

Private Activity Bonds (PAB)

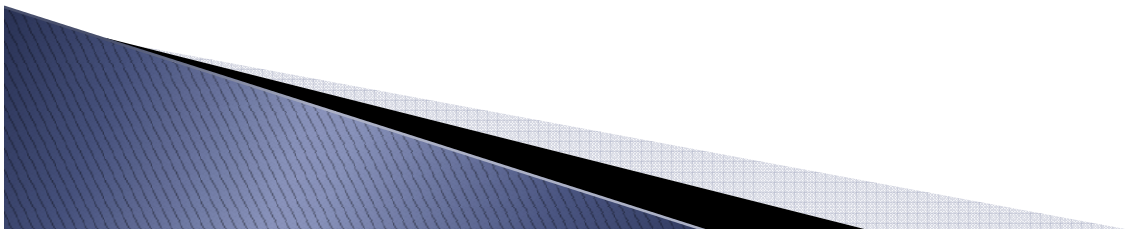
- Carryforward and additional allocation -
August 2016



DENVER
THE MILE HIGH CITY

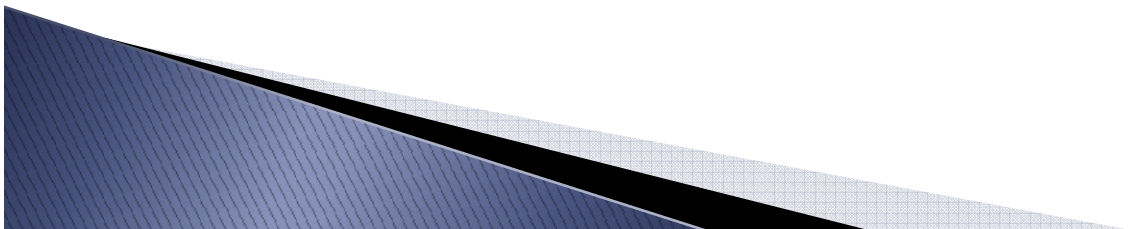
Requested City Council Action:

- Resolution declaring the City's intent to carryforward unused 2016 PAB allocations and apply for additional PAB allocation from Colorado Department of Local Affairs (DOLA) when it becomes available in September.
 - Approximately \$33.2 Million of 2016 PAB carryforward allocation.
 - Additional PAB allocation amount TBD when DOLA makes available.

