



## Council Communication File Number: Res 2023-091

**Agenda Date:** 9/11/2023

**Version:** 1

**Status:** Agenda Ready

**In Control:** City Council

**File Type:** Resolution

A RESOLUTION AUTHORIZING ASSIGNMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY OF A PRIVATE ACTIVITY BOND ALLOCATION OF THE CITY OF COMMERCE CITY PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT

### **Summary and Background Information:**

CHFA is the tax credit allocator as well as lender. If these PABs are assigned to CHFA it will go into the PAB Cap budget for the 2024 year along with the 50% allocation they receive from DOLA and any other entities that assign to them. They will make budget decisions based on their total PAB volume cap, funds are allocated in the year; however it can take the expenditure years as that happens when projects are finalized. While no specific project is identified right now CHFA can make that determination through their budget/allocation process. The attachment was provided by CHFA and reflects activity in our community the last three years.

CHFA uses PAB to provide lower cost loans for first time home buyers. CHFA has 120 active correspondent lenders, if a home owner goes through one of those lenders they can receive a 4% down payment assistance (DPA) loan at 0% interest along with their First Step loan. The DPA loan becomes payable when the first mortgage is refinanced or matures. The First Step Program offers financing to low- and moderate-income households, including individuals who are first time home buyers, qualified veterans or purchasing a residence in a targeted area. Benefits for borrowers under the First Step Program include fixed interest rate loans, allowances for borrowers without credit scores, the option to couple with downpayment and closing cost assistance and homebuyer education.

If Commerce City were to identify a project to support, CHFA would earmark that PAB for that project IF that project receives a tax credit award. If the project did not receive a Tax Credit award, the PAB would then be used to invest in other projects or Homeownership around the state. State and Federal Tax Credits are awarded on a competitive basis based upon a Qualified Allocation Plan.

CHFA acts as a Tax Credit Allocator, Lender and also contracts with HUD to monitor tax credit properties after completion. CHFA does not develop properties or own properties.

This website provides additional PAB information.

<https://www.chfainfo.com/rental-housing/private-activity-bonds/pab-overview-guide-for-local-communities>

**Staff Responsible (Department Head):** Theresa Wilson, Director of Finance

**Staff Member Presenting:** Staff will answer questions if needed

**Financial Impact:**

**Funding Source:**

**Staff Recommendation:** Approve Resolution 2023-091

**Suggested Motion:** Motion to approve Resolution 2023-091