

La Alma Family Homes



Finance and Governance Committee
October 6, 2020

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Department of Housing Stability

Legislative Summary

Resolution request to approve and evidence the intention of the City and County of Denver to issue an amount up to \$5.1M of Multifamily Housing Revenue bonds for the La Alma Apartments project to support preservation of 20 Section 8-assisted units

- The La Alma project is preservation of 20 Section 8-assisted family units at scattered sites throughout the Lincoln Park neighborhood
- \$5.1M represents 52% of the total development cost
- This will be a conditional inducement resolution, conditioned upon successful award of Statewide Balance PABs
- Developer is Community Preservation Partners
- Proposed project will contribute to the *Housing an Inclusive Denver* plan through provision of housing options for low- and moderate-income families in the Lincoln Park neighborhood, which is at-risk of gentrification-induced displacement.

Unit Type	30% AMI (Section 8)	% of Total
1BR/1BA	4	20%
3BR/2BA	16	80%
Total	20	100%
% of Total	100%	

PAB Overview

Private Activity Bond (PAB) capacity

- PABs are tax-exempt bonds issued by or on behalf of the City, often to help attract private investments into projects with a public benefit, like affordable housing.
- Through PABs, the City can enable private entities to access tax-exempt debt via bond proceeds, but the City does not pledge its credit for these bonds.
- The Internal Revenue Service allows a limited amount of tax exempt PABs to be issued, thus creating a PAB allocation process based on a state's population.
- PABs are not voter-approved bonds and do not pledge the City's credit.

PAB Financing

City intends to use an award of Statewide Balance PAB for the project

PAB is a tax-exempt borrowing tool for a privately-owned project which meets a qualified public purpose – in this case long-term affordable rental housing

- If a multi-family project is awarded 4% LIHTCs, the IRS requires at least 50% of the project costs to be financed with PABs
- When cities don't use PAB cap, it gets relinquished to the Dept. of Local Affairs' Statewide Balance, where cities and counties across Colorado compete
- DOLA requires an inducement resolution at the time of application for Statewide Balance

PAB issuance typically requires two legislative actions:

1. Inducement Resolution- reserves the PAB capacity for the project
2. Bond Ordinance- approves the bonds and related financing documents

Conditional Inducement Resolution

- Officially reserves \$5,100,000 of PAB capacity specifically for the La Alma project
- Requires the project to come back to City Council to issue the bonds and approve all necessary financing documents
- After passage the Conditional Inducement Resolution sets a date of reference for IRS regulations
 - Costs incurred 60 days prior to the Inducement Resolution become eligible bond expenses

Anticipated Timeline

- **Conditional inducement resolution timeline**
 - 10/6/2020- FINGOV Committee
 - 10/13/2020- Mayor Council
 - 10/20/2020- City Council meeting
- **Spring 2021**

Come back to City Council for bond ordinance approval and committee presentation



Questions:

Contact Nick Emenhiser

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