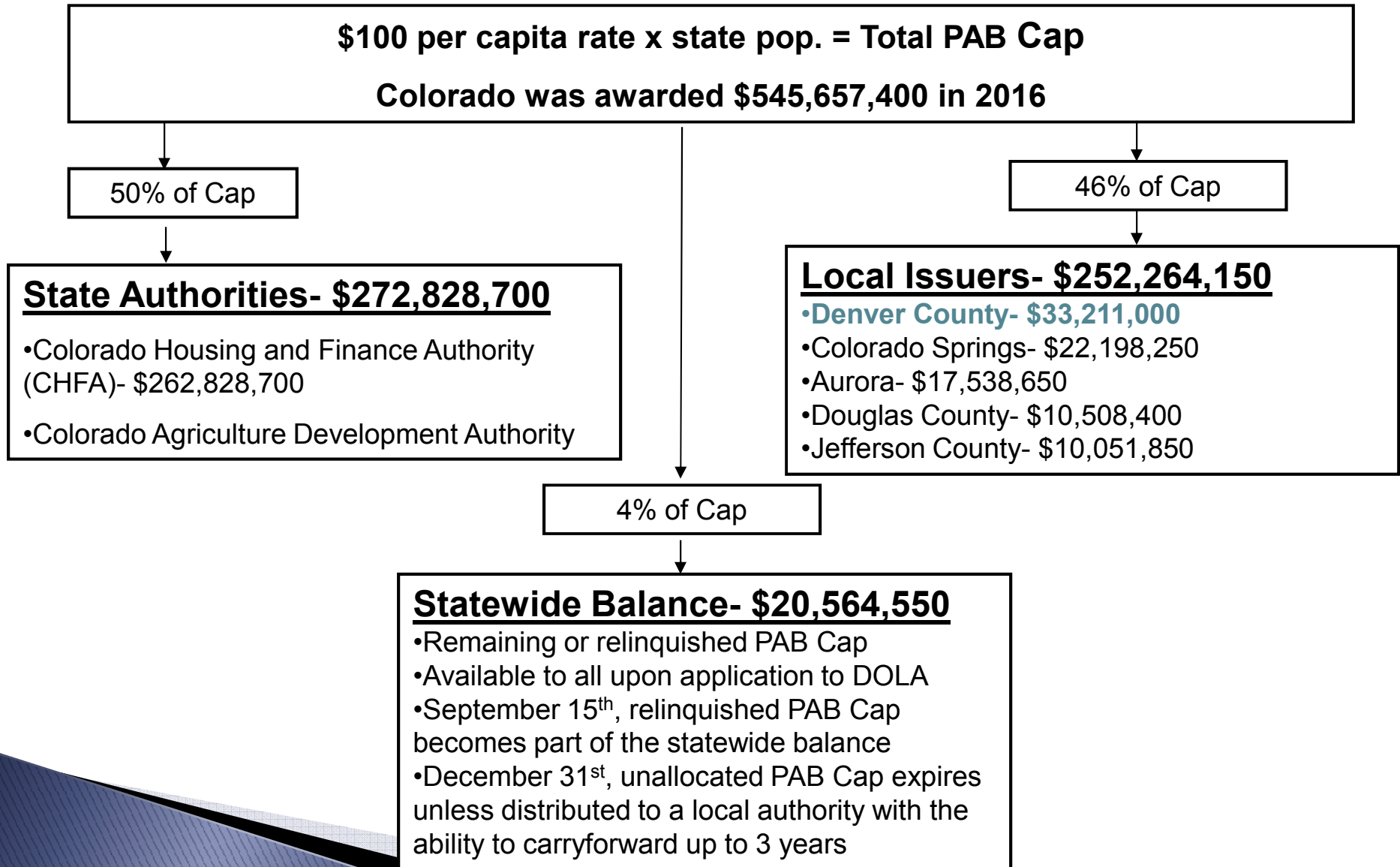


Use of PAB Allocation

- Tax-exempt products can be issued for private uses with a public purpose.
- IRS allows a limited amount of tax exempt private purpose bonds to be issued, thus creating the PAB allocation process.
- Typically in Denver PAB have been used for:
 - Affordable Housing Projects
 - Industrial Development Bonds
 - Mortgage Credit Certificate Programs

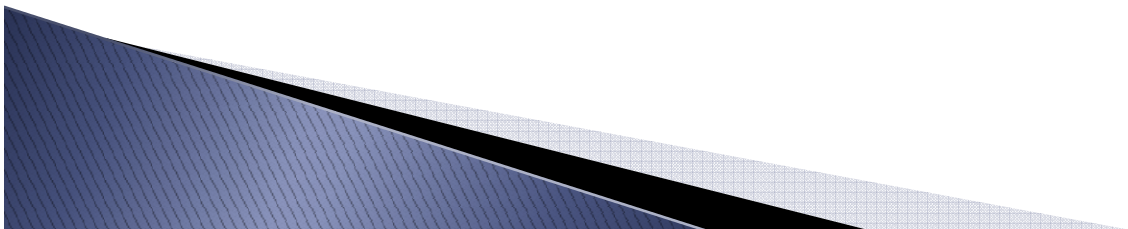


State Allocation Process



City's PAB Partners

- ▶ Denver Housing Authority
 - Providing affordable housing options to citizens
- ▶ Colorado Housing Finance Authority
 - Provides financing for income restricted housing units
- ▶ Private Developers
 - Providing Low Income Housing Tax Credit projects
 - Create income restricted housing units



PAB Allocation Parameters

- Once a local government is awarded the PAB allocation, the IRS allows the PAB allocation to be carried forward up to 3 years.
- By Feb. 15 each year the IRS requires issuers to make an irrevocable election for their PAB carryforward from the previous year.
 - Issuers elect to carryforward their PAB into two “buckets”, Single Family Mortgage Bonds/MCC and Multifamily.
 - Once the PAB capacity is classified into its “bucket” the PAB can only be used for those types of projects.
- In 2013, 2014, and 2015 the City applied for and received additional PAB allocation from the unused Statewide Balance.
 - There is no cost to the City to receive or carryforward any award of PAB allocation.
 - We plan to apply for Statewide Balance in 2016 as well.

