

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: September 3, 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 Forum Apartments Project.

2. Title: For an ordinance authorizing the issuance and sale of an amount not to exceed \$10,000,000 of the City and County of Denver, Colorado Multifamily Housing Revenue Note (Forum Apartments) Series 2021 for the purpose of financing the renovation, acquisition, construction, and equipping of a permanent supportive housing facility for individuals experiencing homelessness located in the City and County of Denver, Colorado and to pay certain expenses of such Note (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 Note; making findings and determinations with respect to the Project (as defined below) and the Note; 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 Note (Forum Apartments) Series 2021. The ordinance also approves the City's utilization of the Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by Colorado Coalition for the Homeless and its affiliates located at 250 W. 14th Ave. The affordability election related to the Private Activity Bonds will be 100 of the units limited to 60% Area Median Income (AMI), and the project will additionally include 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. This ordinance allows for the City's issuance of its Multifamily Housing Revenue Note (Forum Apartments) Series 2021 and the use of \$10,000,000 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.

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

Brad Neiman

7. City Council District:

Council District #10, Christopher Hinds

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 1042

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 \$10,000,000 and to issue its Multifamily Housing Revenue Note (Forum Apartments) Series 2021 (the “Series 2021 Note”) for the proposed project located at 250 W. 14th Ave in Council District 10.

The project is currently owned and operated by an affiliate of Colorado Coalition for the Homeless (CCH). CCH has created Forum Apartments LLLP to hold title, construct the project, and obtain financing for the project. CCH has re-syndicated its Low-Income Housing Tax Credits (“LIHTCs”) which requires the use of PABs. The PAB will be a part of the financing package for CCH, and its affiliates, to rehabilitate the existing 10 story, 101-unit multifamily apartment project. The project includes 100 income restricted units, and one non-revenue generating, manager’s unit. The scope of the renovations is expected to include a roof replacement, common area ceiling and flooring replacement, ADA and life safety upgrades throughout, in-unit cabinet and countertop upgrades, HVAC and plumbing upgrades, elevator modernization, security and telecom improvements, office renovations, and exterior building upgrades. In addition to the upgrades, the project seeks to convert the existing rental subsidy contract to a long-term Project-Based Voucher contract. With the exception of a single manager unit, the building will be 100% restricted to 60% of Area Median Income. The rehabilitation of the project is expected to start in late 2021 and the total development cost of the project is expected to be approximately \$20 million. The City’s issuance of the Note will allow the project to use approximately \$7.1 million of Federal LIHTCs.

Multifamily Housing Revenue Note. The Series 2021 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 2021 Note is expected to be issued as a tax-exempt obligation, and the interest paid on the Series 2021 Note is expected to be exempt from Federal and Colorado state taxation. The issuance of the Series 2021 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 \$10,000,000 of the City’s total and currently available Private Activity Bond Volume Cap Allocation of \$110,153,059 to be applied to the Series 2021 Note and the proposed multifamily project at 250 W. 14th Ave., and is consistent with the City’s Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

The Note is a special limited obligation of the City, it does not constitute a general debt or indebtedness of the City, and it does not give rise to a charge against the general credit or taxing power of the City. The only sources of repayment of the Note are the payments by the developer that are derived from the project, and other funds and money pledged from the project. The Note is 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 Note, as well as compliance with Federal regulations for tax-exempt private activity obligations and the Low-Income Housing Tax Credit regulations.

The Note is being purchased by PNC Bank pursuant to the Bank Loan Agreement and, concurrently, the City is making loan advances to Forum Apartments 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 Forum Apartments LLLP is \$10,000,000. Forum Apartments LLLP, will use the Borrower Loan funds on a draw down basis for reimbursement of acquisition, construction, renovation, and equipping of the project. Forum Apartments LLLP’s repayment obligations will be evidenced by a Borrower Note and secured by a Deed of Trust. Forum Apartments LLLP’s payments on the Borrower Note will repay the Borrower Loan.

To be completed by Mayor’s Legislative Team: