

The Forum PAB



Finance and Governance Committee

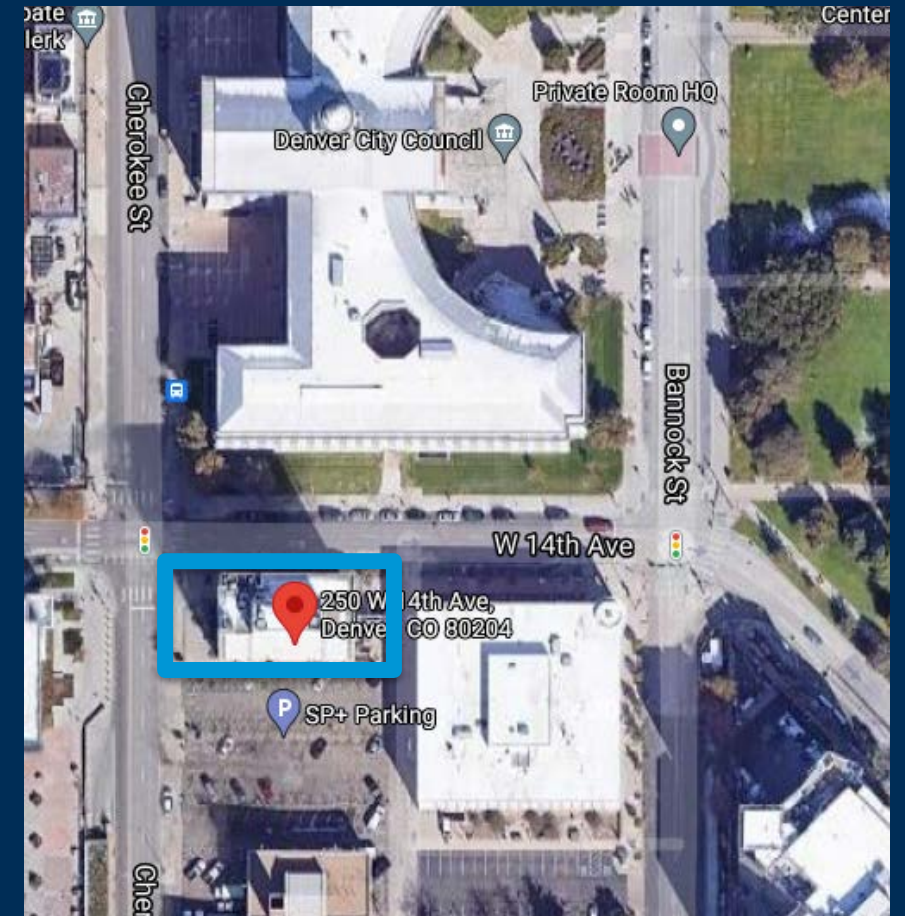
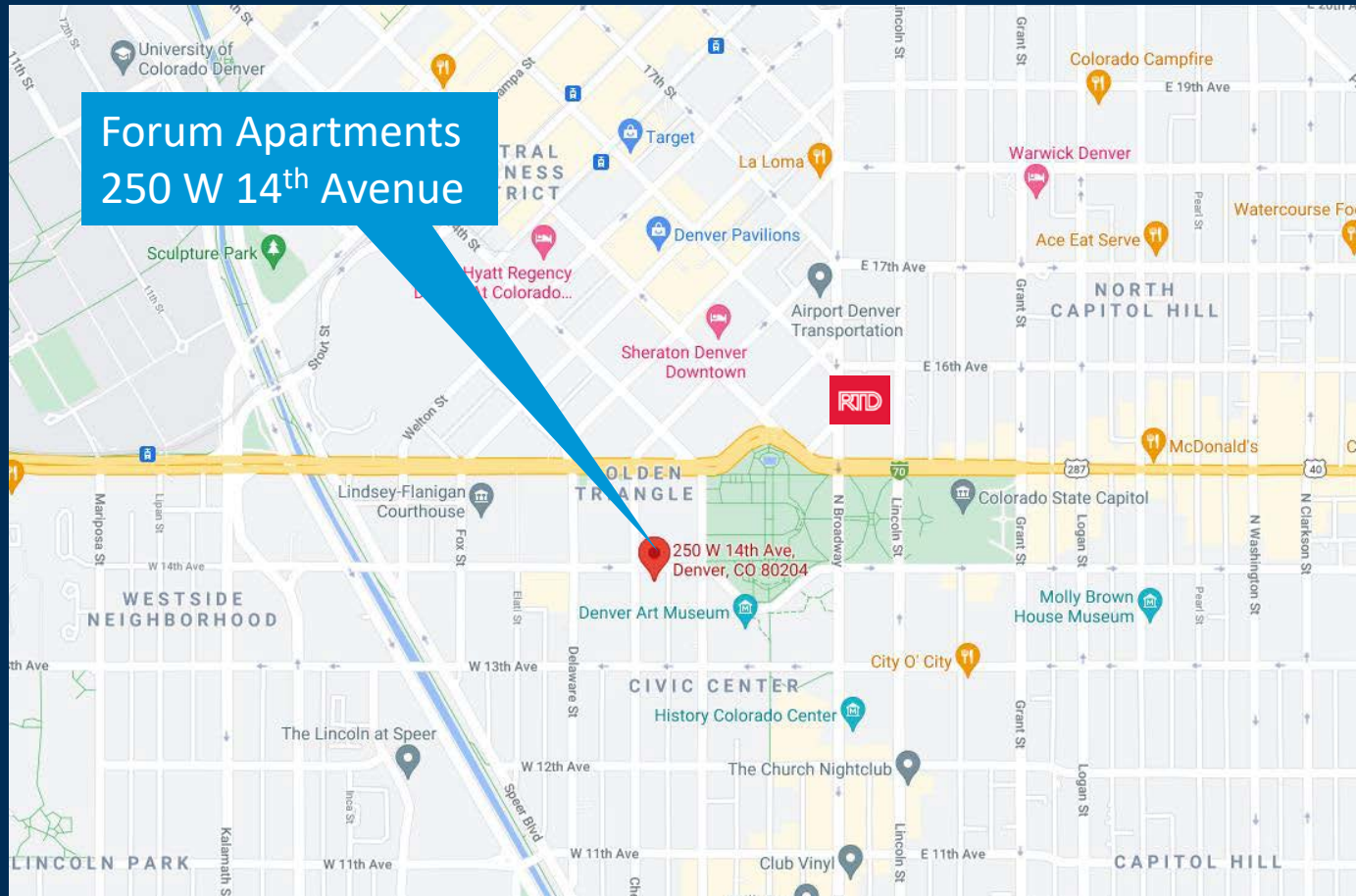
Michael Kerrigan, Financial Analyst Specialist

