



City Council Communication

AGENDA DATE: August 3, 2026

LEGISTAR ITEM #: Res 2026-072

SUBMITTED BY: Jordan Roberts
Office

DEPARTMENT: City Manager's

☐ Ordinance	☒ Resolution	☐ Presentation
☐ Admin Business	☐ Public Hearing	☐ Other

REQUEST

Approval of Resolution 2026-072 allocating the City's 2026 Private Activity Bond allocation to the Colorado Housing and Financial Authority

BACKGROUND

Private Activity Bonds (PABs) are a special class of tax-exempt bond that benefits private (non-governmental) borrowers that can be issued by States, local governments, or housing authorities to fund privately developed projects. PABs are tax-exempt and the amount of the bonds issued is limited by the Internal Revenue Service (IRS).

Governmental entities issue the bonds, which are sold to investors through underwriters. The proceeds received by the issuing governmental entity are immediately loaned to the private developer to assist with completion of the project. The developer uses revenue from the project to repay the loan and the payments on the loan are then used to repay the bond holders any outstanding bond principal and interest. The interest paid is exempt from federal and Colorado state income tax, which generally results in lower interest rates.

In Colorado, the Department of Local Affairs (DOLA) administers the PAB cap. The City receives an annual PAB allocation from DOLA. This allocation is not a cash grant or funding award, but an allocation of limited PAB (debt issuance) resources. The City's 2026 PAB allocation is \$4,731,746.00, which is a 7.45% increase over the City's 2025 PAB Allocation amount of \$4,403,780.00. This allocation can be used in one of the four manners set forth below:

1. Local issuers can issue the bonds.

CITY COUNCIL COMMUNICATION CONTINUED

2. Local issuers can assign their volume cap to another local issuer.
3. Local issuers can assign their volume cap to the Colorado Housing Finance Authority (CHFA).
 - Local issuers can take no action and let their cap revert to DOLA's Statewide Balance.

Eligible uses of PABs are:

- Affordable multifamily housing including new construction or acquisition and rehabilitation for low- and moderate-income individuals and families.
- Single Family Mortgage Revenue Bonds (SFMRBs) used to finance the purchase of mortgages made to income-qualified first-time homebuyers.
- Mortgage Credit Certificates (MCCs), a financing enhancement for income eligible first-time homebuyers (this can't be combined with SFMRB financing).
- Industrial Development Bonds for smaller manufacturing projects (less than \$10 million) that produce any type of goods.
- Qualified Redevelopment Bonds used to acquire and redevelop blighted areas (typically not used in Colorado).
- Solid Waste Disposal Bonds used to finance certain disposal facilities utilizing certain waste disposal processes.
- Qualified 501(c)(3) bonds for use by non-profit hospitals and private universities.

The City's PAB assignment application deadline was April 1, 2026. Historically, this deadline has been February 1; however, it was extended to April in 2026 to allow more time for potential applicants to submit proposals.

City staff recommends assigning the City's 2026 PAB Volume Cap to CHFA. CHFA has three areas to which PAB allocations are assigned: homeownership, affordable housing, and job creation through economic development.

CITY COUNCIL COMMUNICATION CONTINUED

JUSTIFICATION

☐ Council Goal	☐ Strategic Plan	☐ Work Plan	☒ Legal
Citation	Pursuant to C.R.S § 24-32-1706 of the Allocation Act, the City has an allocation of the 2026 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2026.		

AVAILABLE ACTIONS

• Available Action #1: Approve Resolution 2026-072 assigning the City's volume cap to CHFA. • Available Action #2: Take no action and let the City's volume cap revert to DOLA's statewide balance.

STAFF RECOMMENDATION

Available Action #1: Approve Resolution 2026-072 assigning the City's volume cap to CHFA.
