



Legislation Text

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A resolution extending the effective date of Resolution #8-20 to January 31, 2022 for Draper Commons

Presenter:

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Summary:

An Amendment to Resolution 8-20 related to the issuance of Private Activity Bonds (PAB) in an amount not to exceed \$21,000,000 for Draper Commons, a 280 unit affordable housing project located in the Lowell neighborhood in SE downtown. The project is 100% affordable multi-family rental.

Previous Council Action:

Resolution #8-20: A preliminary inducement resolution for Draper Commons was adopted on February 11, 2020. Due to withdrawal of the principal investor, a lengthy environmental review process, and challenging site conditions, the developer was unable to close on the financing and the resolution expired on December 31, 2020. Since that time, a new investor has been identified, the environmental review is complete, and progress has been made toward submittal of a complete development plan for the project.

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 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.

As multi-family residential development continues near downtown Colorado Springs, opportunities for affordable rental housing near downtown are becoming scarce. The Draper Commons project is positioned as a multi-generational solution that will be marketed to potential tenants of all ages. The project will also facilitate completion of the Legacy Loop Trail.

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 Draper Commons project will draw from available PAB from the City's annual allocation.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

Not passing the resolution would potentially result in conversion of the project to market rate and fail to address a shortage of affordable rentals for lower-income households in the community.

Proposed Motion:

Move to adopt a resolution extending the effective date of Resolution #8-20 to January 31, 2022 for the Preliminary Inducement declaring the intent of the City of Colorado Springs, Colorado to issue its Multifamily Housing Revenue Bonds to finance the construction of Draper Commons, a 280 unit affordable housing project, located on a 6.6 acre site in the Lowell Neighborhood