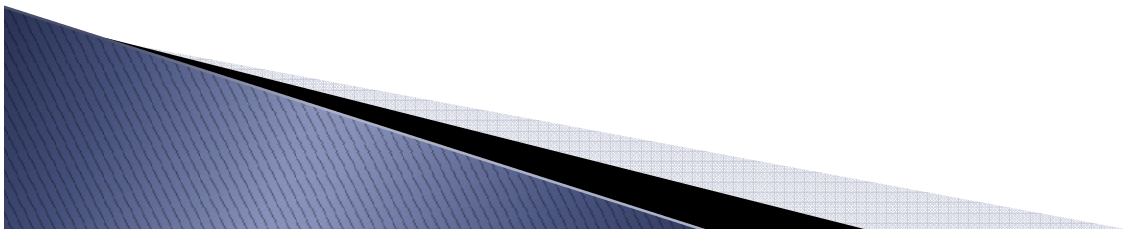
Denver's Current PAB Allocation

City's Sources Uses and Carryforward Balances

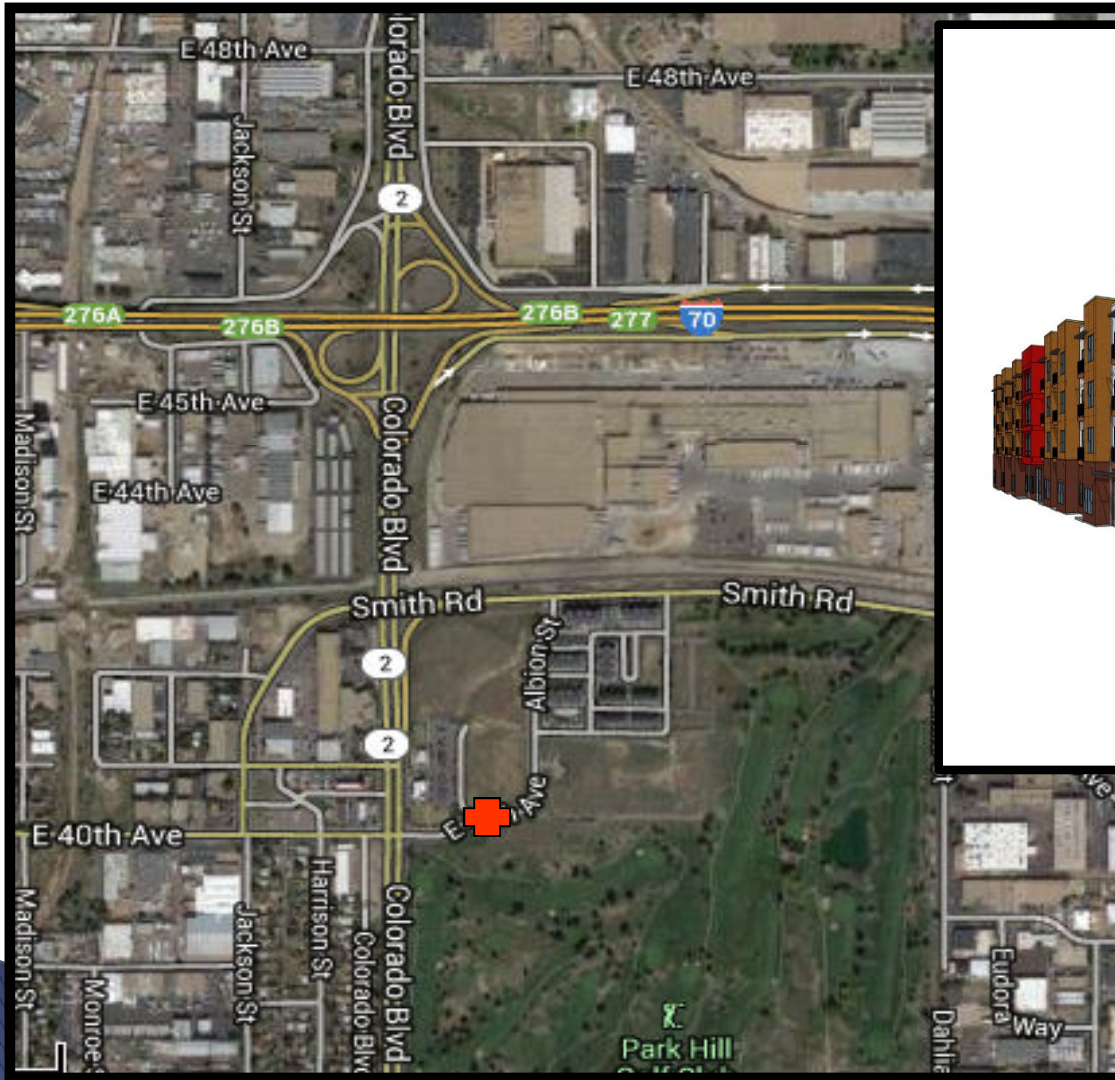
Sources and Uses of PAB Allocation							
PAB Year	Sources	Uses	Source/Use Description	Remaining PAB	Current Carryforward Amounts Remaining		Expiration
					Single Family & MCC	Multifamily	
2016	\$ 33,211,000		Initial Allocation for 2016	\$ 33,211,000	TBD Feb. '17	TBD Feb. '17	12/31/2019
2015	\$ 47,551,279 \$ 32,446,850	\$ (15,000,000) \$ (7,500,000)	2016 MCC Program DHA Assignment for Mariposa 2015 Statewide Balance Award Initial Allocation for 2015	\$ 57,498,129	\$ 1,789,000	\$ 55,709,128	12/31/2018
2014	\$ 18,354,950 \$ 31,730,950	\$ (25,000,000) \$ (15,000,000)	2016 MCC Program 2015 MCC Program 2014 Statewide Balance Award Initial Allocation for 2014	\$ 10,085,900	\$ -	\$ 10,085,900	12/31/2017
2013	\$ 80,000,000 \$ 29,493,558	\$ (69,993,558) \$ (9,500,000) \$ (30,000,000)	CHFA Delegation for various projects CHFA Delegation for Sable Ridge 2015 MCC Program 2013 Statewide Balance Award Initial Allocation for 2013	\$ -	\$ -	\$ -	12/31/2016
Total PAB Allocation Capacity:				\$ 100,795,029	\$ 1,789,000	\$ 65,795,028	

Projects Supported by Denver PAB Allocation

- Parkhill Village West
- 2300 Welton
- Mariposa Phase VII
- Various CHFA Projects
- 2015 Mortgage Credit Certificate (MCC) Program
- 2016 Mortgage Credit Certificate (MCC) Program

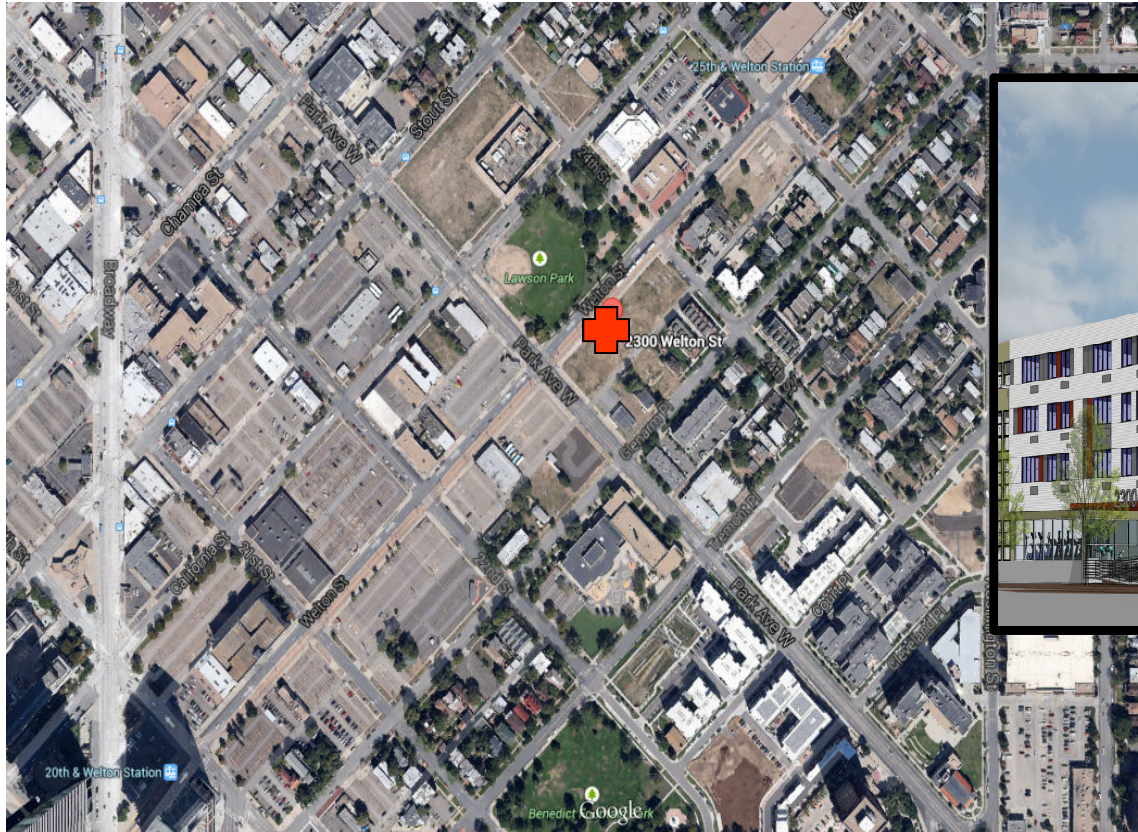


Parkhill Village West– 4055 Albion (40th & Colorado)