Legislative Summary

One ordinance request to support the acquisition and rehabilitation of The Forum affordable housing project.

- The Forum project is an acquisition and renovation of an existing 100 unit affordable housing project plus a single manager unit located at 250 W. 14th Avenue.
- Developer is The Colorado Coalition for the Homeless and its affiliates.
- The project is a 10-story, affordable housing project. The units are restricted to 60% of Area Median Income.
- Renovation scope includes updates to the building exterior, building systems, common areas, and residents' units.
- The project fulfills a City goal by preserving affordable housing in the downtown area of the City.
- The Department of Finance proposes the following request:
 - An ordinance request to authorize the issuance of up to \$10 million of private activity bonds to support the 4% Low Income Housing Tax Credit (LIHTC) transaction bonds for The Forum project.

Project Location



Transit and amenity-rich neighborhood centrally located in Downtown Denver!

Project Developer



We believe safe, adequate housing and quality health care is a human right.

- Colorado Coalition for the Homeless is a leading developer of permanent supportive housing with over 20 affordable housing communities in the Denver area
- Since its founding more than 30 years ago, CCH has earned state and national recognition for its integrated healthcare, housing and service programs. The Coalition's comprehensive approach addresses the causes of homelessness, as well as the consequences, offering critical assistance to over 20,000 individuals and families each year.

Project Overview

- **100** studio units at **60% AMI**, reserved for **homeless or formerly homeless individuals**. All tenants pay no more than 30% of adjusted income towards rent. The property is subsidized through 100% project-based vouchers from the Colorado Division of Housing and HUD.
- The CHFA Land Use Restriction Agreement will be extended for **30 years**. City of Denver will also hold a covenant to preserve affordability for **60 years**.
- The Forum will provide long-term housing with a combination of **on- and off-site supportive services** provided by CCH, including **case management, individualized mental and behavioral health services, job training, financial management**, and more. Complementary health and support services include access to the integrated health care at **Stout Street Health Center** and other local CCH facilities and resources.

Unit Type	Count	AMI
Studio / Efficiency	100	60%
On-site Manager's Unit	1	N/A



Project Overview

- Apartment units to receive **new energy efficient appliances, flooring, cabinets, plumbing fixtures, and new heating and cooling system** to enhance **comfort and reliability**
- Property features **24/7 front desk service, community lounge and kitchen, laundry facilities, and on-site case management and residential services**
- Currently applying for funds through the **City of Denver Climate Action, Sustainability, and Resiliency (CASR)** program to **support full electrification of the building** in effort to reduce Greenhouse Gas emissions and provide more **comfortable and cleaner environment for residents.**
- Funding partners include **CHFA, City of Denver, FHLB Dallas, National Affordable Housing Trust, and PNC Bank.**

Unit Type	Count	AMI
Studio / Efficiency	100	60%
On-site Manager's Unit	1	N/A



PAB Overview

Private Activity Bond (PAB) capacity

- PABs are tax-exempt bonds issued by or on behalf of the City, often to help attract investments into projects with a public benefit, like affordable housing.
- Through PABs, the City can borrow at tax-exempt rates for entities to lower the borrowing costs, but the City does not pledge its credit for these bonds.
- PABs allow entities to access Low-Income Housing Tax Credits (LIHTC), which further reduces the borrowing costs.
- The Internal Revenue Service allows a limited amount of tax exempt PABs to be issued, thus creating a PAB allocation process based on a state's population.
- PABs are not voter approved bonds pledging the City's full faith and credit.



