



Legislation Text

File #: 23-231, **Version:** 1

Title

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 facility known as Royal Pine Apartments.

Presenter:

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

Summary:

The resolution will declare the City's intent to authorize the issuance of Private Activity Bonds (PAB) in an aggregate principal amount not to exceed \$40,000,000 for Royal Pine and the new construction of approximately 232 total units of affordable housing located at 4150 Royal Pine Drive, Colorado Springs, CO 80920. The project will provide approximately 232 new affordable units at an average of 60% area median income (AMI) for Colorado Springs residents.

Background:

In 2018, 2019, 2020, 2021, and 2022 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 IRS 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 PAB. 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.

Previous Council Action:

88-18, 72-19, 63-20, 114-21, 106-22: Resolutions adopted to carry forward the City's annual private activity bond allocations for the financing of affordable multi-family rental projects.

Financial Implications:

The Royal Pine project will utilize up to \$40,000,000 of PAB volume cap. The utilization of this cap will generate up to \$160,000 in issuance fees that will be used to rebate development review costs for additional affordable housing projects.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

On March 3, 2023, the City's Private Activity Bond Working Group met to discuss the City's 2023 PAB allocation of \$29,163,118 in bonding capacity. The working group consists of staff representatives from the COS Airport, Economic Development, City Attorney, and Finance Department. Councilmember Wayne Williams was the group's City Council liaison. The working group reviewed eligible uses of PAB financing and discussed the status of projects other than affordable rental housing that might use the City's PAB allocation. No other projects were recommended for PAB financing. The working group unanimously recommended carrying forward the City's 2023 PAB allocation for affordable multi-family rental housing. The working group also unanimously recommended requesting this inducement resolution for the Royal Pine project.

Alternatives:

Not passing the resolution would diminish the ability for the developer to apply for 4% tax credits from the Colorado Housing and Finance Authority (CHFA). Four percent tax credit deals require an inducement resolution from an issuer for application; nationwide tax credits are the main financings mechanism for constructing affordable housing. Additionally, not passing the resolution would fail to address a shortage of affordable rentals for lower-income households in the community.

Proposed Motion:

Approve the 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 facility known as Royal Pine Apartments.

N/A