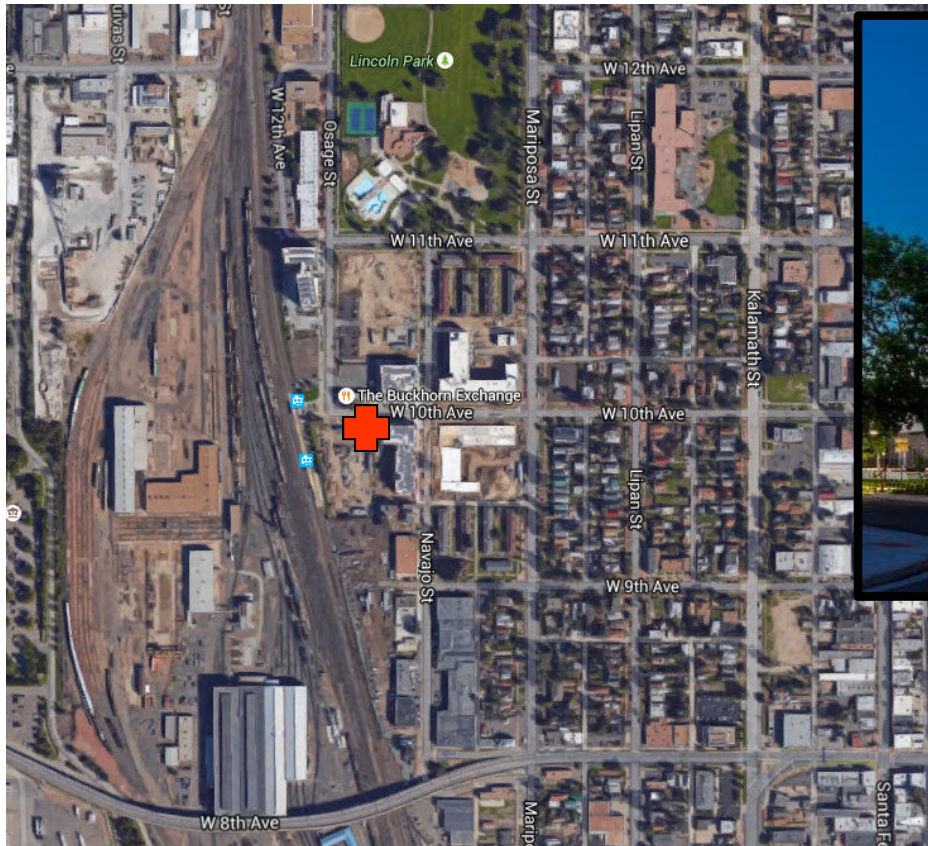
- Land Owned by Urban Land Conservancy & purchased by the Developer- Del West Capital LLC
- 156 units
- All units will be income restricted from 50% - 60% AMI.

Welton Corridor– 2300 Welton



- 223 units in 2 buildings
 - 11 Units @ 30% AMI
 - 212 Units @ 60% AMI
- Approximately 268,000 square feet.
 - Studio, 1 bed, 2 bed, and 3 bed unit mix
- Construction began in summer 2015.
- City issued a \$21.815 Million PAB to help fund project in 2012.

Mariposa Phase VII– 10th and Osage



- Phase VII is a project within the larger Mariposa Development
- Phase VII includes a mix of 45 senior/disabled apartment housing units.
- All 45 units are ADA assessable
- 10 units are restricted to 50% AMI
- 35 units are restricted to 60% AMI
- \$7.5 Million of PAB allocation assigned to DHA for this project.
- Construction start fall 2015
- Construction complete expected winter 2017