PAB Financing

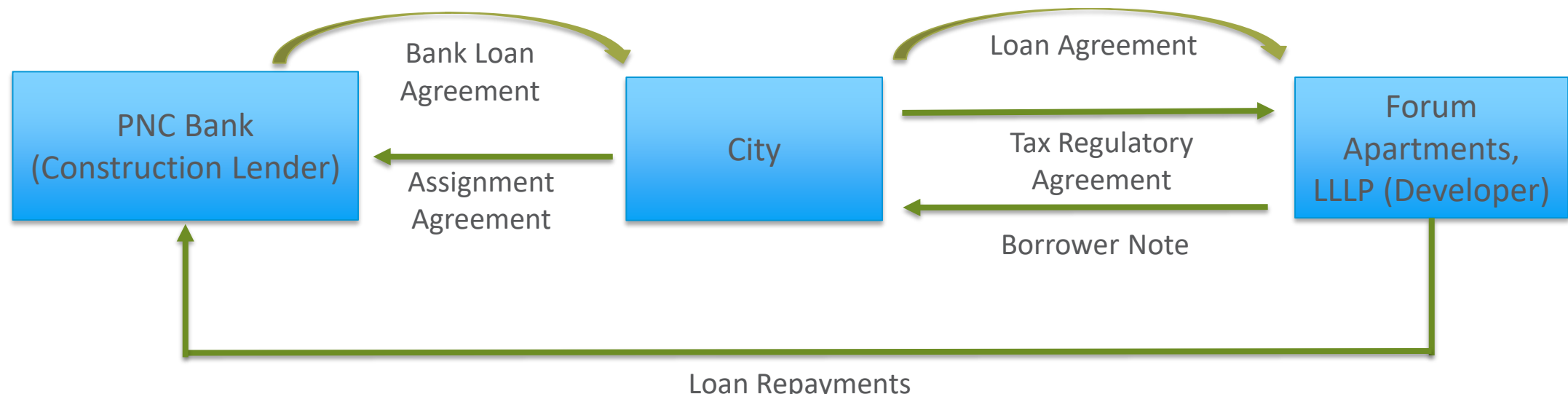
City intends to use a portion of its PAB capacity for the project

- **PAB is a tax-exempt borrowing tool for a privately-owned project which meets a qualified public purpose – in this case long-term affordable rental housing.**
 - Interest paid on the bonds is exempt from federal taxation, thus lowering the interest rate and costs for the project.
 - If a multi-family project is awarded 4% LIHTCs, the IRS requires at least 50% of the project costs to be financed with PABs.
 - The amount of PABs that can be issued in a state is limited under federal law based on the state's population; the issuer must therefore allocate a portion of the limited PAB capacity to the financing.
- **The City will issue \$10,000,000 of the City and County of Denver, Colorado Multifamily Housing Revenue Note (Forum Apartments) Series 2021.**
- **The Note is a special limited obligation of the City payable solely from the revenues and other funds pledged from The Forum project. The Note is not a debt or multiple fiscal-year obligation of the City. The City is not financially liable to the bond purchaser.**

PAB Financing

Colorado Coalition for the Homeless will use \$10,000,000 of PAB capacity from the City of Denver to support the financing to rehab The Forum project.

- The City will use PAB capacity and issue a Multifamily Note to PNC Bank, National Association, the construction lender, under the Bank Loan Agreement.
 - PNC Bank will provide \$10,000,000 of Note proceeds to the City.
- The City will use the Note proceeds to make a loan under the Loan Agreement to Forum Apartments, LLLP.
- The \$10,000,000 loan proceeds will be disbursed to Forum Apartments, LLLP on a draw down basis.





Questions:

