



Private Activity Bonds Introduction Session

City Council January 3, 2022

Purpose

- Review what a Private Activity Bond is
- Discuss the City's Allocation History
- Overview project that has requested a share of the 2022 allocation
- Seek Council's feedback



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Private Activity Bonds

- Private activity bonds (PAB) are tax-exempt bonds issued by or on behalf of a local or state government for the purpose of providing special financing benefits for qualified projects
 - Allocated to municipalities each year by the State
- PABs allow governments to borrow on behalf of private companies, acting as an alternative to corporate bonds
- Interest on PABs is not excluded from gross income

Qualified Projects

- New construction or rehabilitation of housing for low- to moderate-income
- Single-family mortgage revenue bonds sold by local and state agencies for mortgages low- and moderate-income
- Mortgage Credit Certificates for qualified homebuyers
- Manufacturing "small issue" industrial development bonds (not to exceed \$10,000,000) for construction of manufacturing facilities
- Qualified redevelopment bonds for acquiring property in blighted areas, prepare land for redevelopment, and relocate occupants of structures on the acquired property
- Exempt facility bonds for hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass commuting facilities, local district heating and cooling facilities, local electric energy or gas facilities and multifamily housing bonds.
- Qualified 501(c) (3) bonds for use by non-profit hospitals and private universities.

Current Allocation Process

- The City receives an annual allocation from the state-wide PAB ceiling
 - Finance reaches out to various departments to determine if allocation to a specific project is needed
 - Developers can also contact the City to request allocation
 - If no projects are requested or identified, staff requests assignment to the Colorado Housing and Finance Authority
- Staff is working on a formal PAB Allocation Policy



Allocation History

- In 2021, the City allocated our PAB share to CHFA to be applied to future City projects, or given to first-time homebuyers
- In 2020 and 2019, the full allocation was given to CHFA to be used for the Mile High Greyhound Park



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2022 Allocation

- The formal policy is still in draft form
 - Will be presented in Q1
- The City has not yet received the 2022 allocation amount
- Currently, one developer has requested a portion of our allocation
 - Needs commitment statement, not a dollar amount, for 4% CHFA application and for further negotiations with ADCO



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- 100 affordable, multi-family units ranging in size from one to four bedrooms on an approximate four acre site
 - Goal is to provide quality housing within walking distance of schools, employment services, and the light rail station
- Project is not yet annexed, but early entitlement work has begun
- Project qualified for Expedited Priority Case Review Policy

7001 Colorado Boulevard



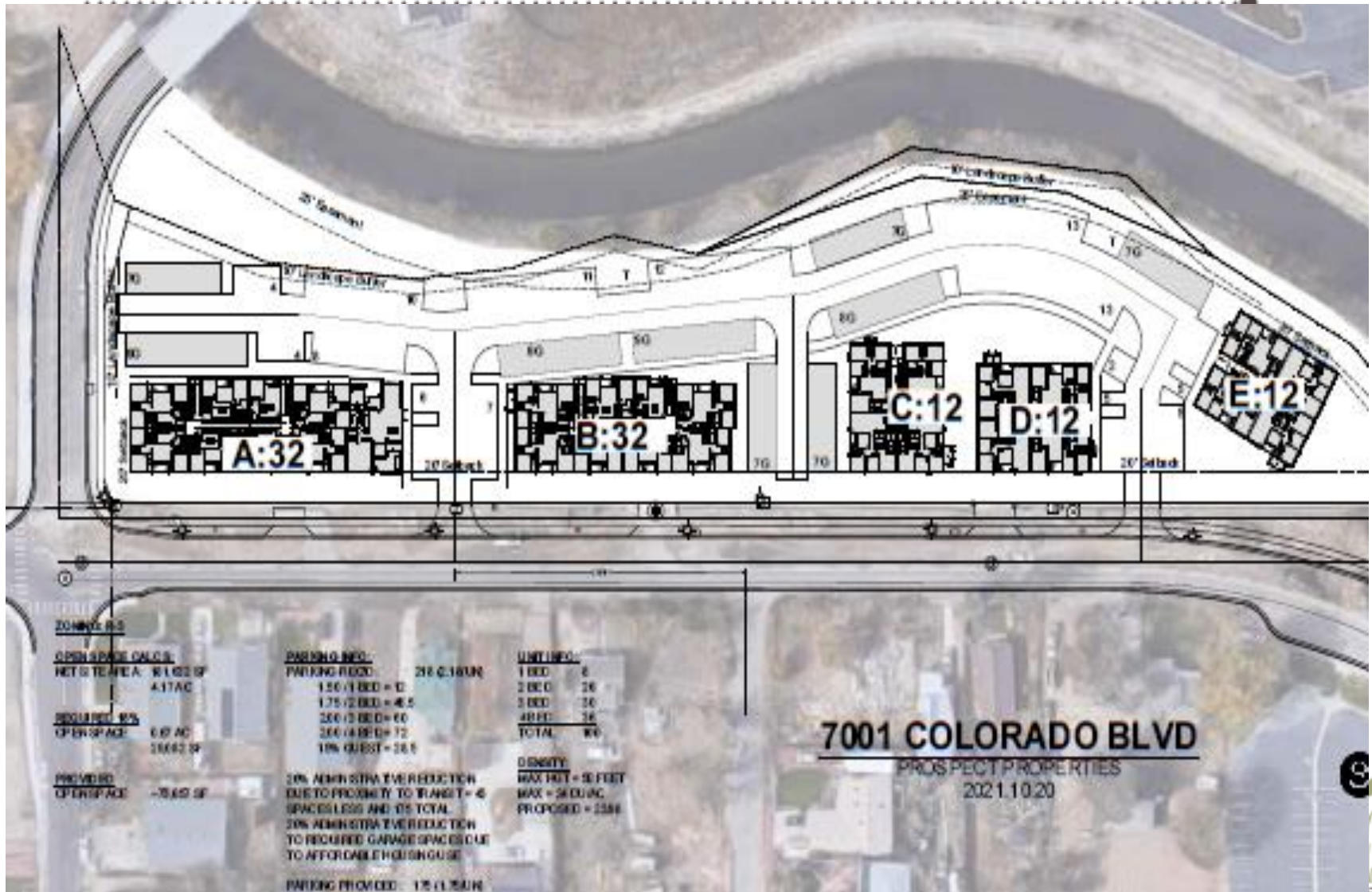
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Offering Memorandum

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Council Discussion

- Seeking Council permission to agree to share a portion of the 2022 allocation with the developer
- Staff will return later this year to discuss the exact allocation amount, and the proposed PAB Allocation Policy

