

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

**All fields must be completed.*
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: May 12, 2014

Please mark one: Bill Request or Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes No

If yes, please explain:

2. **Title:** An ordinance authorizing the issuance and sale of an amount not to exceed \$18,000,000 of City and County of Denver, Colorado Multifamily Housing Revenue Bonds (Park Hill Village West Project) Series 2014 for the purpose of financing the acquisition, construction and equipping of a multifamily residential rental housing development to be occupied by low and middle income persons in the City and County of Denver, Colorado and to pay certain expenses of such bond issue; approving and authorizing execution of a trust indenture, a loan agreement, a bond purchase agreement and a tax regulatory agreement with respect to the bonds; making findings and determinations with respect to the project and the bonds; authorizing the execution and delivery of related documents; and repealing all action heretofore taken in conflict therewith.

3. **Requesting Agency:** Finance

4. **Contact Person:** (With actual knowledge of proposed ordinance/resolution.)

- **Name:** Richard Sheehan – Acting Debt Administrator for Special Districts and Conduit
- **Phone:** 720-913-5550
- **Email:** Richard.Sheehan@denvergov.org

5. **Contact Person:** (With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council)

- **Name:** Richard Sheehan – Acting Debt Administrator for Special Districts and Conduit
- **Phone:** 720-913-5550
- **Email:** Richard.Sheehan@denvergov.org

6. **General description of proposed ordinance including contract scope of work if applicable:** The proposed ordinance will utilize a portion of the City's Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by September 2014. The State of Colorado's Department of Local Affairs has awarded more than sufficient Private Activity Volume Cap Allocation to the City for this purpose. This ordinance allows for the use of \$18,000,000 of Private Activity Bond allocation to be utilized in 2014, consistent with Colorado statutes and the Internal Revenue Code. The affordability election related to Private Activity Bonds will be 40% of the units at 60% Area Median Income (AMI), but the property will consist of approximately 156 affordable rental units serving households at 50% and 60% AMI.

a. **Contract Control Number:** N/A

b. **Duration:** 2014

c. **Location:** Park Hill Village West, 4175 Albion Street -the property location is very close to RTD's East Line Colorado Blvd Station.

d. **Affected Council District:** Council District 8 – Albus Brooks

e. **Benefits:** Adoption of this ordinance utilizes Private Activity Bond Volume Cap to assist in the proposed development of a multifamily housing project at 4175 Albion Street consisting of approximately 156 affordable rental units serving households at 50% and 60% AMI.

f. **Costs:** N/A

7. **Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.**

No Controversy.

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____

Executive Summary

This Ordinance of the City and County of Denver utilizes Private Activity Bond Cap not to exceed \$18,000,000. The City will issue not to exceed \$18,000,000 of its Multifamily Housing Revenue Bonds (Park Hill Village West Project) Series 2014 by September 2014 for the proposed Parkhill Village West LLLP project. The proposed project is to be comprised of approximately 156 affordable rental units serving households at 50% and 60% of Area Median Income (AMI).

In general, a private activity bond is a bond issued by a local or state government 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 income taxation. The Federal government allots Private Activity Bond Volume Cap Allocation to each state. The State of Colorado, in turn, allots a portion of such Private Activity Bond Volume Cap Allocation to each local government issuer based on population. This ordinance allows for an allocation of \$18 Million of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$202,651,228 to be applied to the proposed multifamily project at 4175 Albion Street consistent with Colorado statutes and the Internal Revenue Code.

Private activity bonds are issued to finance various types of facilities owned or operated by private entities, including multifamily housing projects, single family housing assistance, and industrial development uses. Private Activity Bonds issued by the City are special limited obligations 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 with the regulations of the tax-exempt bond program and the payment of the principal and interest on the bonds.

The applicant is proposing that the City and County of Denver serve as conduit issuer of short-term tax-exempt bonds in an aggregate principal amount of approximately \$18,000,000. The bonds will be cash secured, in an amount sufficient to pay principal of and interest on the bonds to maturity. The Bonds would have a stated maturity of approximately 30 months and would be subject to optional redemption approximately 18 months from date of issuance, by which time it is expected that the Project would have been placed in service and the Bonds can be called for redemption. Proceeds of the Bonds would be deposited into a Project Fund under the Indenture, to satisfy the 50% Rule. The Bonds will be publicly offered and are expected to carry a long-term rating of AA+ or short-term rating of SP-1+ based on the cash collateral and permitted investments of such cash. Upon completion of project construction and its placement in service, the project will qualify for a 4% Low Income Housing Tax Credits (LIHTC), which will have been awarded by CHFA prior to issuance of the bonds. The Private Activity Bond Program allows LIHTC at 4% to be used as a means to create an equity investment in the project.

Upon placement in service of the project, the bonds issued by the City will be redeemed from cash held by the Bond Trustee. Upon redemption of the bonds issued by the City, the project will be financed on a long-term basis by a FHA mortgage loan extended by Gershman Mortgage.

The approval of the ordinance is contingent upon Parkhill Village West LLLP being able to provide and or achieve the following tasks:

- 1) FHA commitment or other credit enhancement acceptable to the City with respect to the long-term permanent financing.
- 2) Demonstrated sufficiency of the cash collateral for the City's bonds to satisfy principal of and interest on the bonds to maturity.
- 3) The award of the Allocation shall expire on August 15, 2014 (the "Expiration Date") if the Bonds are not issued prior to August 14, 2014. The Chief Financial Officer of the City and the Executive Director of the City's Office of Economic Development may extend the Expiration Date to a later date in their sole discretion.

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