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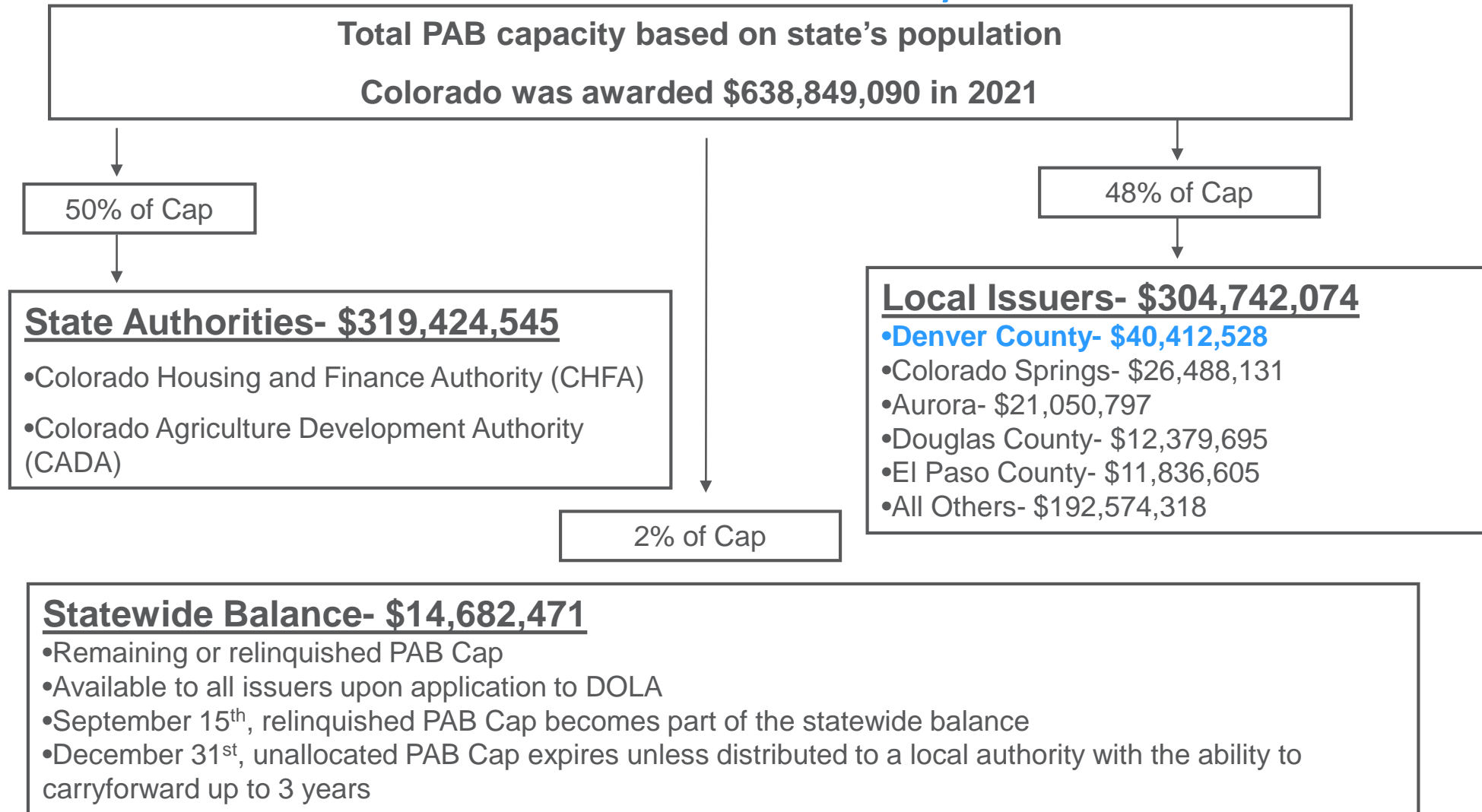


Appendix

What is a PAB?

- A bond issued by local and state governments and agencies for the purpose of financing a project that is owned and operated by a private party.
- The interest paid on the bonds is exempt from Federal taxation.
- Essentially a PAB lowers the financing costs for a project.
 - Provides opportunities for affordable housing projects to be completed.
- The Internal Revenue Service allows a limited amount of tax-exempt PABs to be issued, thus creating the PAB allocation process based on a state's population.

PAB Allocation Process- administered by DOLA



PAB Allocation Parameters

- Once local government is awarded the PAB allocation, the IRS allows the PAB allocation to be carried forward up to 3 years.
- By Feb. 15 each year the IRS requires issuers to make an irrevocable election for the carryforward from the previous year.
 - Issuers elect to carry forward their PAB into “buckets”. Historically Denver has designated its carryforward towards Single Family Mortgage/MCC and Multifamily uses.
- Typically the City applies for and receives additional PAB allocation from the unused Statewide Balance.

City Use of PABs

- Typically in Denver, PABs have been used for:
 - Affordable Housing Projects
 - Mortgage Credit Certificate Programs

City's PAB Partners

- Denver Housing Authority
 - Provides affordable housing options to citizens
- Colorado Housing Finance Authority
 - Provides affordable housing and financing options for income restricted housing units
- Private Developers
 - Provides Low Income Housing Tax Credit projects creating income restricted housing units.