Various CHFA Projects – Statewide

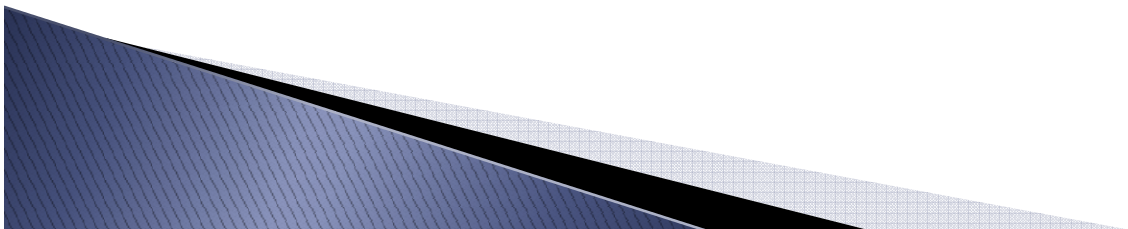
- Projects financed with City’s \$51.9 million delegation of expiring 2012 PAB allocations:

Project	PAB Allocation Used	# of Units	Type of Units
Copper Peak Apartment Project	\$21,956,795	240	Low Income Housing Units
Northfield at Stapleton Project	\$8,000,000	84	Low Income Housing Units
Renaissance at North Colorado Station Project	\$3,000,000	24	Low Income Housing Units
Westlake Towers Apartments Project	\$5,000,000	50	Low Income Housing Units
13th Avenue II Apartments Project	\$14,000,000	117	Low Income Housing Units
Total	\$51,956,795	515	

- Projects financed with City’s \$79.5 million delegation of expiring 2013 PAB allocations:

Project	PAB Allocation Used	# of Units	Type of Units
Crisman Apartments Project	\$10,000,000	114	Low Income Housing Units
Manor I and Manor II Apartments Project	\$6,000,000	76	Low Income Housing Units
Maryel Manor Project	\$2,500,000	50	Low Income Housing Units
Broadway Lofts	\$14,000,000	111	Low Income Housing Units
Total	\$32,500,000	351	

- CHFA intends to use the remaining \$46.9 million of the City’s 2013 delegation by year end.



Mortgage Credit Certificate Program – 2015

- **\$37.5 Million Program**
 - \$37.5 million of loans that are eligible to receive the MCCs.
 - As of July 2016, 167 MCCs have been issued with \$37.1 million of loans originated.
- **Certificate:** The City Issues a Mortgage Credit Certificate (MCC) to a qualified low and moderate income homebuyer.
- **Tax Credit:** The MCC reduces the amount of federal income tax a homeowner pays up to \$2,000 annually. The credit equals 30% of the mortgage interest paid on the home for the year. It can be carried over for the next 3 subsequent years or until used. The Homebuyer claims the tax-credit on their annual tax return using IRS Form 8396
- **First time homebuyer and primary home requirement:** It must be the Mortgagors' primary home and they must be either first-time homebuyers or may not have owned a home in the past three years (**except in "Targeted Areas"** and for Qualified Veterans).
- **Income and home price limits:**

Maximum Family Income:

	<i>Non-Targeted</i>	<i>Targeted</i>
Families of 2 or Fewer:	\$93,360	\$108,920
Families of 3 or More:	\$93,360	\$108,920

Maximum Home Cost:

	<i>Non-Targeted</i>	<i>Targeted</i>
1-Family Residence	\$382,500	\$467,500
2-Family Residence	\$489,668	\$598,483

Mortgage Credit Certificate Program – 2016

- **Started as \$40 Million Program**
 - \$40 million of loans that are eligible to receive the MCCs.
 - As of July 2016, 10 MCCs have been issued with \$7.7 million of loans originated.
 - Approximately \$32.3 million of loan availability remaining.
- **Certificate:** The City Issues a Mortgage Credit Certificate (MCC) to a qualified low and moderate income homebuyer.
- **Tax Credit:** The MCC reduces the amount of federal income tax a homeowner pays up to \$2,000 annually. The credit equals 25% of the mortgage interest paid on the home for the year. It can be carried over for the next 3 subsequent years or until used. The Homebuyer claims the tax-credit on their annual tax return using IRS Form 8396
- **First time homebuyer and primary home requirement:** It must be the Mortgagors' primary home and they must be either first-time homebuyers or may not have owned a home in the past three years (**except in "Targeted Areas"** and for Qualified Veterans).
- **Income and home price limits:**

	Non-Targeted Area	Targeted Area
Eligible Area:	Entire City and County of Denver	Designated Census Tracts in City and County of Denver
Eligible Participants:	First-time homebuyers	Non first-time homebuyers
Maximum Household Income:		
Household size of 2 or less	\$95,880	\$95,880
Household size of 3 or more	\$111,860	\$111,860
Maximum Home Cost:		
1-Unit Residence	\$439,926	\$495,000
2-Unit Residence	\$439,926	\$495,000