

# ROYAL PINE DRIVE

AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP  
TO \$40,000,000 IN PRIVATE ACTIVITY BONDS AND  
\$20,000,000 TAXABLE TAIL FOR THE CONSTRUCTION  
OF 232 UNITS OF AFFORDABLE HOUSING

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HOUSING & HOMELESSNESS RESPONSE DEPARTMENT

# Agenda

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1. About the Development
2. What is PAB? Why does this project need a taxable tail?
3. PAB Ordinance Approval Considerations
4. Total PAB Issuance
5. Timeline, Next Steps





# About the Development



## Location:

- Council District 2
- N. Powers and N. Union

## Project Info:

- 232-Units
- 1-, 2-, and 3-bedroom units
- 30%, 60%, and 70% AMI

## Rents at 60% AMI:

1-bedroom: \$1,229  
2-bedroom: \$1,466  
3-bedroom: \$1,689

## Market Rents of Adjacent Multi-Family:

- \$300-\$600 higher than the highest rent at Royal Pine

Household Size	AMI	Income	AMI	Income
Household 4	100%	\$112,500	60%	\$67,500
Household 2	100%	\$90,000	60%	\$54,000
Household 1	100%	\$78,800	60%	\$47,280



# About the Development



## About the Development:

- 100% of common areas will be powered by solar
- Exercise room
- Community Kitchen/Room
- Community Garden
- Dog run
- Picnic area
- Vertical trash chutes to reduce impact on wildlife



# About the Development





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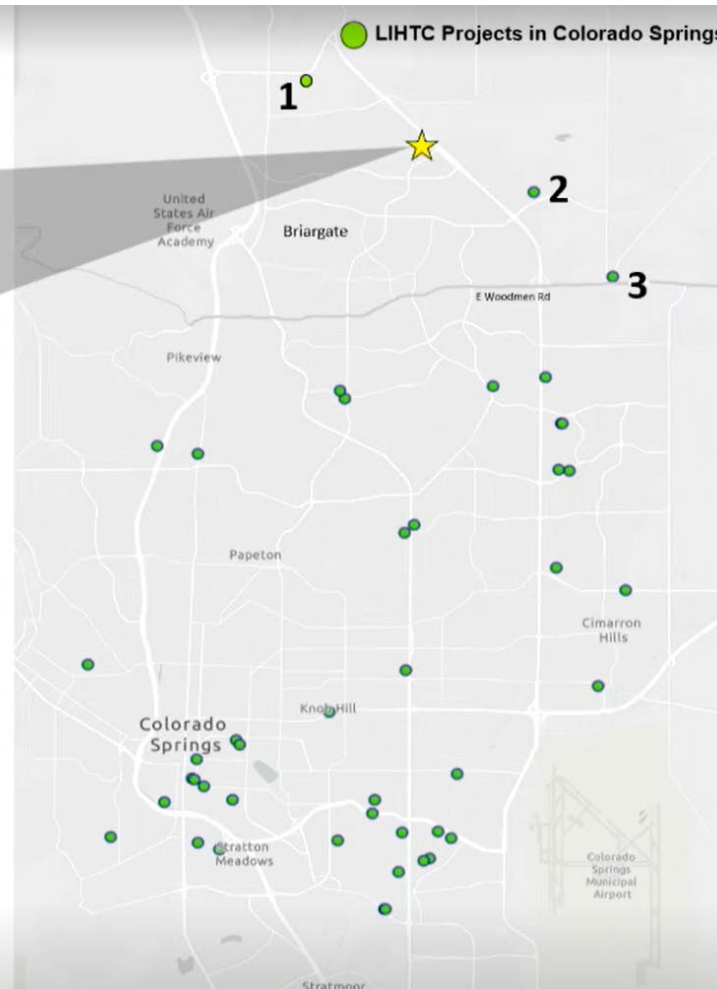
Royal Pine Apartments



