

ROYAL PINE DRIVE

AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP
TO \$40,000,000 IN PRIVATE ACTIVITY BONDS AND
\$20,000,000 TAXABLE TAIL FOR THE CONSTRUCTION
OF 232 UNITS OF AFFORDABLE HOUSING

AIMEE COX

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HOUSING & HOMELESSNESS RESPONSE DEPARTMENT

Agenda

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1. Process to Issue Bonds
2. About the Development
3. What is PAB? Why does this project need a taxable tail?
4. PAB Ordinance Approval Considerations
5. Total PAB Issuance
6. Timeline, Next Steps



Process to Issue Bonds



1. Application
2. Staff and Committee Review
3. Inducement Resolution
- 4. Ordinance**

About the Development



Location:

- Council District 2
- N. Powers and N. Union

Project Info:

- 232-Units
- 1-, 2-, and 3-bedroom units
- 30%, 60%, and 70% AMI

Rents at 60% AMI:

1-bedroom: \$1,229
2-bedroom: \$1,466
3-bedroom: \$1,689

Market Rents of Adjacent Multi-Family:

- \$300-\$600 higher than the highest rent at Royal Pine

Household Size	AMI	Income	AMI	Income
Household 4	100%	\$112,500	60%	\$67,500
Household 2	100%	\$90,000	60%	\$54,000
Household 1	100%	\$78,800	60%	\$47,280

About the Development



About the Development:

- 100% of common areas will be powered by solar
- Exercise room
- Community Kitchen/Room
- Community Garden
- Dog run
- Picnic area
- Vertical trash chutes to reduce impact on wildlife



About the Development



About the Development

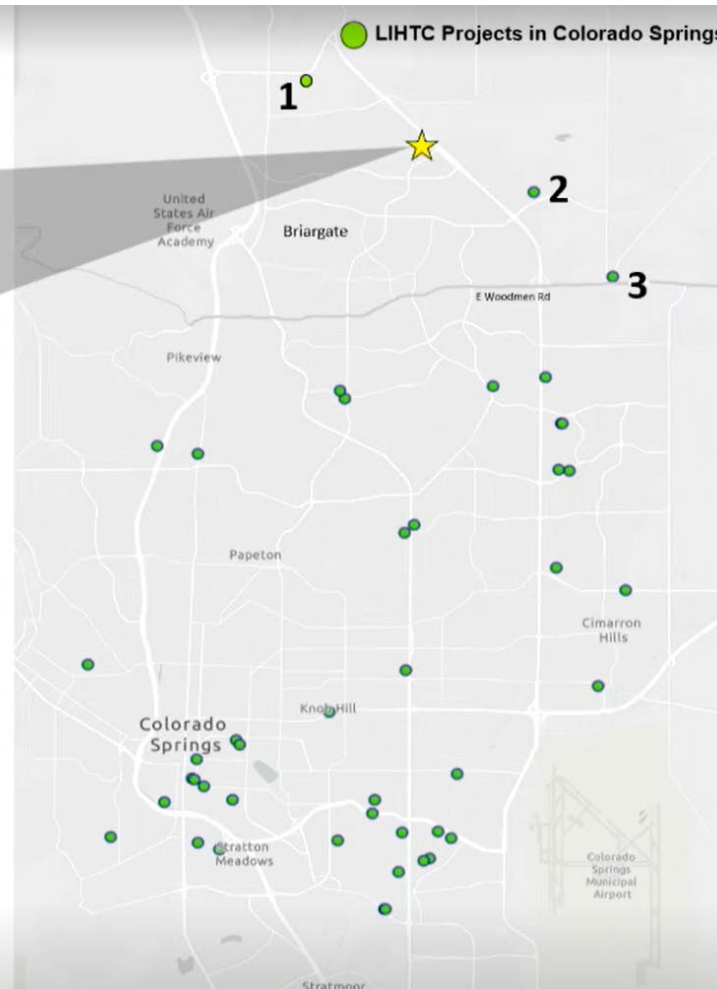
Royal Pine Apartments



Colorado Springs LIHTC Projects north of Woodmen Road:

1. InterQuest Ridge: 240 units
2. The Creek at Cottonwood: 258 units
3. Copper Range: 240 units

There is an acute shortage of affordable housing north of Woodmen Road, with fewer than 1,000 units planned or delivered



About the Development - Who lives here?



30% AMI

17 Units at Royal Pine
Up to \$30,420 annually

- Seniors on fixed income
- Veterans on fixed income
- Residents on disability
- Part-time workers, including self-employed
 - Uber
 - Restaurant staff
 - Baristas
 - Receptionists
 - Package handlers
 - Janitorial Staff
- Retail workers
- Part-time students

60% AMI

164 Units at Royal Pine
Up to \$60,840 annually

- Amazon Fulfillment Center Employees
- Non-profit workers
- Housing Authority employees
- Teachers – full time and substitute
- School District Bus Drivers
- Grocery clerks
- Financial Services employees
- Food servers
- Flight attendants
- Retail workers
- Self-employed
 - Uber
 - GrubHub
 - DoorDash

70% AMI

51 Units at Royal Pine
Up to \$70,980 annually

- Includes same positions as the 60% AMI level
- Active military personnel
- Air Force Academy, Private Contractor
- Space Force
- Dental Assistants
- Financial Positions:
 - Bank Tellers
 - Loan Assistants
- Emergency Services Workers
- City Employees
- Health Care Workers

What is PAB?

Why does this project need a taxable tail?



What are private activity bonds?

A type of municipal bond provided for specific qualified projects, such as low- to moderate-income housing developments.

Why does this project need a taxable tail?

- Bond issued by state or local governmental entities
- Interest earned by investors is subject to federal income tax.
- Almost every development has a taxable tail, either in the form of a taxable bond or a traditional loan.
- Not every lender requires the taxable tail to be issued by a municipality, but Fannie Mae (lender) on Royal Pine does
 - They are cheaper to finance
 - Reduces legal fees and administrative financing

What is the risk to the City?

The City is acting as a conduit issuer the risk and liability are passed to the developer.

PAB Ordinance Approval Considerations

Has the developer provided the information needed to move forward?

Evaluating: The City intends to issue the bonds subject to a commitment for purchase of the bonds and delivery of due diligence items and an indication of sufficient debt and equity to cover development costs.

Do the bonds serve the City and its public purpose?

Council determined this when they approved the Inducement Resolution



Total PAB Issuance



PAB Allocations	2018	2019	2020	2021 (+4.5M Statewide Balance)	2022	2023	2024 (+5M Statewide Balance)	2025 (+7M Statewide Balance)
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	35,523,317.00	38,865,865.00
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	35,523,317.00	38,865,865.00
Inducement Resolution Passed								
Royal Pine (\$40M)					13,279,922.72	26,720,077.28		
Pipeline, PAB Committee Recommended								
Bradley Ridge (\$76.8M)						2,443,040.72	35,523,317.00	38,865,865.00
Remaining Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Development Cost:

- \$83,705,933 (eligible basis ~\$79,000,000)

Fees to City:

Issuance Fee: 40bps of \$40,000,000 = \$160,000
 40 bps of \$20,000,000 taxable tail = \$80,000

Timeline, Next Steps

Inducement Resolution Passed:

- June 13, 2023

Ordinance:

- Why we're here today

Financial Closing:

- July 8, 2025

Construction Completion:

- July 31, 2027



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