

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: June 15, 2020

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: Authorize and approve the City's utilization of private activity volume cap for the Avenida del Sol Project.

2. Title: For an ordinance authorizing the issuance and sale of an amount not to exceed \$15,000,000 of City and County of Denver, Colorado Multifamily Housing Revenue Notes (Avenida del Sol Project) Series 2020 for the purpose of financing the acquisition, construction, improvement and equipping of a multifamily residential rental housing development to be occupied by low- and middle-income families and persons in the City and County of Denver, Colorado and to pay certain expenses of such Notes issue; approving and authorizing execution of a Funding Loan Agreement, a Project Loan Agreement and a Tax Regulatory Agreement with respect to the Notes; making findings and determinations with respect to the Project and the Notes; authorizing the execution and delivery of related documents; and repealing all action heretofore taken in conflict herewith.

3. Requesting Agency: Department of Finance, Capital Planning and Programming

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Michael Kerrigan – Finance	Name: Michael Kerrigan – Finance
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 ordinance approves the City's issuance of its Multifamily Housing Revenue Notes (Avenida del Sol Project) Series 2020 and the City's utilization of the Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by Gorman & Company, LLC and its affiliates at 5048 Morrison Road. The affordability election related to the Private Activity Bonds will be at least 4 of the units limited to 30% Area Median Income (AMI), at least 18 of units limited to 40% AMI, at least 37 of the units limited to 60% AMI, and at least 20 of the units limited to 80% AMI. The State of Colorado's Department of Local Affairs has awarded more than sufficient Private Activity Bond Volume Cap Allocation to the City for this project. This ordinance allows for the City's issuance of its Multifamily Housing Revenue Notes (Avenida del Sol Project) Series 2020 and the use of \$15,000,000 of Private Activity Bond Volume Cap Allocation to be applied in 2020 and is consistent with the City Charter, Colorado statutes and the Internal Revenue Code.

6. City Attorney assigned to this request (if applicable):

Jo Ann Weinstein & Brad Neiman

7. City Council District:

Council District #3, Jamie Torres

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

N/A

EXECUTIVE SUMMARY

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR20 0587

Date Entered: _____

Project and Developer. The proposed ordinance enables the City and County of Denver to utilize its Private Activity Bond Volume Cap Allocation in order to issue an amount not to exceed \$15,000,000 of its Multifamily Housing Revenue Notes (Avenida del Sol Project) Series 2020 (“Notes”) for the proposed project located at 5048 Morrison Road.

The developer, Gorman & Company, LLC, acquired the site for the project and created Morrison Road, LLC in the spring of 2020. The total development cost of the project is expected to be approximately \$27.6 million. Avenida Del Sol will be a new construction mixed-use development in the Westwood neighborhood incorporating 80 units of much needed affordable housing and deed-restricted commercial space for the area.

The proposed project consists of the construction of a residential 3-story building with 80 affordable housing units. Below is the anticipated bedroom and AMI makeup for the project.

AMI Level	1 Bedroom	2 Bedrooms	3 Bedrooms	Total
30% AMI	1	2	1	4
40% AMI	5	8	5	18
60% AMI	12	13	12	37
80% AMI	6	8	6	20
Manager Unit	0	1	0	1
Total	24	32	24	80

The City’s issuance of these tax-exempt Notes will allow the project to use approximately \$9.6 million of Federal low-income housing tax credits.

Multifamily Housing Revenue Notes. The requested note issue needs to meet the Federal government’s rules for a tax-exempt private activity financing and be issued by a local or state government or agency for a project to be owned and operated by a private party. The interest paid on the Notes is exempt from Federal and Colorado state taxation. The issue requires a portion of the Private Activity Bond Volume Cap Allocation that the Federal government allots annually to each state. The State of Colorado, in turn, allocates a portion of such Private Activity Bond Volume Cap Allocation amount to each local government issuer based upon population. The State of Colorado’s Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City. This ordinance authorizes an allocation of up to \$15,000,000 of the City’s total and currently available Private Activity Bond Volume Cap Allocation of \$83,581,753 to be applied to the Notes and the proposed multifamily project at 5048 Morrison Road. and is consistent with the City’s Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

The Notes are special limited obligations of the City, do not constitute a general 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 only sources of repayment of the Notes are the payments by the developer that are derived from the project. The owner of the project is solely responsible for all principal and interest payment on the Notes, as well as compliance with Federal regulations for tax-exempt private activity obligations and the Low-Income Housing Tax Credit regulations.

The Notes are being purchased by KeyBank National Association pursuant to the Funding Loan Agreement, and concurrently, the City is making loan advances to Morrison Road, LLC pursuant to the Project Loan Agreement. The maximum amount of the Funding Loan to the City and the City’s loan to Morrison Road, LLC is \$15,000,000. Morrison Road, LLC will use the Project Loan funds on a draw down basis for reimbursement of acquisition, construction, improvement and equipping of the project. Morrison Road, LLC’s repayment obligations will be evidenced by a Project Note and secured by a Security Instrument. Morrison Road, LLC’s payments on the Project Note will repay the Funding Loan.

Upon completion of the project, a portion of the Notes will be paid down from tax credit proceeds. The Federal Home Loan Mortgage Corporation (“Freddie Mac”) is expected to purchase the Notes from KeyBank National Association at that time.

The Notes will be a special limited obligation of the City payable solely from the revenues and other funds and money pledged from the project. The Notes are not a debt or multiple fiscal-year financial obligation of the City.

Zions Bancorporation, National Association will act as the fiscal agent for the Notes.

To be completed by Mayor’s Legislative Team: