



Office of Economic Development

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DENVER THE MILE HIGH CITY

John W. Hickenlooper

Mayor

In early November, 2010 the State of Colorado's Dept of Local Affairs (DOLA) contacted staff in OED about our interest in applying for additional Private Activity Bond (PAB) allocation. While the City and County of Denver had not considered applying for additional PAB allocation, DOLA indicated in conversations that they needed to place approximately \$100 million worth of allocation before December 31, 2010. City staff along with outside consultants performed an analysis and determined that a request of \$30 million was reasonable. Under the PAB program, the City and County of Denver would have a period of 3 years to use its best efforts to issue bonds that utilized this allocation. Since these bonds are tax-exempt and issued to private entities for the purpose of financing multifamily housing, single-family mortgages, mortgage credit certificates, manufacturing facilities and several other purposes, and do not impact the City's credit rating, it appeared to be a good opportunity. There is no negative impact to the City should it not be able to deploy this allocation over the next three years.

The major reason to receive this additional allocation, in addition to cooperating with the State, is to preserve bond authority for future potential projects in the City.

Total PAB Allocation Summary

PAB Summary	Amount
Previous Years carry forward	
Single-family from 2008 Expires 12/31/2011	28,776,628
Multifamily from 2009 Expires 12/31/2012	21,346,190
2010 allocation To be carried forward and will expire 12/31/2013	27,517,905
2010 DOLA application Will be carried forward and Will expire 12/31/2013	30,000,000
2011 allocation (estimated)	29,385,875
Balance Total	137,026,598

DOLA's timeline to distribute allocation

- All application materials submitted by December 23, 2010
- Award letter issued on December 27, 2010

Future actions needed related to 2010 allocations

- IRS filing 8328 – deadline 2/15/2011

Note: \$17,459,382 – carried forward from 2007 + identified with the IRS for the purpose of mortgage bonds will expire on 12/31/2010.

Note: Small issue bonds (ie: manufacturing) cannot be carried forward.

City Benefits:

- There are no costs associated with accepting PABs from DOLA.
- There will not be any negative impact to the City and County of Denver should it not be able to place these bonds over the next 3 years. DOLA has stated it can not penalize the City in the future related to our annual allocation amount.
- By the City accepting the additional PAB allocation, we are assisting the State in preserving a resource that would expire for them on 12/31/2010. Additionally, the City benefits from the additional allocation by having it available for future development.

Staff Recommendation for 2010 PAB allocation

- Election to carry forward 2010 annual allocation amount for multifamily purposes = \$27,517,905
- Election to carry forward 2010 DOLA allocation amount for multifamily purposes = \$30,000,000
 - Note: these recommendations could change prior to the IRS filing on February 15, 2011



MCC program:

- \$31,250,000 in PAB allocation was issued
 - \$16,413,248 is the balance outstanding
 - Program expires in 2011
- 88 loans have been created with this program
 - 10 loans in targeted areas
 - 0 loans - foreclosure
- Average income = \$55,540
- Average purchase price = \$183,622
- Average loan amount = \$174,181

Recent historical perspective of program

- College Invest
 - The City has not assigned any PAB allocation to College Invest since 2005
 - Assigned \$11,564,720 = 2005
 - Assigned \$22,534,280 = 2004
- Denver Housing Authority
 - Assigned \$31,349,495 for “3 Towers” projects for rehabilitation and improvements
 - Note: \$32,500,000 was assigned less \$1,150,515 assigned back to City
- Multifamily Rental Housing Projects
 - Argonaut, Drehmoor Apartments (purpose - rehabilitation of buildings)
 - 2007 – issued \$10,600,000 PAB allocation
 - Juanita Nolasco Apartments (purpose – rehabilitation of building)
 - 2007 – issued \$6,250,000 PAB allocation
- Mortgage Revenue bonds
 - 2006 - \$25,000,000 issued in conjunction with Metro Mayors Caucus
 - \$5,000,000 from City and County of Denver PAB allocation
 - 2007A - \$32,500,000 issued in conjunction with Metro Mayors Caucus
 - \$5,000,000 from City and County of Denver PAB allocation
 - 2007B - \$32,500,000 issued in conjunction with Metro Mayors Caucus
 - \$5,000,000 from City and County of Denver PAB allocation
 - 2008 - \$25,000,000 for MCC program
 - Includes \$10,000,000 of HERA allocation applied to program
- Industrial Manufacturing bonds
 - Brass Smith (plastic food shields associated with food service)
 - 2009 – issued \$5,500,000
 - Steven Roberts Deserts (wholesale manufacturing of deserts)
 - 2009 – issued \$5,500,000
- 501 c 3 bond issuances
 - Garden Court Apartments (for purpose of renovations to the property)
 - 2008 – issued \$8,300,000
 - Bonfils Blood Center (for the purpose of business expansion)
 - 2008 – issued \$6,000,000