Private Activity Bond (PAB) Briefing for the Carryforward Resolution, Link & Pin Inducement, and Green Valley Vistas Inducement

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Agenda

- Requested Council Actions
- Carry Forward Resolution
- Link & Pin Inducement
- Green Valley Ranch Inducement
- Questions

Requested Council Actions

Carry Forward

26-0996 | Requesting City Council to approve the carry forward of $49,621,639 of State-issued Private Activity Bond (PAB) allocation

Link & Pin

26-0998 | Approving and evidencing the intention of the City and County of Denver, Colorado to issue an amount not to exceed $19,400,000 of Multifamily Housing Revenue Bonds for the Link and Pin Apartments project, affordable housing apartment building, in Council District 9.

Green Valley Vistas

26-0997 | Approving and evidencing the intention of the City and County of Denver, Colorado to issue an amount not to exceed $27,000,000 of Multifamily Housing Revenue Bonds for the Green Valley Vistas project, affordable housing apartment building, in Council District 11.

Carry Forward Resolution

What is a Private Activity Bond?

- A bond issued by local and state governments for the purpose of financing a project that is owned and operated by a private party
- The interest paid on the bonds is exempt from federal and state tax
- Essentially, a PAB lowers the financing costs for a project, providing critical opportunities for affordable housing projects
- The Internal Revenue Service (IRS) limits the amount of tax-exempt PABs that can be issued, thus creating the PAB allocation process based on a state's population.

PAB Allocation Process - Administered by DOLA

Total PAB capacity is based on state population

Colorado was awarded $811,695,735 in 2026

50% of Cap Goes to State Authorities - $405,847,868

- Colorado Housing and Finance Authority (CHFA)
- Colorado Agriculture Development Authority (CADA)

48% of Cap Goes to Local Issuers - $392,520,819

- **Denver - $49,621,639**
- Colorado Springs - $33,712,319
- Aurora - $27,359,629
- El Paso County - $15,543,383
- Douglas County - $14,247,633

Portion of Cap Goes to Statewide Balance - $13,327,048

- Remaining or relinquished PAB Cap
- Available to all issuers upon application to DOLA
- September 15, relinquished PAB Cap becomes part of the statewide balance
- December 31, unallocated PAB Cap expires unless distributed to a local authority with the ability to carryforward up to 3 years

PAB Overview

- PABs are tax-exempt bonds issued by or on behalf of the City
- City uses PABs to borrow at tax-exempt rates for entities
- City does not pledge its credit for these bonds
- PABs allow entities to access Low-Income Housing Tax Credits (LIHTC)
- The IRS allows a limited amount of tax-exempt PABs to be issued based on state population
- PABs are <u>not</u> voter-approved bonds pledging the City's full faith and credit

PAB Financing

- PAB is a tax-exempt borrowing tool for a privately-owned project which meets a qualified public purpose – in this case long-term affordable rental housing
  - Interest paid on the bonds is exempt from federal taxation, thus lowering the interest rate and costs for the project
  - If a multi-family project is awarded 4% LIHTCs, the IRS requires at least 25% of the project costs to be financed with PABs
  - The amount of PABs that can be issued in a state is limited under federal law based on the state's population; the issuer must therefor allocate a portion of the limited PAB capacity to the financing

Council Role

- PAB issuance typically requires two legislative actions:
  1. Inducement Resolution: reserves the PAB capacity for the project
  2. Bond Ordinance: approves the bonds and related financing documents

Council Role

- Inducement resolution officially reserves the PAB capacity for both projects
- Requires the project to come back to City Council to issue the bonds and approve all necessary financing documents
- After passage, the Inducement Resolution sets a date of reference for IRS regulations.
    - Costs incurred 60 days prior to the Inducement Resolution become eligible bond expenses

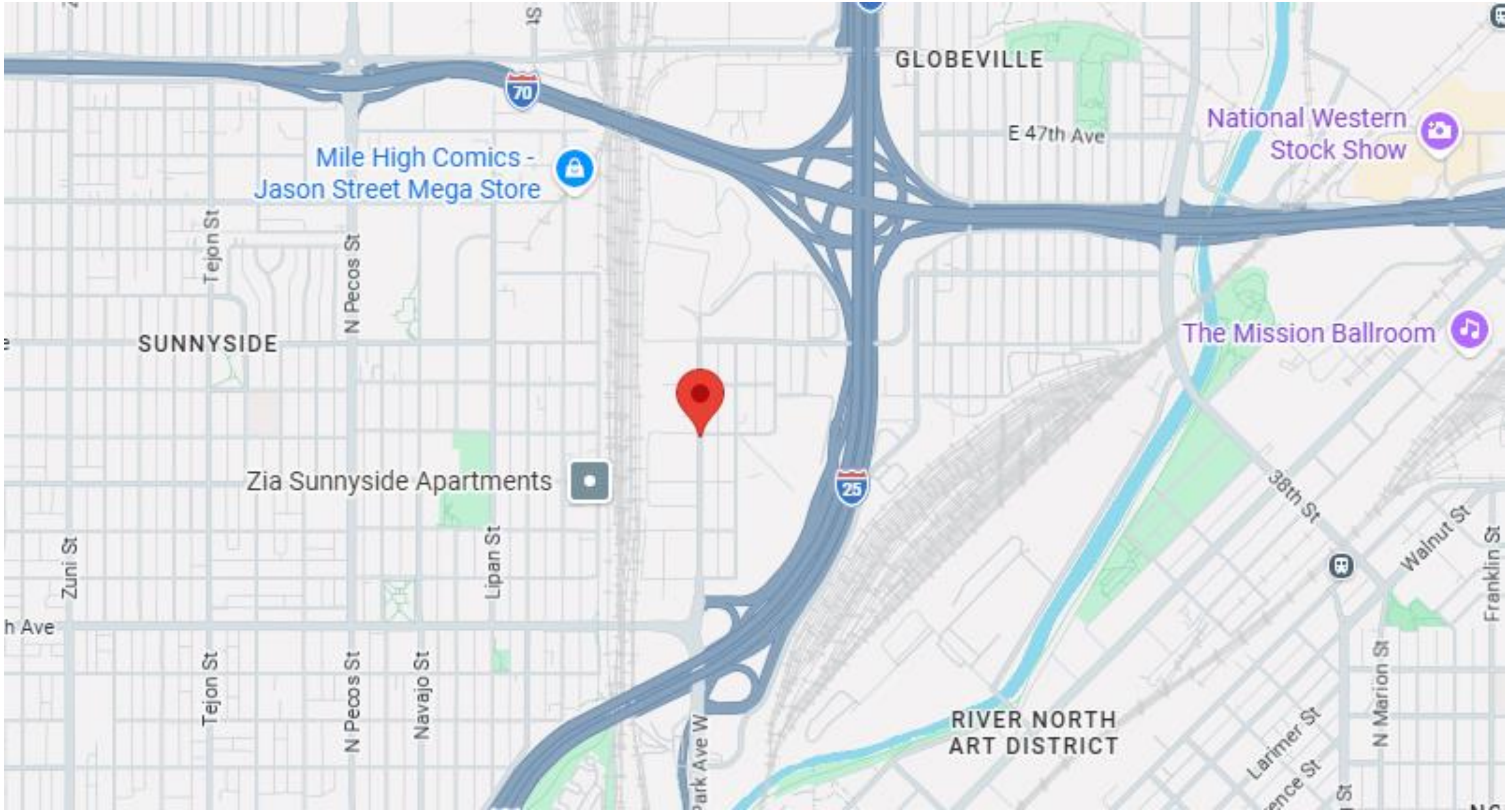
Selected Denver PAB Projects

- Upcoming PAB
  - Link and Pin – Lincoln Avenue Communities - $19,400,000
  - Green Valley Vistas – Brikwell - $27,000,000

Link & Pin Project

Link & Pin Project

- New construction of transit oriented affordable housing in Fox Park (Council District 9) at Fox St and W 42nd Ave
- To be developed by Lincoln Avenue Communities
- 0.535-acre parcel with 7 stories of affordable housing located adjacent to the 41st and Fox RTD station


GLOBEVILLE
E 47th Ave
National Western Stock Show
Mile High Comics - Jason Street Mega Store
Tejon St
N Pecos St
SUNNYSIDE
The Mission Ballroom
Zia Sunnyside Apartments
Lipan St
Zuni St
38th St
Walnut St
Franklin St
Tejon St
N Pecos St
Navajo St
Park Ave W
RIVER NORTH ART DISTRICT
N Marion St
Larimer St
70
25


