

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

Please mark one: ☐ Bill Request or ☒ Resolution Request

Date of Request: September 3, 2021

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 \$12,500,000 of Multifamily Housing Revenue Bonds for the Hilltop Apartments project to support the acquisition, construction, renovation, rehabilitation, improvement, and equipping of an 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 GHC CO Developer LLC, or its affiliates, for the Hilltop Apartment project. The project is a scatter site project located at two properties located within the City, 1705 Franklin St. in Council District 9 and 1554 Logan St. in Council District 10. The PAB will be a part of the financing package for GHC CO Developer LLC, or its affiliates, to acquire, construct, renovate, rehabilitate, improve, equip, fund reserves, and pay issuance costs for a 77-unit affordable multifamily apartment complex. The project is expected to include 35 one-bedroom units, 36 two-bedroom units, and 6 three-bedroom units. 100% of the project is expected to be limited to 60% of Area Median Income (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 \$12,500,000 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. Due to PAB constraints, the inducement resolution is entirely conditioned upon an award of sufficient Statewide Balance capacity by the State's Department of Local Affairs. This is due to already planned uses for all of the City's current PAB capacity.

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

Brad Neiman

7. City Council District:

District 9: Candi CdeBaca

District 10: Chris Hinds

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 1033

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 \$12,500,000 of its Multifamily Housing Revenue Bonds for the Hilltop Apartments project. The project is a scattered site portfolio at two properties located within the City, 1705 Franklin St. in Council District 9 and 1554 Logan St. in Council District 10. The Multifamily Housing Revenue Bonds will be a part of the financing package for GHC Developer LLC or its affiliates, to acquire, rehabilitate, fund reserves, and pay issuance costs for the existing 77-unit affordable multifamily apartment project. The project includes a mix of 35 one-bedroom units, 36 two-bedroom units, and 6 three-bedroom units. At completion the project is expected to be 100% limited to 60% of Area Median Income (AMI). The rehabilitation scope is expected to include new appliances, new cabinets, new countertops, new paint, new flooring, ADA accessibility upgrades, plumbing and HVAC upgrades, and exterior building improvements.

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 to the Colorado Department of Local Affairs, and such reverted PAB Volume Cap is then awarded to local government issuers through a competitive process. This resolution allows for an allocation of \$12,500,000 of the City's total and currently available PAB Volume Cap Allocation of \$110,153,059 to be applied to the proposed multifamily project known as Hilltop Apartments, consistent with the City's Home Rule Charter, Colorado statutes, and the Internal Revenue Code. The State of Colorado's Department of Local Affairs will review this project's application for Private Activity Bond Volume Cap Allocation on or near November 1st, before which the City must fully execute an inducement resolution.

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 Hilltop Apartments 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 1st or 2nd quarter of 2022.

Key Contract Terms

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

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Resolution/Bill Number: RR21 1033

Date Entered: _____

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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