

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: **8/24/2018**

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 \$11,000,000 of Multifamily Housing Revenue Bonds for The Colburn.

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 and Company, LLC at 980 Grant Street. The Private Activity Bonds will be a part of the financing package for Gorman and Company, LLC to acquire and rehabilitate the Colburn Hotel which includes 68 units at 60% Area Median Income (AMI), 23 units at 30% 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 \$11,000,000 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):

Julie Mecklenburg

7. City Council District:

District 10: Wayne New

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR18 0961

Date Entered: _____

Revised 03/02/18

N/A

Executive Summary

The proposed resolution is to declare the *intent* of the City and County of Denver, Colorado to issue an amount not to exceed \$11,000,000 of its Multifamily Housing Revenue Bonds by Gorman and Company, LLC for the proposed Colburn projected located at 980 Grant Street. The proposed project is a 10-story building that includes 91 affordable housing units. The project is expected to include 68 one-bedroom efficiency units at 60% of the Area Median Income (AMI), 23 one-bedroom efficiency units at 30% of AMI, 1 manager unit, and improvements to the common areas. Gorman and Company, LLC will acquire the property with a bridge loan in Q3 2018 and then re-syndicate it in Q1 or Q2 2019 with 4% Federal and State of Colorado Low Income Housing Tax Credits (LIHTC). At the time of re-syndication Gorman and Company, LLC expects to retain the existing tenants, convert the single room occupancy units to efficiencies, and modernize the units. Deep affordability for all residents will be preserved through a new 15-20 year HUD Project Based HAP contract to be administered by the Denver Housing Authority. Rehabilitation of the property will improve the property's livability and functionality for residents as well as extend the useful life of this critical affordable housing asset.

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 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. The State of Colorado's Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City. This resolution allows for a partial allocation of \$11,000,000 of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$74,851,949 to be applied to the proposed multifamily project at 980 Grant Street, 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 Colburn 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 agreements. The bond ordinance is expected to be presented to Council in the 1st or 2nd quarter of 2019.

| Inducement Resolution Calendar: | | Notes: |
|---------------------------------|---|--|
| 8/27/2018 | Inducement Resolution: Deadline for Inducement Resolution Request | |
| Week of September 3rd | Inducement Resolution: FinGov Committee (request consent) | No Council Meetings this week due to Labor Day |
| 9/11/2018 | Inducement Resolution: Mayor-Council | |
| 9/13/2018 | Inducement Resolution: Deadline for CAO to file Resolution | |
| 9/17/2018 | Inducement Resolution: City Council | |

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Key Contract Terms

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

N/A

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

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