



Legislation Details (With Text)

File #: 22-738 **Version:** 2 **Name:** Paloma Gardens
Type: Ordinance **Status:** Mayor's Office
File created: 11/2/2022 **In control:** City Council
On agenda: 1/10/2023 **Final action:** 1/10/2023
Title: Ordinance No. 22-96 by the City of Colorado Springs, Colorado extending the effective date of Ordinance No. 22-51, increasing the not to exceed amount of the bonds to \$21,500,000 and authorizing the execution and delivery by the City of certain loan documents for Paloma Garden

Presenter:

Katie Sunderlin, Senior Affordable Housing Coordinator
Steve Posey, Community Development Division Manager
John Bales, Fred Marienthal, Kutak Rock LLP
Peter Wysocki, Director of Planning and Community Development

Sponsors:

Indexes: PAB

Code sections:

Attachments: 1. COS Paloma Garden 2022 Amendment to Ordinance, 2. COS Paloma Garden 2022 Financing Agreement, 3. COS Paloma Garden 2022 Tax Regulatory Agreement, 4. No. 22-51_Signed PAB Ordinance_Paloma Garden, 5. Paloma Gardens CC Work Session_11212022, 6. Signed Ordinance No. 22-96.pdf

Date	Ver.	Action By	Action	Result
1/10/2023	1	City Council	finally passed	Pass
12/13/2022	1	City Council	approved on first reading	Pass
11/21/2022	1	Council Work Session	referred	

Ordinance No. 22-96 by the City of Colorado Springs, Colorado extending the effective date of Ordinance No. 22-51, increasing the not to exceed amount of the bonds to \$21,500,000 and authorizing the execution and delivery by the City of certain loan documents for Paloma Garden

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Summary:

The ordinance will authorize an additional \$2.5M of Private Activity Bonds (PAB) for the new construction and rehab of 127 total units of affordable housing located at 920 S. Chelton Road and 3140 Mallard Drive Colorado Springs, CO 80910. The original Private Activity Bond (PAB) ordinance authorized the issuance of \$19M in PAB to be issued by December 31, 2022. Due to increased construction costs and interest rates the development team is requesting additional PAB volume to total an amount not to exceed \$21.5M and an extension of the expiration date of to June 1, 2023.

When completed the project will provide 75 new, and 50 rehabbed units for low-income seniors, with two units reserved for managers.

Previous Council Action:

18-038, 19-352, 20-389, 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.

22-51: Ordinance authorizing the issuance of PAB to Paloma Garden in an amount not to exceed \$19M to be issued by December 31, 2022.

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.

Financial Implications:

The Paloma Garden project will utilize up to \$21,500,000 of PAB volume cap. The utilization of this cap will generate up to \$86,000 in issuance fees that will be used to rebate development review costs for additional affordable housing projects. Approval of the ordinance will not impact other projects under consideration for private activity bond financing.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

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

Proposed Motion:

Approve the amendment to ordinance 22-51 authorizing the issuance and delivery of the City's multi-family housing revenue bonds for Paloma Garden in one or more series, in an aggregate principal amount not to exceed \$21,500,000 and extend the expiration date to June 1, 2023.

PAB Allocations	2018	2019	2020	2021 (+4.5M Statewide Balance)	2022
COS Allocations	24,200,033.00	24,866,520.00	25,162,725.00	30,988,131.00	26,492,032.00
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			
Induced, Pending Ordinance					
Paloma Gardens (\$19M)				19,000,000.00	
PAB Balance	0.00	0.00	0.00	5,692,890.72	26,492,032.00