

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: August 16, 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: Authorize and approve the City's utilization of private activity volume cap for the Rhonda's Place Project.

2. Title: For an ordinance authorizing the issuance and sale of an amount not to exceed \$9,000,000 of the City and County of Denver, Colorado Multifamily Housing Revenue Notes (Rhonda's Place) Series 2021A (the "Series 2021A Note") and not to exceed \$3,000,000 City and County of Denver, Colorado Multifamily Housing Revenue Notes (Rhonda's Place) Taxable Series 2021B (the "Series 2021B Note") for the purpose of financing the acquisition, construction, and equipping of a multifamily residential rental housing for individuals experiencing homelessness in the City and County of Denver, Colorado and to pay certain expenses of such Notes (as defined below) issue; approving and authorizing execution of a Loan Agreement with the Bank, a Loan Agreement with the Borrower, an Assignment Agreement and a Tax Regulatory Agreement (each as defined below) with respect to the Notes; making findings and determinations with respect to the Project (as defined below) 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 (Rhonda's Place) Series 2021A and Taxable Series 2021B. The ordinance also approves the City's utilization of the Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by REDI Corporation and its affiliates located at 211 S. Federal Blvd. The affordability election related to the Private Activity Bonds will be 49 of the units limited to 30% Area Median Income (AMI) and 1 manager unit. The State of Colorado's Department of Local Affairs has awarded sufficient Private Activity Bond Volume Cap Allocation to the City for this project. The ordinance authorizes the use of \$9,000,000 of Private Activity Bond Volume Cap Allocation to be applied in 2021 and is consistent with the City Charter, Colorado statutes and the Internal Revenue Code. Additionally, this ordinance authorizes the City's issuance of its Multifamily Housing Revenue Notes (Rhonda's Place) Series 2021A in the amount of \$9,000,000 and Multifamily Housing Revenue Notes (Rhonda's Place) Taxable Series 2021B in the amount of \$3,000,000.

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

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

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR21 0943

Date Entered: _____

EXECUTIVE SUMMARY

Project and Developer. The proposed ordinance enables the City and County of Denver to utilize its Private Activity Bond Volume Cap Allocation in an amount not to exceed \$9,000,000. The proposed ordinance allows authorizes the City to issue up to \$9,000,000 of its Multifamily Housing Revenue Notes (Rhonda's Place) Series 2021A (the "Series 2021A Note") and up to \$3,000,000 of its Multifamily Housing Revenue Notes (Rhonda's Place) Taxable Series 2021B (the "Series 2021B Note") (the Series 2021A Note together with the Series 2021B Note, the "Notes") for the proposed project located at 211 S. Federal Blvd.

The developer, REDI Corporation, is partnering with BlueLine Development to acquire the site and build the project. The developer has created Rhonda's Place, LLLP to hold title, construct the project, and obtain financing for the project. The total development cost of the project is expected to be approximately \$16.1 million. The project is expected to house 49 individuals experiencing homelessness in a supportive environment with on-site services. The project is expected to include 49 one-bedroom/one-bathroom units limited to 30% of Area Median Income (AMI) and 1 one-bedroom/one-bathroom manager unit. The construction of the project is expected to start in summer of 2021 and at completion is anticipated to include a clubhouse, a fitness room, library and computer room, laundry facilities, dining room, kitchen, and a common activity room.

The City's issuance of these Notes will allow the project to use approximately \$7.8 million of Federal low-income housing tax credits.

Multifamily Housing Revenue Notes. The Series 2021A 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 Series 2021A Note is expected to be issued as a tax-exempt obligation, while the Series 2021B Note is expected to be issued as a taxable obligation. The interest paid on the Series 2021A Note is expected to be exempt from Federal and Colorado state taxation. The issue of the Series 2021A Note 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 \$9,000,000 of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$108,164,281 to be applied to the Series 2021A Note and the proposed multifamily project at 211 S. Federal Blvd., 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, and other funds and money pledged from the project. The Notes are not a debt or multiple fiscal year obligation of the City. 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 Pacific Western Bank pursuant to the Bank Loan Agreement, and concurrently, the City is making loan advances to Rhonda's Place, LLLP, pursuant to the Borrower Loan Agreement. Both the Bank Loan Agreement and the Borrower Loan Agreement are authorized pursuant to this ordinance. The maximum amount of the Bank Loan to the City and the City's loan to Rhonda's Place is \$12,000,000. Rhonda's Place, LLLP, will use the Borrower Loan funds on a draw down basis for reimbursement of acquisition, construction, improvement and equipping of the project. Rhonda's Place, LLLP's repayment obligations will be evidenced by a Borrower Note and secured by a Deed of Trust. Rhonda's Place, LLLP's payments on the Borrower Note will repay the Borrower Loan.

To be completed by Mayor's Legislative Team: