
DEANNE MCCANN, DIVISION MANAGER

July 31, 2015

Aimee Cox
Robert C. Cope
Colorado Springs Economic Vitality
30 S. Nevada Ave., Suite 604
P.O. Box 1575, Mail Code 640
Colorado Springs, CO 80901-1575

Dear Ms. Cox and Mr. Cope:

As you know, both the City of Colorado Springs and El Paso County, along with other eligible municipalities/counties, were awarded tax-exempt private activity bond (PAB) volume cap for 2015. This volume cap, while a valuable resource, has extremely limited uses, the most common of which is housing purposes. Per Colorado Revised Statutes, if this volume cap is not utilized by September 15, it will revert to the state for potential award to other jurisdictions. In order to avoid reversion of its cap, El Paso County will be carrying it forward and can do so for the city if an assignment of the city's volume cap is made.

It is anticipated that the county will carry forward this volume cap, along with that of the City of Fountain, for an eligible purpose, likely single- or multi-family housing, for up to three years, as allowed by federal regulations. This volume cap will then be available for use as the markets improve for such bonds.

As an update to previous years' volume cap usage, \$5,250,000 was dedicated in 2014 to The Residence at Village Green, a 58-resident assisted living facility, at least 50% of whom earn less than 60% of area median income (AMI). In 2013, \$19,500,000 was awarded to Copper Creek, a 216-unit apartment complex that is 100% set-aside for those earning less than 60% AMI. Both of these projects provide affordable housing options with rent restrictions for the set-aside units. While interest from developers has increased, the obstacles to developing affordable housing persist and the El Paso County Housing Authority is exploring different options to spur that development.



A traditional single-family bond program has not been undertaken since the financial crisis of 2007 with the exception of 2009 when the U.S. Treasury offered its one-time New Issue Bond Program. \$25,000,000 in volume cap was utilized for this program with exceptional results. To make up for this lack of a single-family bond program, the Turnkey Program was instituted in 2013; \$168.5MM in loans have been originated in Colorado Springs city limits for 1,001 homes. Grants in the amount of 4% of the loan were provided to those homebuyers for closing costs or down payment assistance. In 2014, \$40,000,000 in single family carry forward was converted to \$20,000,000 in mortgage credit certificates which will provide first-time homebuyers with a federal income tax credit for a portion of the interest paid on their mortgages. To date, 20 first-time homebuyers have participated in this program which it is anticipated can serve as many as 120 borrowers.

I would be happy to provide additional information and background if that would be helpful.

Thank you.

Sincerely,



DeAnne McCann
Economic Development Manager