

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto: MileHighOrdinance@DenverGov.org) by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: August 16, 2021

Please mark one: Bill Request or Resolution Request

1. Type of Request:

Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment

Dedication/Vacation Appropriation/Supplemental DRMC Change

Other: Authorize and approve the City’s utilization of private activity volume cap for The Rose on Colfax Project (formally known as the 8315 E. Colfax Ave. Project).

2. Title: For an ordinance authorizing the issuance and sale of an amount not to exceed \$15,425,000 of the City and County of Denver, Colorado Multifamily Housing Revenue Note (The Rose on Colfax Project) Series 2021 for the purpose of financing the acquisition, construction, renovation, rehabilitation, improvement and equipping of an affordable multifamily housing facility in the City and County of Denver, Colorado and to pay certain expenses of such Notes (as defined below) issue; approving and authorizing execution of a Funding Loan Agreement, a Borrower Loan Agreement and a Tax Regulatory Agreement (each as defined below) with respect to the Notes; making findings and determinations with respect to the Project (as defined below) and the Notes; authorizing the execution and delivery of related documents; and repealing all action heretofore taken in conflict herewith.

3. Requesting Agency: Department of Finance, Capital Planning and Programming

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Michael Kerrigan – Finance	Name: Michael Kerrigan – Finance
Email: michael.kerrigan@denvergov.org	Email: michael.kerrigan@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed ordinance approves the City’s issuance of its Multifamily Housing Revenue Note (The Rose on Colfax Project) Series 2021 (the “Note”). The ordinance also approves the City’s utilization of the Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by Mercy Housing Mountain Plains (Mercy) and its affiliates that will be located at 1500 N. Valentia Street and 1510 N. Valentia Street. The affordability election related to the Private Activity Bonds will be 16 units limited to 30% Area Median Income (AMI), 5 units limited to 40% AMI, 10 units limited to 50% AMI, 37 units limited to 60% AMI, and 14 units limited to 70% AMI. The State of Colorado’s Department of Local Affairs has awarded sufficient Private Activity Bond Volume Cap Allocation to the City for this project. This ordinance allows for the City’s issuance of its Multifamily Housing Revenue Note (The Rose on Colfax Project) Series 2021 and the use of \$15,425,000 of Private Activity Bond Volume Cap Allocation to be applied in 2021 and is consistent with the City Charter, Colorado statutes and the Internal Revenue Code.

6. City Attorney assigned to this request (if applicable):

Brad Neiman

7. City Council District:

Council District #8, Christopher Herndon

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

N/A

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: BR21 0942

Date Entered: _____

EXECUTIVE SUMMARY

Project and Developer. The proposed ordinance enables the City and County of Denver to utilize its Private Activity Bond Volume Cap Allocation in an amount not to exceed \$15,425,000 and to issue its Multifamily Housing Revenue Note (The Rose on Colfax Project) Series 2021 for the proposed project that will be located at 1500 N. Valentia Street and 1510 N. Valentia Street. The Rose on Colfax Project was formally known as the 8315 E. Colfax Ave. Project.

The developer, Mercy Housing Mountain Plains (Mercy) and its affiliates acquired the site and have commenced with utility work to build the project. Mercy has created MHMP 15 E Colfax, LLLP to hold title, construct the project, and obtain financing for the project. The total development cost of the project is expected to be approximately \$29.4 million. The project is expected to include 16 units limited to 30% Area Median Income (AMI), 5 units limited to 40% AMI, 10 units limited to 50% AMI, 37 units limited to 60% AMI, and 14 units limited to 70% AMI. The project is anticipated to include structured parking and be built using highly sustainable construction methods meeting the Department of Energy's Zero Ready Homes guidelines and Enterprise Green Communities standards. The project is expected to include a mix of one-, two-, three-, and four-bedroom units. The project will include family-focused amenities such as a courtyard with play areas, community room with kitchen, fitness room and will provide afterschool programing. Additionally, the project will include a 6,600 square foot ground floor early childhood care education center that is financed separately from the residential portion of the project. The early childhood education center will be located at 1500 N. Valentia Street, and the residential portion of the project will be located at 1510 N. Valentia Street.

The City's issuance of the Note will allow the project to use approximately \$11.2 million of Federal low-income housing tax credits.

Multifamily Housing Revenue Note. The Note issue needs to meet the Federal government's rules for a tax-exempt private activity financing and be issued by a local or state government or agency for a project to be owned and operated by a private party. The Note is expected to be issued as a tax-exempt obligation and the interest paid on the Note is expected to be exempt from Federal and Colorado state taxation. The issuance of the Note requires a portion of the Private Activity Bond Volume Cap Allocation that the Federal government allots annually to each state. The State of Colorado, in turn, allocates a portion of such Private Activity Bond Volume Cap Allocation amount to each local government issuer based upon population. The State of Colorado's Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City. This ordinance authorizes an allocation of up to \$15,425,000 of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$108,164,281 to be applied to the Note and the proposed multifamily project at 8315 E. Colfax Ave. and 1500 Valentia St, and is consistent with the City's Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

The Note is a special limited obligation of the City, does not constitute a general debt or indebtedness of the City, and does not give rise to a charge against the general credit or taxing power of the City. The only sources of repayment of the S1 Note are the payments by the developer that are derived from the project, and other funds and money pledged from the project. The Note is not a debt or multiple fiscal year obligation of the City. The owner of the project is solely responsible for all principal and interest payment on the Note, as well as compliance with Federal regulations for tax-exempt private activity obligations and the Low-Income Housing Tax Credit regulations.

The Note is being purchased by Wells Fargo Bank, National Association pursuant to the Funding Loan Agreement, and concurrently, the City is making loan advances to MHMP 15 E Colfax LLLP, pursuant to the Borrower Loan Agreement. Both the Funding Loan Agreement and the Borrower Loan Agreement are authorized pursuant to this ordinance. The maximum amount of the Funding Loan to the City and the City's loan to MHMP 15 E Colfax LLLP is \$15,425,000. MHMP 15 E Colfax, LLLP, will use the Borrower Loan funds on a draw down basis for reimbursement of acquisition, construction, improvement and equipping of the project. MHMP 15 E Colfax, LLLP's repayment obligations will be evidenced by a Borrower Note and secured by a Deed of Trust. MHMP 15 E Colfax, LLLP's payments on the Borrower Note will repay the Borrower Loan.

To be completed by Mayor's Legislative Team: