

Department of Finance &  
Office of Economic Development

Denver Housing Authority:  
Private Activity Bonds

*Health, Safety, Education & Services Committee  
September 10, 2013*

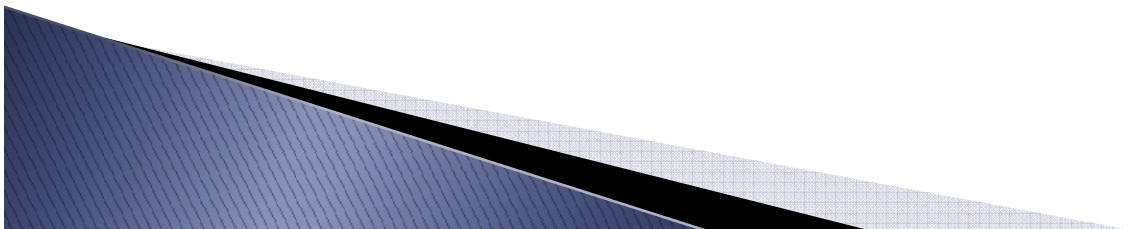


**DENVER**  
THE MILE HIGH CITY

# Private Activity Bonds

## What is a Private Activity Bond?

- Tax-exempt bonds issued to support projects with a **private** purpose.
- IRS allows a limited amount of tax exempt private purpose bonds to be issued, thus creating the allocation process of PAB authority.
- PAB allocation is based on a state's population times the per capita rate established by IRS (indexed to inflation with \$5 increments).
- Colorado's Statewide 2013 allocation is \$492,820,290



# Initial Allocations

January 2012

$\$95 \text{ per capita rate} \times \text{state pop.} = \text{Total PAB Cap}$   
Colorado was awarded \$ 492,820,290 in 2013

50% of Cap

## State Authorities

- CHFA
- Colorado Agriculture Development Authority
- CollegenInvest

50% of Cap

## Local Governments

- 49 local governments
- populations exceeding 21,053
- 2013 Denver cap is \$29,493,558

## Statewide Balance

- Remaining or relinquished PAB Cap
- Available to all upon application to DOLA
- September 15<sup>th</sup>, relinquished PAB Cap becomes part of the statewide balance
- December 31<sup>st</sup>, unallocated PAB Cap expires unless distributed to a local authority with the ability to carry forward up to 3 years

# Private Activity Bonds

## Benefits & Available Cap

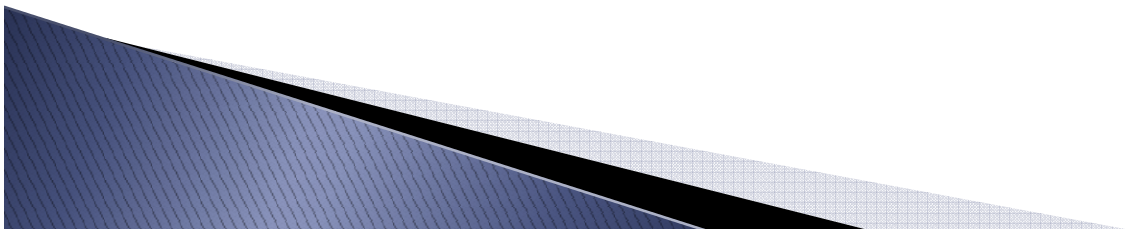
- Once a local government is awarded the PAB Cap, the IRS allows the PAB Cap to be carried forward up to 3 years
- There is no cost to the City to receive or carry forward any award of PAB Cap.
- In 2010, 2011 and 2012 the City applied for and received additional PAB Cap from the unused Statewide balance.

Available PAB CAP						
<u>Year</u>	<u>PAB CAP</u>	<u>Uses</u>	<u>Project</u>	<u>Remaining</u>	<u>Available Use</u>	<u>Expiration</u>
2013	\$ 29,493,558	\$ (20,000,000)	DHA proposed	\$ 9,493,558	Amount for 2013	12/31/2016
2012	\$ 50,000,000			\$ 50,000,000	Addition for 2012	12/31/2015
2012	\$ 28,771,795	\$ (5,000,000)	MCC Program	\$ 23,771,795	Amount for 2012	12/31/2015
2011	\$ 15,000,000			\$ 15,000,000	Multifamily (8328)	12/31/2014
2011	\$ 29,385,875	\$ (25,000,000)	MCC Program	\$ 4,385,875	Multifamily (8328)	12/31/2014
2010	\$ 30,000,000	\$ (16,000,000)	Parkhill Village	\$ 14,000,000	Multifamily (8328)	12/31/2013
2010	\$ 27,517,905	\$ (23,000,000)	2300 Welton	\$ 4,517,905	Multifamily (8328)	12/31/2013
<b>TOTAL</b>	<b>\$210,169,133</b>	<b>\$ (89,000,000)</b>		<b>\$ 121,169,133</b>		

# Ordinance Relating to Assignment

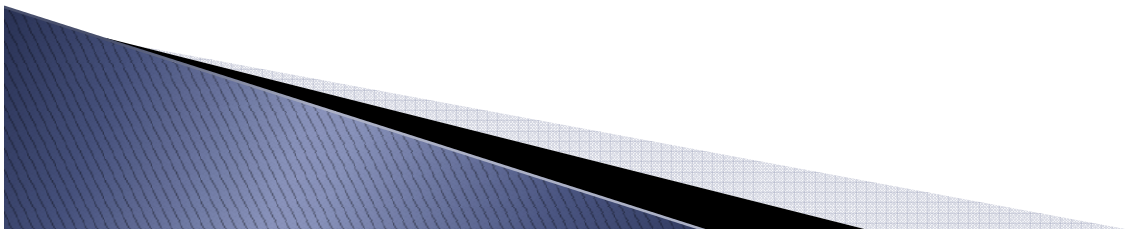
## Purpose

- The City commits to setting aside an amount of its PAB allocation.
  - **Action Item** – \$20 Million assignment for redevelopment of 3 properties owned and operated by the Denver Housing Authority (DHA)
- The City indicates its intent to assign the bonds to DHA.
- Defines the conditions under which the City will commit the PAB assignment.

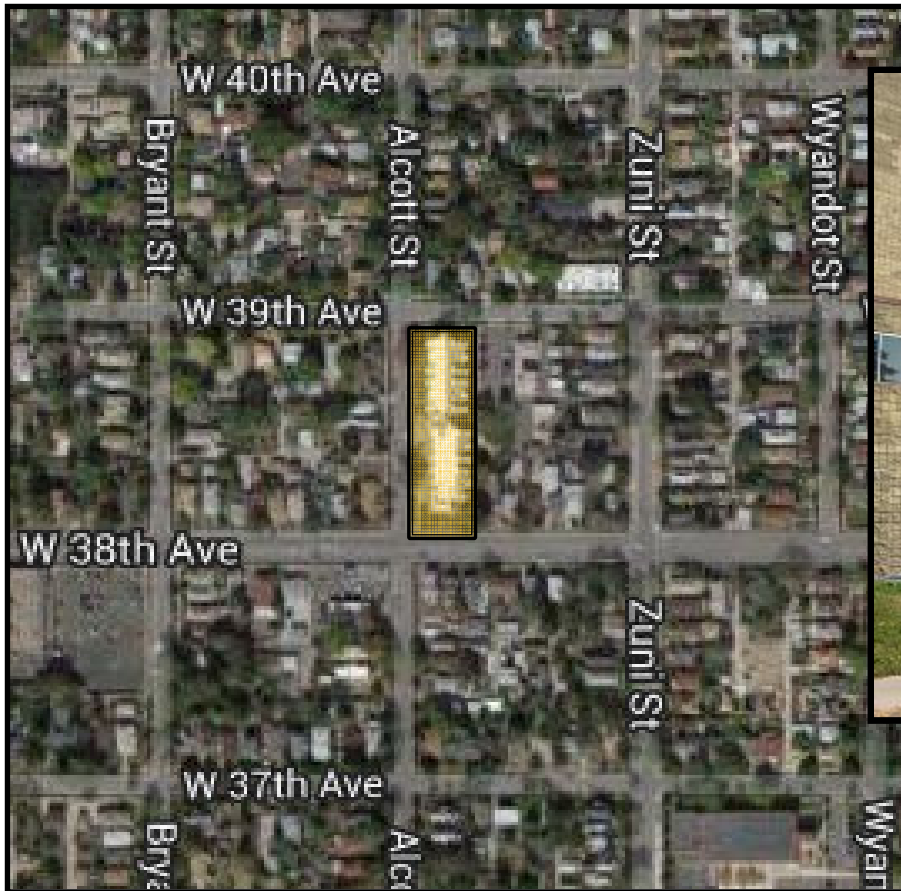


# Denver Housing Authority

- \$20M PAB assignment for the redevelopment of three properties owned by DHA:
  - Casa Loma – 3850 Alcott
  - Goldsmith Village – 4343 S. Syracuse
  - Syracuse Plaza – 4333 S. Syracuse
- DAH intends to spend approx. \$60,000 per unit
  - Cosmetic and mechanical improvements
  - Potential asbestos abatement

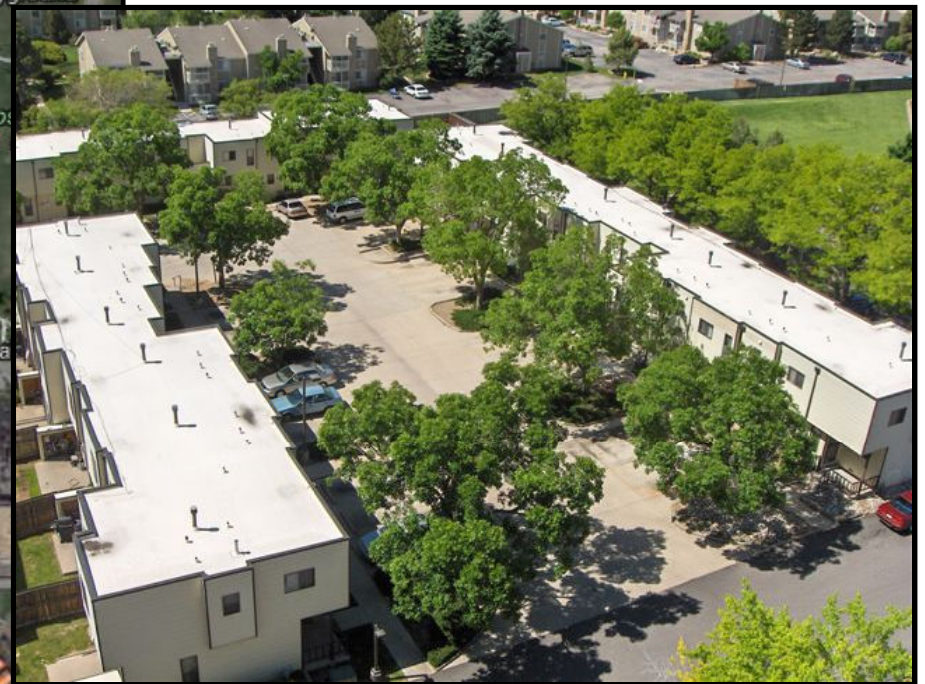
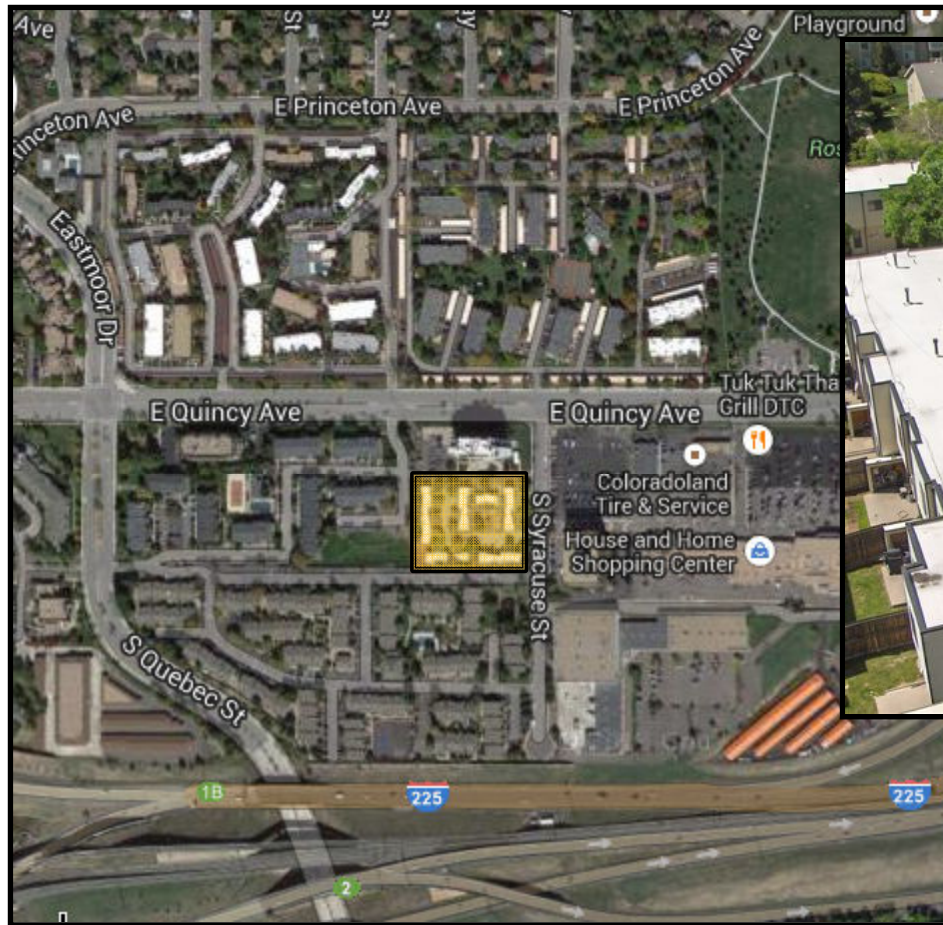


