



## Council Communication

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**Agenda Date:** 1/3/2022

**Version:** 1

**Status:** ATS Review

**In Control:** City Council

**File Type:** Presentation

### 2022 Private Activity Bonds Initial Discussion

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

Every year, Commerce City receives an allocation of the state-wide Private Activity Bond (PAB) ceiling for the purpose of providing special financing benefits for qualified projects.

The funds must be spent on specific types of 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.

As a part of the annual process, once the allocation amount is received from the State, Finance reaches out to various departments to determine if allocation to a specific project is needed. In addition, developers can also request an allocation. Due to the need to provide more detailed information to Council during the annual request and an anticipated rise in requests from private developers, staff is drafting a formal PAB Allocation policy that will come before Council prior to staff making dollar-specific allocation requests later this year. And, although the City has not yet received the allocation for 2022, one developer is already in the process of requesting a 4% LIHTC loan from CHFA and has also requested that the City share the allocation to help fund an affordable housing project that will be located at 7001 Colorado Boulevard.

The goal of this project is to provide quality housing within walking distance of schools, employment services, and the light rail station. Further, the development will offer 100 affordable, multi-family units ranging in size from one to four bedrooms adjacent to the 72nd Avenue RTD Light Rail Station. This project did qualify for the City's new Expedited

Priority Case Review process, and is qualified to receive a portion of the PAB allocation. Because the developer's request to CHFA will be due before the City's allocation amount is received and because the developer is actively seeking PAB allocation from Adams County, staff is requesting that the Council agree to issue a portion of the City's 2022 allocation to this project. The exact amount will be determined by Council at a later date, once the policy and allocation amount are in place. At the same time, staff will provide information about other qualified projects that may also benefit from receiving a portion of the City's 2022 allocation. Staff requests that Council supports a general letter of support for the project to be drafted so that the developer may include it in their submittal to CHFA and more accurately plan their project funding. The letter would indicate that the City will pledge a portion of the 2022 PAB Allocation to the project, but that the allocation amount will be determined after the City received their annual allocation.

**Staff Responsible (Department Head):** Jason Rogers, Deputy City Manager of External Services

**Staff Member Presenting:** Jenna Lowery, Senior Management Analyst

**Financial Impact:** TBD by Council

**Funding Source:** Annual PAB Allocation

**Staff Recommendation:** Support a portion of the 2022 PAB Allocation being applied to the affordable housing project that will be located at 7001 Colorado Boulevard.

**Suggested Motion:** Motion to direct staff to draft a letter of support for the affordable housing project that will be located at 7001 Colorado Boulevard.