

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: 6/10/2019

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: Inducement Resolution

2. **Title:** Approving and evidencing the intention of the City and County of Denver, Colorado to issue an amount not to exceed \$22,000,000 of Multifamily Housing Revenue Bonds for The Stella.

3. **Requesting Agency:** Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Michael Kerrigan	Name: Michael Kerrigan
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 resolution is being requested to evidence the City's intent to utilize a portion of the City's Private Activity Bond Volume Cap Allocation to finance affordable multifamily housing by Gorman & Company, LLC, or its affiliates, for The Stella project to be located at the southwest corner of E.52nd Ave. and Lincoln Street. The Private Activity Bonds will be a part of the financing package for Gorman & Company, LLC, or its affiliates, to construct a new four-story, 132-unit apartment complex. The project will include 16 units limited to 30% Area Median Income (AMI), 97 units limited to 60% AMI, 18 units limited to 80% AMI, and 1 manager unit. The State of Colorado's Department of Local Affairs has allocated Private Activity Bond (PAB) Volume Cap Allocation to the City. This resolution allows for the use of \$22,000,000 of PAB Volume Cap Allocation to be applied to this project consistent with the City's Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

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

Jo Ann Weinstein

7. City Council District:

District 9: Albus Brooks

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

N/A

Executive Summary

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR19 0585

Date Entered: _____

The proposed resolution is to declare the *intent* of the City and County of Denver, Colorado to issue an amount not to exceed \$22,000,000 of its Multifamily Housing Revenue Bonds for The Stella a proposed project located at the southwest corner of E.52nd Ave. and Lincoln Street in Council District 9. The project will be built by Gorman & Company, LLC, or its affiliates (Gorman). The proposed project is a four-story building that includes 131 affordable housing units and 1 manager unit. The project is expected to include 16 units limited to 30% of the Area Median Income (AMI), 97 units limited to 60% of AMI, 18 units limited to 80% of AMI, and 1 manager unit. The 30% AMI units are expected to be served by project-based vouchers administered by the Denver Housing Authority. The project is expected to include one, two, three, and four-bedroom units. The units will be designed to function well for disabled residents and strive to create and maintain synergy to help tenants with intellectual and developmental disabilities. For the new project, Gorman will ground lease the land from Laradon Hall Society for Exception Children and Adults (Laradon). Gorman intends to integrate supportive social services through their partnership with Laradon.

In general, a private activity bond is a bond issued by a local or state government or agency for the purpose of financing a project to be owned and operated by a private party. The interest paid on the bonds is exempt from Federal and State of Colorado income taxation. The Federal government allots Private Activity Bond Volume Cap Allocation to each state. The State of Colorado, in turn, allocates a portion of such Private Activity Bond Volume Cap Allocation to each local government issuer based on population. Any Private Activity Bond Volume Cap Allocation that is unused or not carried forward reverts to the Colorado Department of Local Affairs, and such cap is awarded to local government issuers through a competitive process. The State of Colorado’s Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City for The Stella. This resolution allows for a partial allocation of \$22,000,000 of the City’s total and currently available Private Activity Bond Volume Cap Allocation of \$111,354,103 to be applied to the proposed multifamily project known as The Stella, consistent with the City’s Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

Private activity bonds and Private Activity Bond Volume Cap Allocation are utilized to finance various types of facilities owned or operated by private entities, including multifamily housing projects, single family housing assistance, mortgage credit certificates, and industrial development uses. Private activity bonds issued by the City are special limited obligations of the City and do not constitute a debt or indebtedness of the City and do not give rise to a charge against the general credit or taxing power of the City. The owner of the project financed with private activity bonds is solely responsible for compliance related to regulations of the tax-exempt bond program, the LIHTC program, and the principal and interest payments on the bonds.

The approval of this inducement resolution will function like a reservation of Private Activity Bond Volume Cap Allocation capacity specifically for The Stella project. To issue bonds for this project the City will need to pass a bond ordinance approving the terms of the bond issue and related financing agreements. The bond ordinance is expected to be presented to Council in the 4th quarter of 2019.

Inducement Resolution Calendar:	
6/10/2019	Inducement Resolution: Deadline for Inducement Resolution Request
6/18/2019	Inducement Resolution: FINGOV Committee (request consent)
6/25/2019	Inducement Resolution: Mayor-Council
6/26/2019	Inducement Resolution: Deadline for CAO to file Resolution
7/1/2019	Hold one week, Council does not meet this week
7/8/2019	Inducement Resolution: City Council

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property):

N/A

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: RR19 0585

Date Entered: _____

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: N/A

Is this a new contract? Yes No Is this an Amendment? Yes No If yes, how many? _____

N/A

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

N/A

Contract Amount (indicate existing amount, amended amount and new contract total): N/A

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>

Scope of work: N/A

Was this contractor selected by competitive process? N/A If not, why not? N/A

Has this contractor provided these services to the City before? Yes No

N/A

Source of funds: N/A

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR19 0585

Date Entered: _____