



Legislation Text

File #: 21-455, **Version:** 2

Ordinance No. 21-108 by the City of Colorado Springs, Colorado authorizing the issuance and delivery of its Multifamily Housing Tax-Exempt Mortgage-Backed Bonds (M-Tems) (Draper Commons), Series 2022A, in an amount not to exceed \$26,000,000 and its Multifamily Housing Taxable Mortgage-Backed Bonds (M-Tmbs) (Draper Commons Project), Series 2022B, in an amount not to exceed \$5,000,000; authorizing the execution and delivery by the City of any and all necessary documents to effectuate the issuance of such bonds; authorizing officials of the City to take all action necessary to carry out the transactions contemplated hereby, and providing for related matters

Presenter:

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

Summary:

The ordinance will authorize the issuance and delivery of multifamily housing tax-exempt mortgage-backed bonds (M-TEMS) (Draper Commons), Series 2022A, in an amount not to exceed \$26,000,000, and multifamily housing taxable mortgage-backed bonds (M-TMBS) (Draper Commons Project), Series 2022B, in an amount not to exceed \$5,000,000.

The issuance will be 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.

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 2021-04 establishes issuer fees totaling 0.4% of par value of bond issue. Community Development intends to use the City's issuer fees to assist non-profits with eligible pre-development costs related to affordable multi-family rental projects.

Previous Council Action:

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

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 was identified, the environmental review was completed, and progress was made toward submittal of a complete development plan for the project.

86-21: A Resolution extending the effective date of Resolution #8-20 to January 31, 2022 for Draper

Commons

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 \$21,000,000 of available PAB from the City's annual allocation. The Project will utilize \$7,866,553 of the City's 2019 PAB cap, and \$13,133,447 of the City's 2020 PAB cap.

In addition, the Borrower will obtain an allocation from other sources (DOLA, CHFA) up to \$5,000,000, which will then be allocated to the City. Upon the City receiving all or a part of such private activity bond volume cap allocation, the City will award the Project up to \$26,000,000 total of private activity volume cap.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

City Council could choose to postpone the bond ordinance, however, this 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 an ordinance by the City of Colorado Springs, Colorado authorizing the issuance and delivery of its Multifamily Housing Tax-Exempt Mortgage-Backed Bonds (M-Tems) (Draper Commons), Series 2022A, in an amount not to exceed \$26,000,000 and its Multifamily Housing

Taxable Mortgage-Backed Bonds (M-Tmbs) (Draper Commons Project), Series 2022B, in an amount not to exceed \$5,000,000; authorizing the execution and delivery by the City of any and all necessary documents to effectuate the issuance of such bonds; authorizing officials of the City to take all action necessary to carry out the transactions contemplated hereby, and providing for related matters.

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	2018	2019	2020	2021
COS Allocations	\$24,200,033	\$24,866,520	\$25,162,725	\$26,488,131
<i>Atrium at Austin Bluffs</i>	\$8,000,000			
<i>Academy Heights</i>	\$16,200,033	\$5,799,967		
<i>Village at Solid Rock</i>		\$11,200,000		
Bonds Issued (Above)				
Pending (Below)				
<i>Bentley Commons</i>			\$11,729,278	\$8,270,722
<i>Draper Commons</i>		\$7,866,553	\$13,133,447	
<i>Copper Rose</i>			\$ 300,000	\$18,217,409