



City Council Communication

AGENDA DATE: August 18, 2025

LEGISTAR ITEM #: Res 2025-065

SUBMITTED BY: Jordan Roberts
Office

DEPARTMENT: City Manager's

<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Presentation
<input type="checkbox"/> Admin Business	<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Other

REQUEST

Approval of Res 2025-065 allocating the City's 2025 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 are 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 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 2025 PAB allocation is \$4,403,780, which is a 7.7% increase over the City's 2024 PAB Allocation amount of \$4,087,661. This allocation can be used in one of the four manners below:

1. Local issuers can issue the bonds.
2. Local issuers can assign their volume cap to another local issuer.

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3. Local issuers can assign their volume cap to the Colorado Housing Finance Authority (CHFA).
4. Local issuers can do nothing 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 (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, 2025. Historically, this deadline was February 1; however, it was extended in 2025 to allow more time for potential applicants to submit proposals.

One application was received by the April 1 deadline, but did not meet the requirements for a qualified project.

City staff recommends assigning the City's 2025 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

<input type="checkbox"/> Council Goal	<input type="checkbox"/> Strategic Plan	<input type="checkbox"/> Work Plan	<input checked="" type="checkbox"/> Legal
Citation	Pursuant to C.R.S 24-32-1706 of the Allocation Act, Commerce City has an allocation of the 2025 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2025		

PUBLIC OUTREACH

Prior to the April 1 deadline, the PAB Process was advertised using the City's social media accounts and website.

AVAILABLE ACTIONS

- Available Action #1: Approve Resolution 2025-065 assigning the City's volume cap to CHFA.
- Available Action #2: Do nothing and let the City's volume cap revert to DOLA's statewide balance.

STAFF RECOMMENDATION

Available Action #1: Approve Resolution 2025-065 assigning the City's volume cap to CHFA.