Denver's Current PAB Allocations as of August 2021

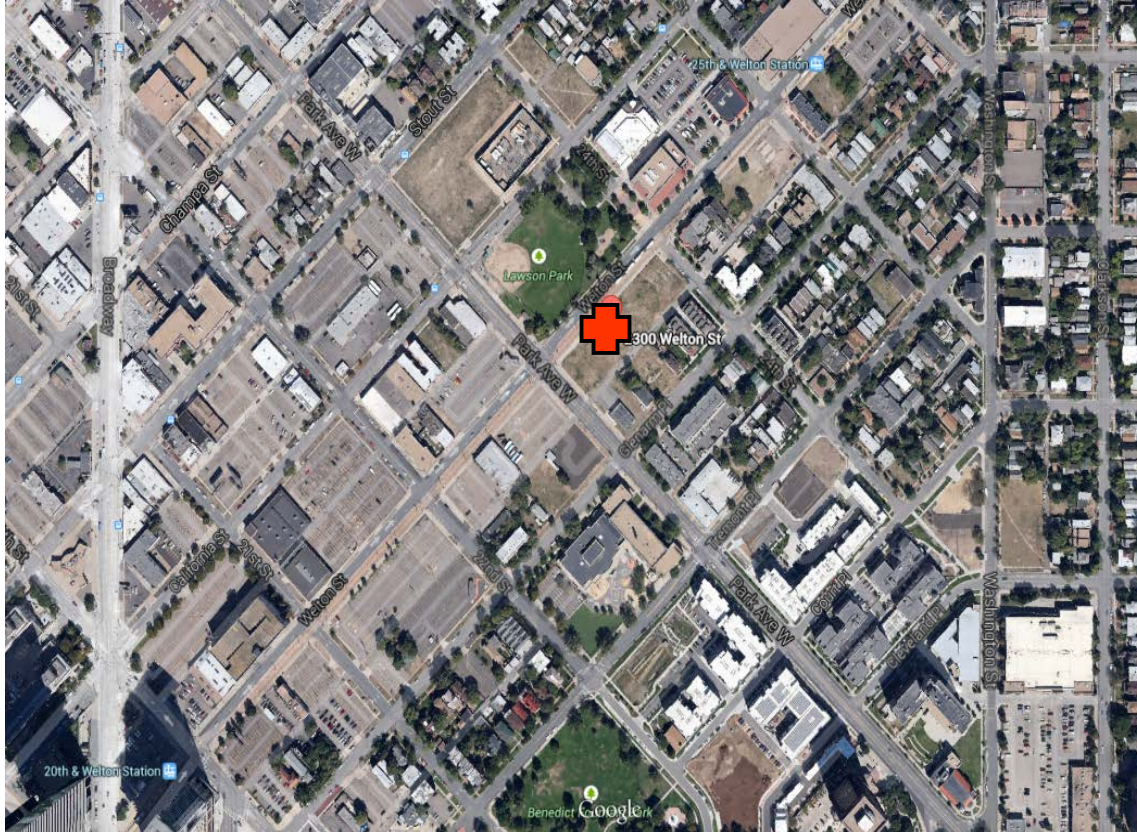
Sources and Uses of PAB Allocation							
PAB Year	Sources	Uses	Source/Use Description	Remaining PAB (incl. proposed)	Current Carryforward Amounts Remaining		Expiration
					Single Family & MCC	Multifamily	
2021	\$ 40,412,528		Direct Allocation for 2021	\$ 40,412,528	TBD in Feb. '22	TBD in Feb. '22	12/31/2024
2020		\$ (19,070,000)	\$19.07MM- MOC Freshlo	\$ 16,245,531	\$ -	\$ 37,480,648	12/31/2023
		\$ (2,165,117)	\$15.425MM- Mercy The Rose on Colfax				
		\$ (2,000,000)	Additional \$2MM assignment to DHA for Thrive				
	\$ 1,370,000 \$ 38,110,648		Delegation Agreement from CHFA for Freshlo Direct Allocation for 2020				
2019		\$ (10,000,000)	\$10.0MM- CCH The Forum	\$ -	\$ -	\$ 30,271,105	12/31/2022
		\$ (9,000,000)	\$9MM- REDI Rhonda's Place				
		\$ (11,271,105)	\$15.425MM- Mercy The Rose on Colfax				
		\$ (14,200,000)	\$14.2MM- Gorman Avenida del Sol				
		\$ (211,222)	\$27MM- DHA Thrive delegation				
	\$ 7,117,002 \$ 37,565,325		2019 Statewide Balance Award Direct Allocation for 2019				
2018		\$ (1,988,778)	\$15.425MM- Mercy The Rose on Colfax	\$ -	\$ -	\$ 1,988,778	12/31/2021
		\$ (26,788,778)	\$27MM- DHA Thrive delegation				
		\$ (21,545,881)	\$25MM- DHA Broadway & DHA Studebaker assignment				
	\$ 1,988,778 \$ 11,936,829 \$ 36,397,830		DHA Delegation to CCD 2018 Statewide Balance Award Direct Allocation for 2018				
Total PAB Allocation Capacity:				\$ 56,658,059	\$ -	\$ 69,740,531	

