



Legislation Text

File #: 21-423, **Version:** 1

Resolution to Carryforward the City's 2021 Private Activity Bond Allocation for Qualified Residential Rental Projects

Presenter:

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Summary:

The City's 2021 Private Activity Bond (PAB) volume cap, as determined by the Colorado Department of Local Affairs, is \$26,488,131. By September 15th of each year, the City must decide whether to issue bonds for a specific project or projects, assign the City's volume cap to another government entity such as El Paso County (EPC), assign the City's volume cap to another issuer such as the Colorado Housing Finance Authority (CHFA), or relinquish its volume cap to the statewide balance for use on other projects in Colorado.

PAB can be used for multiple purposes, some of which include construction or expansion of light manufacturing facilities, redevelopment of blighted areas, and capital projects for qualified non-profits. The Community Development Division established a PAB working group made up of staff from the Finance Department, Economic Development, Public Works, Colorado Springs Utilities, the Colorado Springs Airport, the Urban Renewal Authority, and representatives from the City Council to circulate information about the City's PAB volume cap and identify projects potentially qualified for PAB financing.

The Community Development Division has been contacted by multiple developers interested in using PAB to finance qualified affordable multi-family rental projects. There have been no requests for PAB for other purposes. Staff recommends carrying forward the City's 2021 allocation of PAB to support the development of qualified residential rental projects. PAB can be carried forward a maximum of three years.

Previous Council Action:

August 28, 2018: City Council resolution 88-18 to 'carry-forward' 2018 allocation for the purpose of "...financing residential facilities for low- and moderate-income families or persons..."

August 13, 2019: City Council resolution 72-19 to carry-forward 2019 allocation for the purpose of "... financing residential facilities for low- and moderate-income families or persons..."

July 27, 2020: City Council Resolution 63-20 to carry-forward 2020 allocation for the purpose of "...financing residential facilities for low- and moderate-income families or persons..."

Background:

PAB is one of many financing tools available to private developers. As a result, PAB use is sensitive

to local market conditions such as the cost of conventional financing, the experience level and willingness of the developer to use PAB, ease of access to PAB funds and the overall volume cap of the issuer.

This item supports the City's strategic goal relating to building community and collaborative relationships by making efficient use of the City's PAB allocation to partner with the private sector to finance the development of affordable housing. Furthermore, this item is supported by and implements PlanCOS Vibrant Neighborhoods Policy VN-2-A pertaining to attainable housing and providing variety of housing types for various life stages and income levels.

Financial Implications:

All expenses related to bond issuance are paid by the developer. These include legal fees and servicing costs of other 3rd parties involved in the bond transaction. Administrative regulation 2020-04 established issuer fees totaling .4% of par value of bond issue. Community Development uses the City's issuer fees to assist non-profits with eligible pre-development costs related to affordable multi-family rental projects, and in 2022 intends to use a portion of the issuer fees to offset development charges associated with qualified projects.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The Community Development Division Manager reached out to members of the PAB working group by email earlier this year. Staff from Economic Development, Public Works, and City Engineering responded. There were no industrial or light manufacturing projects identified as eligible for PAB financing. Due to City Council turnover in April, two CC members of the PAB working group, CM Don Knight and CM Dave Geislinger are no longer in office. CM Williams expressed an interest in participating in the PAB working group. The CDD Manager reached out to CM Williams to provide an update on the PAB pipeline and recommend carrying forward the City's 2021 PAB allocation for qualified multi-family residential projects. CM Williams agreed with the recommendation to carryforward the City's 2021 PAB allocation. The carryforward resolution will be brought to the CC budget/finance committee on 7/13/2021 and to the full CC on August 9, 2021.

Alternatives:

Local governments that fail to notify the State by September 15 of the intent to carryforward PAB automatically relinquish their allocation to the Statewide Balance.

Proposed Motion:

Adopt the resolution as presented.

N/A