# Casa Loma- 3850 Alcott St.



- Serves elderly and disabled residents
- 83 existing units, 4 new units
- 100% one-bedroom rental units
- Section 8 – project based property
- Council District: One
- Neighborhood: Sunnyside
- Built: circa 1980

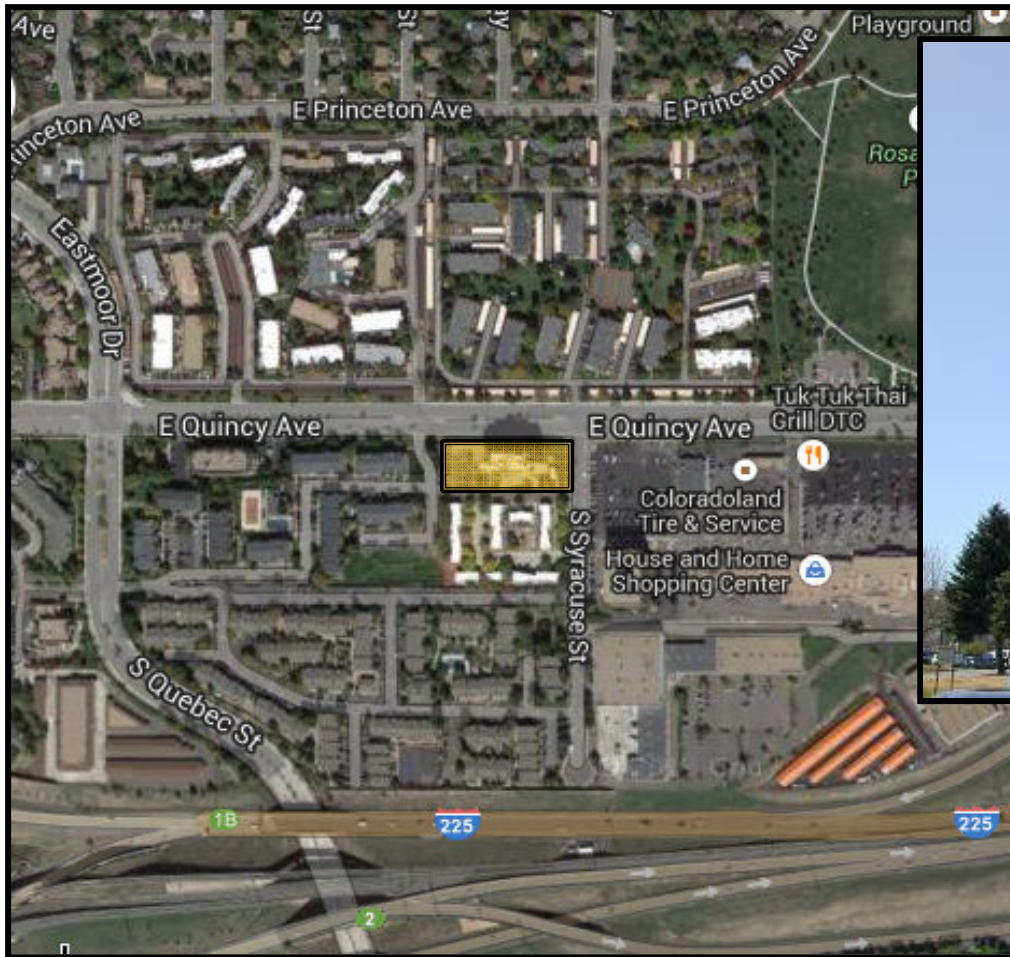
# Goldsmith Village – 4343 S. Syracuse



- Serves families
- 35 units
- Units range from 2 to 4 bedrooms
- Section 8 – project based property
- Council District: Four
- Neighborhood: Hampden South
- Built: circa 1979



# Syracuse Plaza – 4333 S. Syracuse



- Serves elderly and disabled residents
- 100 units
- 100% one-bedroom units
- Section 8 – project based property
- Council District: Four
- Neighborhood: Hampden South
- Built: circa 1979

# Denver Housing Authority

- DHA long and successful record working with the OED
  - 2007 assigned \$30M in PAB to DHA for renovation of 3 properties in need of major capital improvements
  - DHA assigned PAB can be replenished through the Statewide year-end balance
  
- Community benefits:
  - Preservation/construction of 222 Section 8 rental housing units
  - Preservation of affordable housing in dispersed neighborhoods
  - Serves residents below 50% AMI, seniors and disabled
  - Goldsmith Village provides units with more than 3 rooms
  - Renovated under Enterprise green standards