- This color represents proposed PAB uses & sources

Recent Projects/Programs Supported by Denver's PAB Allocation

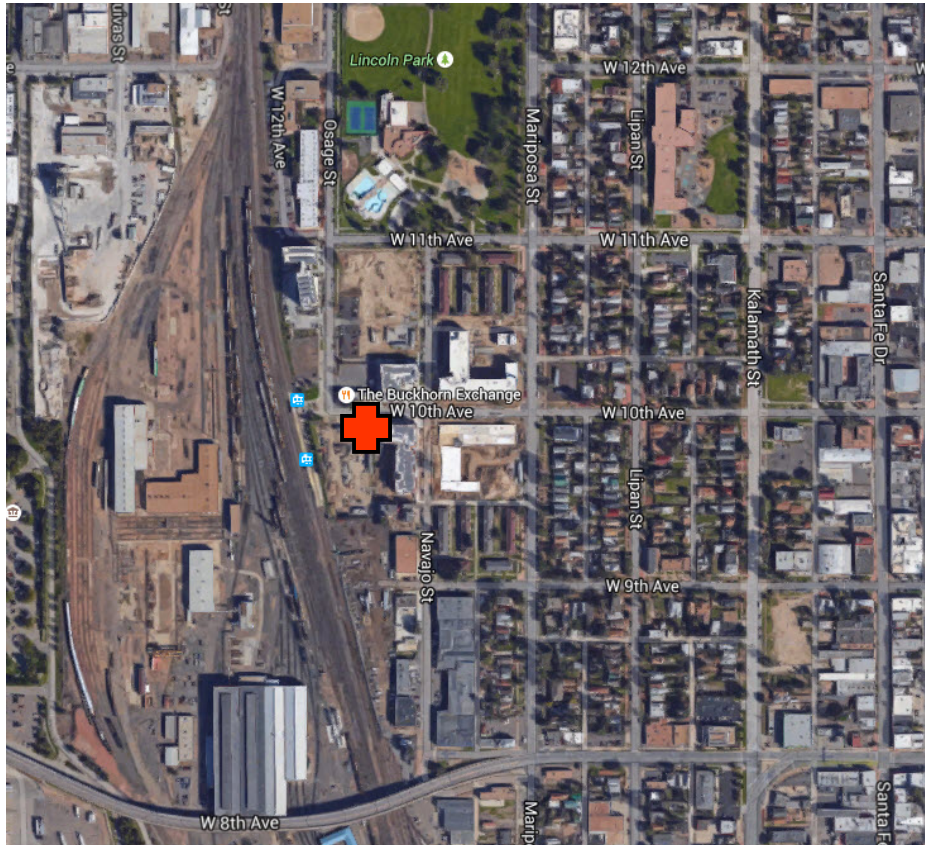
- 2300 Welton
- Mariposa Phase VII
- The Colburn
- The Stella
- Avenida Del Sol
- Various CHFA Projects
- Various DHA Projects
- Various MCC Programs

Welton Corridor- 2300 Welton



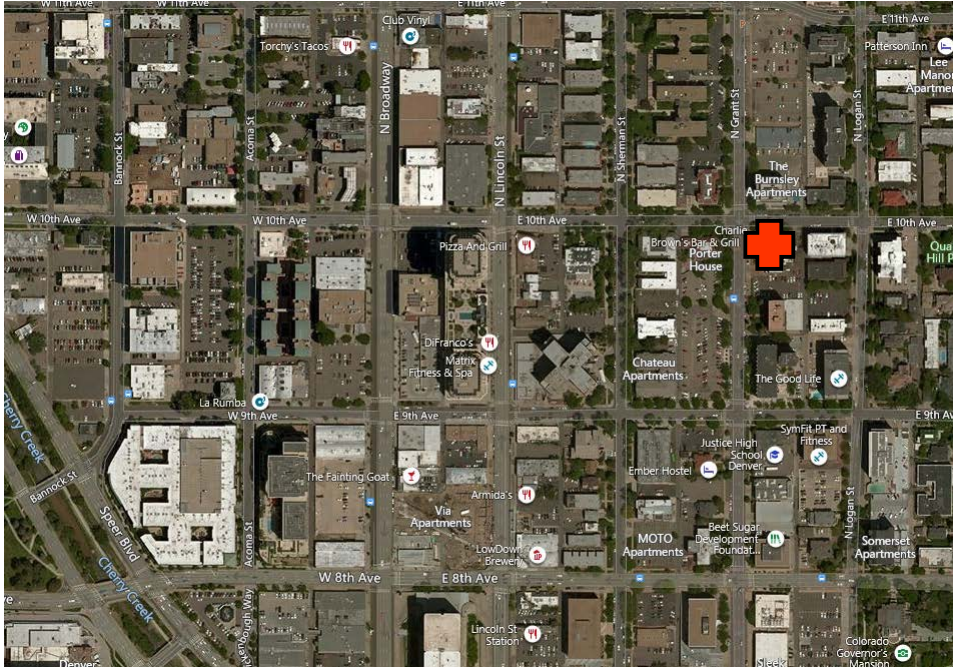
- 233 Units in 2 buildings
 - 11 units @ 30% AMI
 - 212 units @ 60% AMI
- Approximately 268,000 square feet
 - Studio, 1 bed, 2 bed, and 3 bed unit mix

Mariposa Phase VII- 10th and Osage



- Phase VII is a project in the larger Mariposa Development
- Mix of 45 senior/disabled apartment housing units.
- All 45 units are ADA assessable
 - 10 units @ 50% AMI
 - 35 units @ 60% AMI

