



Legislation Text

File #: 21-291, **Version:** 1

A resolution declaring the intent of the City of Colorado Springs, Colorado to issue its Multifamily Housing Revenue Bonds to finance the acquisition, construction, improvement and equipping of an affordable multifamily housing development located at 5894 Tutt Blvd known as Copper Rose Apartments.

Presenter:

Steve Posey, HUD Program Manager, Planning & Community Development
John Bales, Fred Marienthal, Kutak Rock LLP
Peter Wysocki, Director of Planning and Community Development

Summary:

A Preliminary Inducement Resolution for the issuance of Private Activity Bonds (PAB) in an amount not to exceed \$21,500,000 for Copper Rose, a 182 unit affordable housing project located on a 7 acre parcel at 5894 Tutt Boulevard (between Powers & Tutt, and between Dublin and Stetson Hills.)

Previous Council Action:

City Council previously adopted Resolution Nos. 88-18, 72-19, 63-20 to carry forward the City's 2018, 2019, and 2020 annual PAB allocations for the financing of affordable multi-family rental projects.

On June 21, 2021, this item was introduced to the City Council during their work session.

Background:

In 2018, 2019, and 2020, City Council voted to carry forward its PAB allocations for the purpose of financing qualified residential rental projects, an eligible use of PAB under the Internal Revenue Code. Carrying forward PAB for multi-family affordable housing is a means for City Council to address the need for additional housing for lower-income populations in the community. The City is a conduit issuer of PABs. As a result, the City assumes no liability for repayment of the bonds. The developer accessing PAB financing agrees to carry all costs related to the bond issuance, marketing and servicing, including attorney's fees, document preparation, and public notifications.

This item supports the Mayor's goal of building or preserving on average 1,000 units of affordable housing each year established in HomeCOS, the City's affordable and attainable housing plan.

Furthermore, this item is supported by and implements PlanCOS Vibrant Neighborhoods Policy VN-2 -A pertaining to affordable and attainable housing and providing a variety of housing types for households at all income levels.

Financial Implications:

The Copper Rose project will utilize the remainder of the City's 2021 PAB cap, approximately

\$18,500,000. It will be the developer’s responsibility to secure an assignment of the balance of PAB cap needed to fund the project. Potential sources of additional PAB cap include the El Paso County Housing Authority, the Colorado Housing Finance Authority, or the State of Colorado Department of Local Affairs.

| PAB Allocations | 2018 | 2019 | 2020 | 2021 |
|-------------------------------------|---------------|---------------|---------------|---------------|
| COS Allocations | \$ 24,200,033 | \$ 24,866,520 | \$ 25,162,725 | 26,488,131 |
| Atrium at Austin Bluffs | \$ 8,000,000 | | | |
| Academy Heights | \$ 16,200,033 | \$ 5,799,967 | | |
| Bonds Issued (Above) | | | | |
| Pending (Below) | | | | |
| Draper Commons | | \$ 7,866,553 | \$ 13,133,447 | |
| Solid Rock CDC | | \$ 11,200,000 | | |
| Mission Trace | | | | |
| Bentley Commons | | | \$ 12,029,278 | \$ 7,970,722 |
| Copper Rose | | | | \$ 18,517,409 |
| Paloma Garden (VOA) (2021 State TC) | | | | |
| PAB Balance | \$ - | \$ - | \$ - | \$ - |

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

Not passing the resolution will likely prevent or delay construction of the project and fail to address a shortage of affordable rentals for lower-income households in the community.

Proposed Motion:

Approve the preliminary inducement resolution as presented.