## Colorado Springs LIHTC Projects north of Woodmen Road:

1. InterQuest Ridge: 240 units
2. The Creek at Cottonwood: 258 units
3. Copper Range: 240 units

**There is an acute shortage of affordable housing north of Woodmen Road, with fewer than 1,000 units planned or delivered**



# About the Development - Who lives here?



## 30% AMI

17 Units at Royal Pine  
Up to \$30,420 annually

- Seniors on fixed income
- Veterans on fixed income
- Residents on disability
- Part-time workers, including self-employed
  - Uber
  - Restaurant staff
  - Baristas
  - Receptionists
  - Package handlers
  - Janitorial Staff
- Retail workers
- Part-time students

## 60% AMI

164 Units at Royal Pine  
Up to \$60,840 annually

- Amazon Fulfillment Center Employees
- Non-profit workers
- Housing Authority employees
- Teachers – full time and substitute
- School District Bus Drivers
- Grocery clerks
- Financial Services employees
- Food servers
- Flight attendants
- Retail workers
- Self-employed
  - Uber
  - GrubHub
  - DoorDash

## 70% AMI

51 Units at Royal Pine  
Up to \$70,980 annually

- Includes same positions as the 60% AMI level
- Active military personnel
- Air Force Academy, Private Contractor
- Space Force
- Dental Assistants
- Financial Positions:
  - Bank Tellers
  - Loan Assistants
- Emergency Services Workers
- City Employees
- Health Care Workers

# What is PAB?

## Why does this project need a taxable tail?



### **What are private activity bonds?**

A type of municipal bond provided for specific qualified projects, such as low- to moderate-income housing developments.

### **Why does this project need a taxable tail?**

- Bond issued by state or local governmental entities where the interest earned by investors is subject to federal income tax. There is no limit to the amount of municipal taxable bonds that a local government can issue.
- Almost every development has a taxable tail, either in the form of a taxable bond or a traditional loan
- Not every lender requires the taxable tail to be issued by a municipality, but the lender on Royal Pine does
  - They are cheaper to finance
  - Reduces legal fees and administrative financing

### **What is the risk to the City?**

The City is acting as a conduit issuer the risk and liability are passed to the developer.



# PAB Ordinance Approval Considerations

## Has the developer provided the information needed to move forward?

Evaluating: The City intends to issue the bonds subject to a commitment for purchase of the bonds and delivery of due diligence items and an indication of sufficient debt and equity to cover development costs.

## Do the bonds serve the City and its public purpose?

Council determined this when they approved the Inducement Resolution



# Total PAB Issuance



PAB Allocations	2018	2019	2020	2021 (+4.5M Statewide Balance)	2022	2023	2024 (+5M Statewide Balance)	2025 (+7M Statewide Balance)
COS Allocations	24,200,033.00	24,866,520.00	25,162,725.00	30,988,131.00	26,492,032.00	29,163,118.00	35,523,317.00	38,865,865.00
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						
Paloma Gardens (\$21.25M)				21,250,000.00				
Bentley Commons (Transfer to CHFA \$16.655M)				3,442,890.72	13,212,109.28			
PAB Balance	0.00	0.00	0.00	0.00	13,279,922.72	29,163,118.00	35,523,317.00	38,865,865.00
Inducement Resolution Passed								
Royal Pine (\$40M)					13,279,922.72	26,720,077.28		
Pipeline, PAB Committee Recommended								
Bradley Ridge (\$76.8M)						2,443,040.72	35,523,317.00	38,865,865.00
Remaining Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Development Cost:

- \$83,705,933 (eligible basis ~\$79,000,000)

## Fees to City:

Issuance Fee: 40bps of \$40,000,000 = \$160,000  
 40 bps of \$20,000,000 taxable tail = \$80,000



# Timeline, Next Steps

## Inducement Resolution Passed:

- June 13, 2023

## Ordinance:

- Why we're here today

## Financial Closing:

- July 8, 2025

## Construction Completion:

- July 31, 2027





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