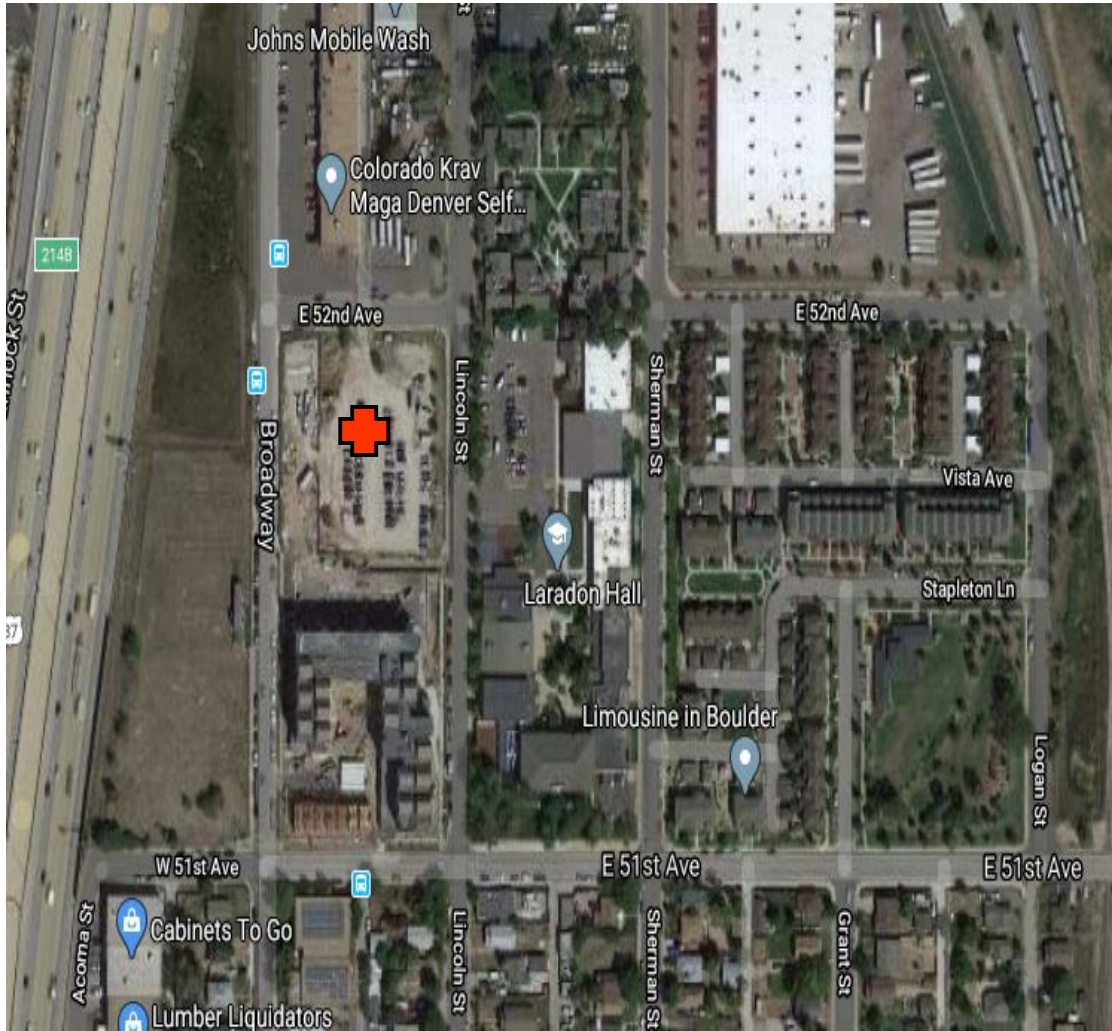
The Colburn- 980 Grant St.



- Preservation and rehabilitation project
- 91 one-bed efficiency apartment housing units.
 - 23 units @ 30% AMI
 - 68 units @ 60% AMI
- 60 year covenant period due to \$3.45M City loan

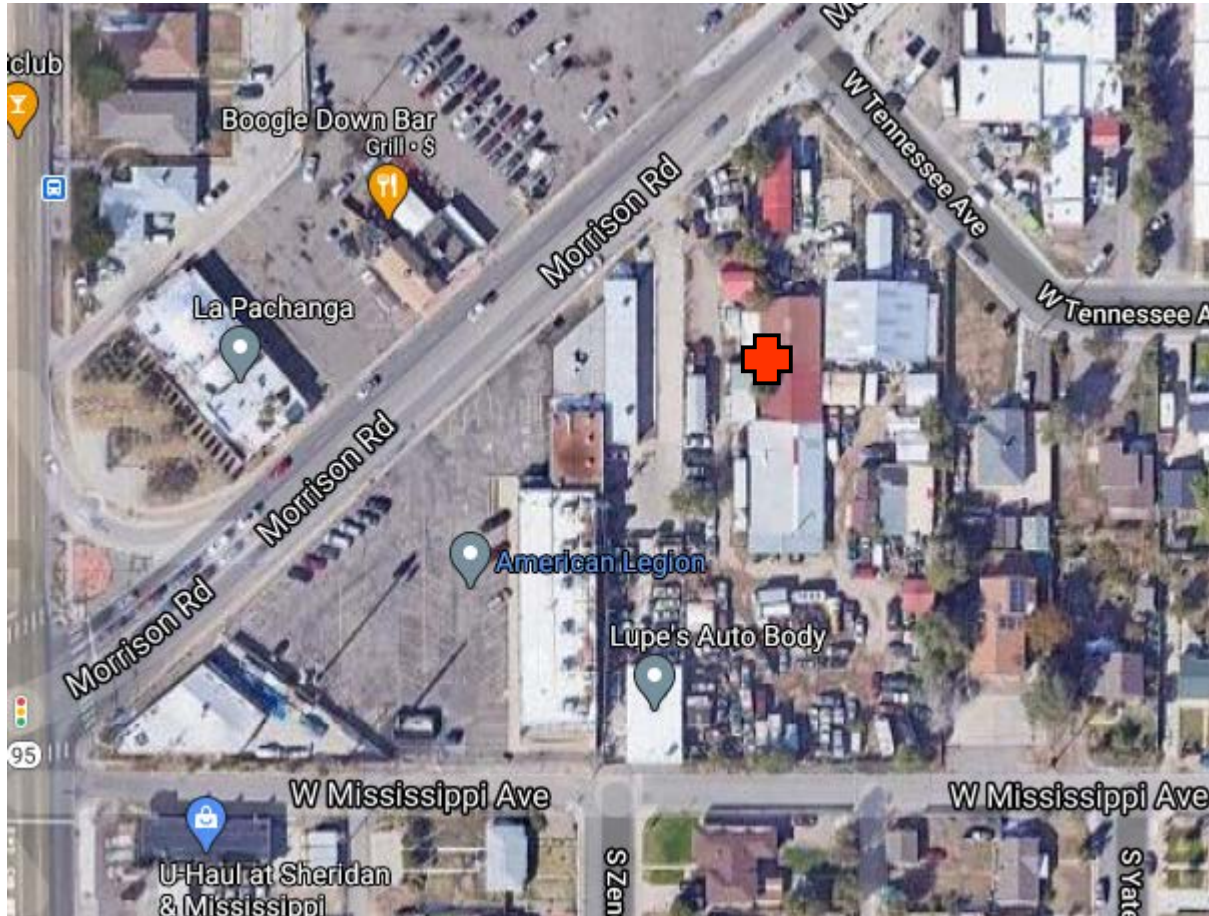


The Stella- 5190 N. Broadway



- New construction project
- 132 unit apartment housing units.
 - 16 units @ 30% AMI
 - 97 units @ 60% AMI
 - 18 units @ 80% AMI
- 60 year covenant period due to \$3.5M City loan

Avenida del Sol- 5190 N. Broadway



- New construction project
- 80 unit apartment housing units.
 - 4 units @ 30% AMI
 - 18 units @ 40% AMI
 - 37 units @ 60% AMI
 - 20 units @ 80% AMI
- 50 year covenant period due to \$1.4M City loan

Various CHFA Projects- Statewide

Project	PAB Allocation Used	# of Units	Type of Units
Copper Peak Apartments Project	\$21,956,795	240	Low income housing units
Northfield at Stapleton Project	\$8,000,000	84	Low income housing units
Renaissance at North Colorado Station Project	\$3,000,000	24	Low income housing units
Westlake Towers Apartments Project	\$5,000,000	50	Low income housing units
13th Avenue II Apartments Project	\$14,000,000	117	Low income housing units
Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Crisman Apartments Project), Series 2016-II	\$10,000,000	114	Low income housing units
Multifamily Note (Manor I and Manor II Apartments Project) Series 2016	\$6,000,000	76	Rehab of low income housing units
Multifamily Revenue Note (Maryel Manor Project) Series 2016	\$2,500,000	50	Low income rental housing units
Multifamily Housing Revenue Bond (Broadway Lofts Project) Series 2016	\$14,000,000	111	Low income housing units
Multifamily Mortgage Revenue Bonds (Centennial Park Apartments Project) Series 2016A & Multifamily Housing Revenue Draw Down Bond (Centennial Park Apartments Project) Series 2016B	\$20,000,000	140	Low income housing units
Multifamily Housing Revenue Note (Congress Park Commons Project), Series 2016	\$3,500,000	32	Low income housing units
Multifamily Housing Revenue Note (Shorter Arms Apartments Project), Series 2016	\$5,000,000	43	Low income housing units
Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III	\$5,000,000	80	Rental housing facility
Multifamily Housing Revenue Note (Del Corazon Project), Series 2016	\$13,493,558	197	Rental housing facility
Total	\$131,450,353	1,358	

Various DHA Projects- Citywide

Project	PAB Allocation Used	# of Units	Type of Units
Platte Valley and Gateway North	\$30,000,000	163	Low income housing units
Vida	\$20,000,000	112	Low income housing units
Lowry	\$11,000,000	72	Low income housing units
Mariposa	\$7,500,000	45	Low income housing units
Broadway & Studebaker	\$25,000,000	192	Low income housing units
Total	\$93,500,000	584	

Various MCC Programs- Citywide

MCC Program	PAB Allocation Used	# of MCCs Granted	Program Highlights
2009 MCC Program	\$25,000,000	130	20% credit, no maximum
2012 MCC Program	\$25,000,000	139	30% credit up to \$2,000 maximum
2015 MCC Program	\$37,500,000	165	30% credit up to \$2,000 maximum
2016 MCC Program	\$40,000,000	164	25% credit up to \$2,000 maximum
2017 MCC Program	\$65,000,000	252	25% credit up to \$2,000 maximum
Total	\$192,500,000	990	