

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: December 2, 2013

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:** A Resolution declaring the intent of the City and County of Denver, Colorado to issue an amount not to exceed \$23,000,000 of Multifamily Housing Revenue Bonds for the 2300 Welton Street Apartment project.

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 resolution is being requested to evidence the City’s intent to utilize a portion of the City’s Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by Century Development at 2300 Welton Street. The affordability election related to Private Activity Bonds will be 40% of the units at 60% Area Median Income (AMI). The State of Colorado’s Department of Local Affairs has allotted Private Activity Volume Cap Allocation to the City. This resolution allows for the use of \$23,000,000 to be applied in 2014, consistent with Colorado statutes and the Internal Revenue Code.

- a. **Contract Control Number:** N/A
- b. **Duration:** 2014
- c. **Location:** 2300 Welton Street
- d. **Affected Council District:** Council District 8 – Albus Brooks
- e. **Benefits:** Adoption of this Resolution sets aside Private Activity Bond Volume Cap to assist in the proposed development of a multifamily housing project at 2300 Welton Street to develop a 4 story and 3 story building which includes 223 affordable rental housing units (40% of the units will be at 60% of 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

The proposed resolution is to declare the *intent* of the City and County of Denver to issue an amount not to exceed \$23,000,000 of its Multifamily Housing Revenue Bonds by 2300 Welton LLC an affiliate of Century Development for the proposed 2300 Welton Street Apartment project. The proposed project is a 4 story and 3 story building that includes 223 affordable housing units, with 40% of the units required to be at 60% of the Area Median Income.

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 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. The State of Colorado's Department of Local Affairs has allotted Private Activity Bond Volume Cap Allocation to the City. This resolution allows for a partial allocation of \$23 Million of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$150,675,575 to be applied to the proposed multifamily project at 2300 Welton 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 related to regulations of the tax-exempt bond program and the principal and interest on the bonds. In this case, 2300 Welton LLC is pursuing a credit enhancement related to the bonds through HUD's FHA mortgage-insurance program, 221(d) 4. This credit enhancement will provide the bonds with a very high rating that will be attractive to the mortgage lender, Huntoon Paige. Additionally, the PAB program allows Low-Income Housing Tax Credits (LIHTC) at a 4% rate can be applied in order to create equity for the project. LIHTC will be pursued through CHFA for this development.

The approval of the inducement is contingent upon 2300 Welton LLC being able to provide and or achieve the following tasks:

- 1) An appraisal must be provided that is acceptable to the City prior to issuance of the City's PABs
- 2) A market study must be provided that is acceptable to the City prior to issuance of the City's PABs
- 3) A Phase I must be provided that is acceptable to the City prior to issuance of the City's PABs
- 4) A FHA mortgage insurance commitment or other credit enhancement that is acceptable to the City
- 5) The City will be allowed to provide input related to the design of the building
- 6) The affordability election related to the Private Activity Bonds will be 40% of the units at 60% AMI
- 7) The City will require use of standard measures for energy standards of the property.
- 8) The inducement will expire on June 30, 2014 should the above items not be accomplished prior.

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