

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: 5/17/2021

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 \$19,070,000 of Multifamily Housing Revenue Bonds for the Montbello FreshLo project to support the construction of a new affordable housing project

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 (PAB) Volume Cap Allocation to finance affordable multifamily housing by the Montbello Organizing Committee (MOC), or its affiliates, for the Montbello FreshLo project located at 12300 E. Albrook Dr., Denver, CO. The PAB will be a part of the financing package for MOC, or its affiliates, to construct a new 7-story, 97-unit affordable multifamily apartment complex. The project is expected to include 7 units limited to 30% of Area Median Income (AMI), 17 units limited to 50% AMI, 55 units limited to 60% AMI, and 18 units limited to 70% AMI. The State of Colorado's Department of Local Affairs has allocated PAB Volume Cap Allocation to the City. This resolution allows for the use of up to \$19,070,000 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. \$1,370,000 of the \$19,070,000 for PAB Volume Cap Allocation for this project was received from Colorado Housing and Finance Authority via a delegation agreement.

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

Brad Neiman

7. City Council District:

District 8: Christopher Herndon

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: RR21 0590

Date Entered: _____

The proposed resolution is to declare the *intent* of the City and County of Denver, Colorado to issue an amount not to exceed \$19,070,000 of its Multifamily Housing Revenue Bonds for the Montbello FreshLo project located at 12300 E. Albrook Dr. Denver, CO in Council District 8. MOC or its affiliates is partnering with FLO Development Services, LLC to build the project. The Multifamily Housing Revenue Bonds will be a part of the financing package for MOC, or its affiliates, to construct a new 7-story, 97-unit affordable multifamily apartment project. The project is expected to include a two-level grocery store, several small retail spaces, a cultural hub including performing arts space, structured parking, and community meeting rooms. The project is expected to include 7 units limited to 30% of Area Median Income (AMI), 17 units limited to 50% AMI, 55 units limited to 60% AMI, and 18 units limited to 70% AMI. The construction of the project is expected to start in winter of 2021 and be ready for occupancy in the 2nd half of 2023.

In general, a private activity bond (PAB) 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 PABs is exempt from Federal and State of Colorado income taxation. The Federal government allots a PAB Volume Cap Allocation to each state. The State of Colorado, in turn, allocates a portion of such PAB Volume Cap Allocation to each local government issuer based upon their respective population. Any PAB Volume Cap Allocation that is unused or not carried forward reverts back to the Colorado Department of Local Affairs, and such reverted PAB Volume Cap is then awarded to local government issuers through a competitive process. The State of Colorado's Department of Local Affairs has allocated PAB Volume Cap Allocation to the City for the Montbello FreshLo project. This resolution allows for an allocation of \$19,070,000 of the City's total and currently available PAB Volume Cap Allocation of \$108,164,281 to be applied to the proposed multifamily project known as Montbello FreshLo, consistent with the City's Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

PABs and PAB Volume Cap Allocation are utilized to finance various types of facilities owned or operated by private entities, including multifamily housing projects, single family and housing assistance, mortgage credit certificates, and industrial development uses. PAB 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 PAB is solely responsible for compliance related to regulations of the tax-exempt bond program, the Low-Income Housing Tax Credit program, and the principal and interest payments on the PAB once issued.

The approval of this inducement resolution will function like a reservation of PAB Volume Cap Allocation capacity specifically for the Montbello FreshLo project. To issue PAB for this project, the City will need to pass a separate bond ordinance approving the terms of the PAB issuance and related financing agreements. The bond ordinance is expected to be presented to Council in the fall/winter of 2021.

FreshLo PAB <u>Inducement Resolution</u> Action Items		
Item	Date	Notes
PAB Inducement Resolution: Resolution Request Deadline	5/17/2021	
PAB Inducement Resolution: FINGOV Committee	5/25/2021	
PAB Inducement Resolution: Mayor-Council	6/1/2021	
PAB Inducement Resolution: Deadline for CAO to file Resolution	6/2/2021	
PAB Inducement Resolution: City Council - First and only Reading	6/7/2021	

Key Contract Terms

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: RR21 0590

Date Entered: _____

Revised 03/02/18

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>	<i>Additional Funds</i>	<i>Total Contract Amount</i>
<i>(A)</i>	<i>(B)</i>	<i>(A+B)</i>
<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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