132

Link & Pin Project

- The proposed project includes a total of 149 units: 71 studio apartments, 50 one-bedrooms, 14 two-bedrooms, and 14 three-bedrooms
- The proposed underlying Area Median Income (AMI) limits will be 30 units at 30%, 67 units at 60%, 14 units at 70%, and 38 units at 80%.
- The community average AMI will be 60%

Link & Pin Project

- Located adjacent to 41st and Fox St RTD Station
- Features onsite leasing office, fitness center, in unit laundry, community room, bike storage, rooftop deck and outdoor courtyard
- Located in proximity to several parks and schools

Green Valley Vistas Project

Green Valley Vistas Project

- New construction of affordable housing in Green Valley Ranch (Council District 11) at Tower Rd and E 50th Ave
- To be developed by Brikwell and Denver Housing Authority
- 3.6-acre parcel with 141,096 sq. ft. of residential space and an additional 5,700 sq.ft. Early Childhood Education Center


GREEN VALLEY
VISTAS
Town Center Park
Evie Garrett Dennis Campus
Evie Garrett Dennis Stadium
Regis F Groff Campus
E 51st Ave
E 50th Ave
E 49th Ave
E 52nd Ave
E 47th Pl
E 47th Ave
Tower Rd
N Walden St
N Telluride St
N Yampa St
N Andes St
Argonne Way
Argonne St
Coriander
Beer Garden
Oakwood Homes
KFC
Pupusas Paradise
King Soopers
Wendy's
First Bank
Green Valley Ranch Town Center
Loaf 'N Jug
Grease Monkey
Tower Liquors
AutoZone
Bank of America
Natural Grocers
SCL Health Medical Group
Murphy USA
Family Dollar
McDonald's
DIA Liquor Warehouse
Chase
Huntington Bank
Walgreens
7-Eleven
Kum & Go
UCHealth Urgent Care
Sonic
La Despensa Latina
Armor Roofing LLC
Omar D Blair
Sandra Todd-Williams Academy
Green Valley Ranch Recreation Center
Denver Public Library GVR Branch
Oakwood Homes New Home Center
Green Valley Ranch Medical Office Building
First Creek Park
First Creek Trail
Burlington Pl
Cathay Ct
E 48th Pl
Green Valley Ranch

Green Valley Vistas Project

- The proposed project includes a total of 156 units: 38 studio apartments, 45 one-bedrooms, 24 two-bedrooms, 25 three-bedrooms, and 24 four-bedrooms
- The proposed underlying Area Median Income (AMI) limits will be 24 units at 30%, 52 units at 50%, 57 units at 60%, 13 units at 70%, and 10 units at 80%.
- The community average AMI will be 54%

Green Valley Vistas Project

- 5,700 sq.ft. Early Childhood Education Center onsite planned serving up to 60 children in 5 classrooms
- Adjacent 3,500 sq.ft. playground
- Other amenities include a dog run, club room, community garden and picnic/outdoor grill area
- 175 onsite parking spaces with 7 ADA spaces and 12 EV charging spaces

Anticipated Timeline for Inducement Resolutions

- Inducement resolution:
  - Tuesday, July 21 – Mayor Council
  - Monday, July 27 – First and Only Reading at City Council @ 3:30pm
- Closing is anticipated for Q4 2026:
  - Come back to City Council for an ordinance to approve the bond issuance and related financial documents

Questions?

Appendix

PAB Allocation Parameters

- Once a local government is awarded a PAB allocation, the IRS allows the PAB allocation to be carried forward for up to 3 years
  - Locally, this requires action by Denver City Council
- By Feb. 15 each year, the IRS requires issuers to make an irrevocable election for the carryforward from the previous year.
  - Issuers elect to carryforward their PAB into “buckets.” Historically, Denver has designated its carryforward toward Single Family Mortgage/Mortgage Credit Certificate (MCC) and Multifamily uses.
- Typically, the city applies for and receives additional PAB allocation from the unused statewide balance.

Denver's PAB Partners

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

Thank you