

The Forum Building: Items 21-1041 and 21-1042



Finance and Governance Committee | Sept. 14, 2021
The Department of Housing Stability and the Department of Finance



21-1042:

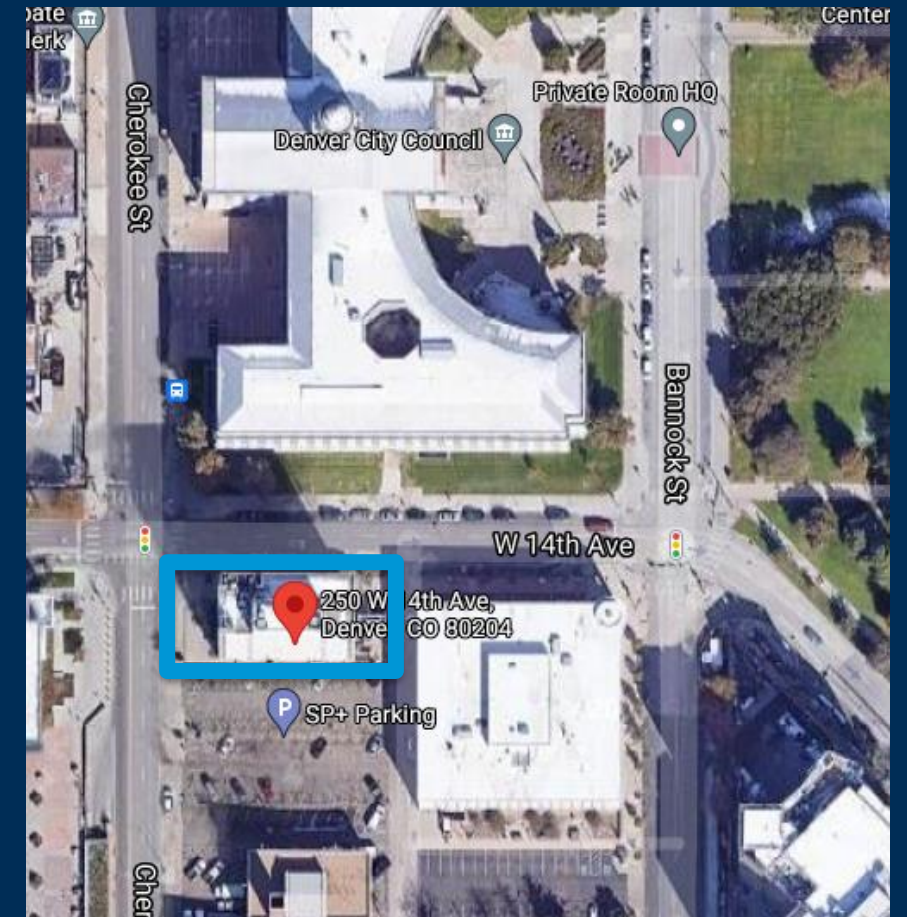
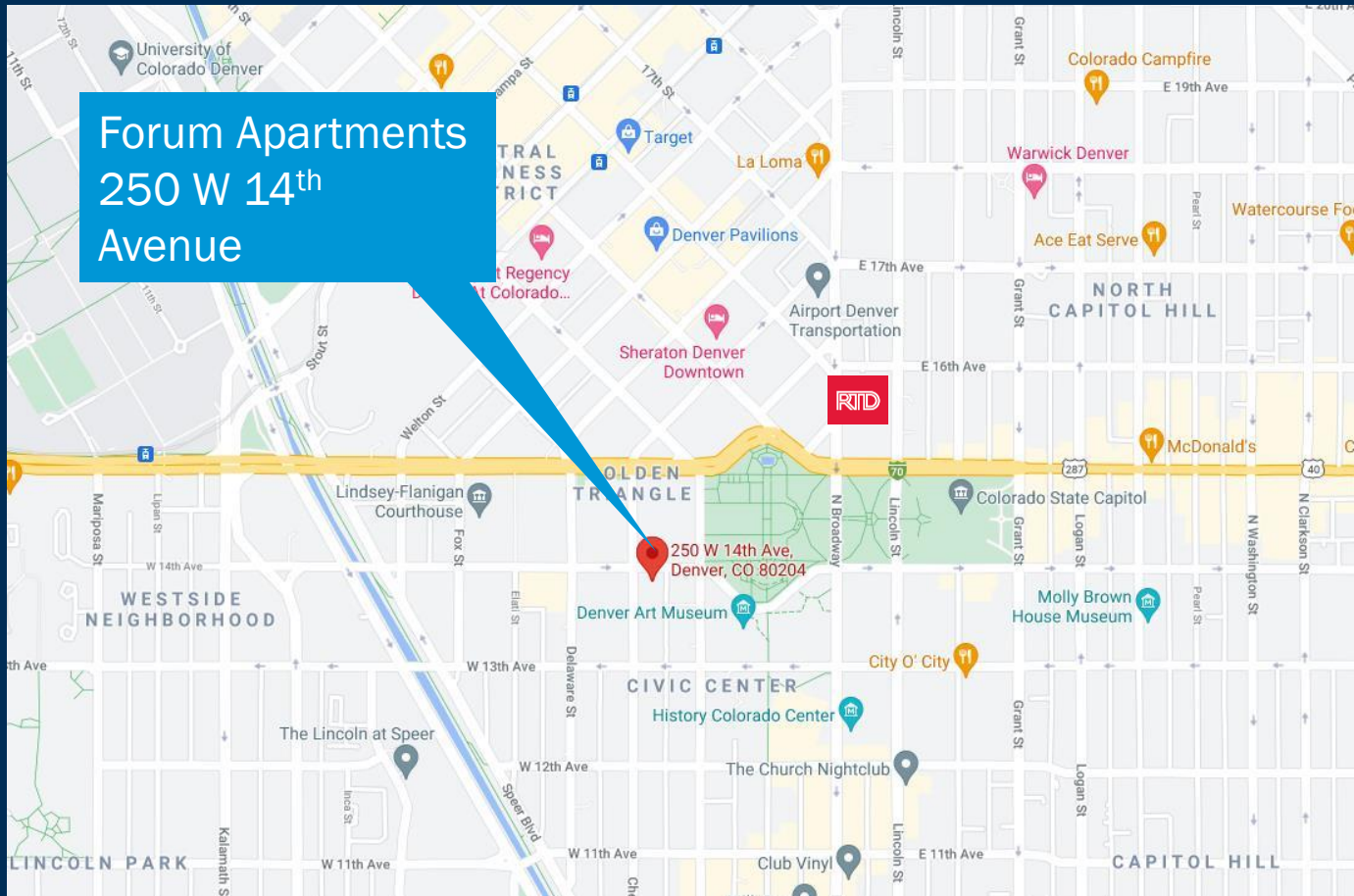
Private Activity Bond Issuance

Legislative Summary

21-1042: 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.

- 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.

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**.
- 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

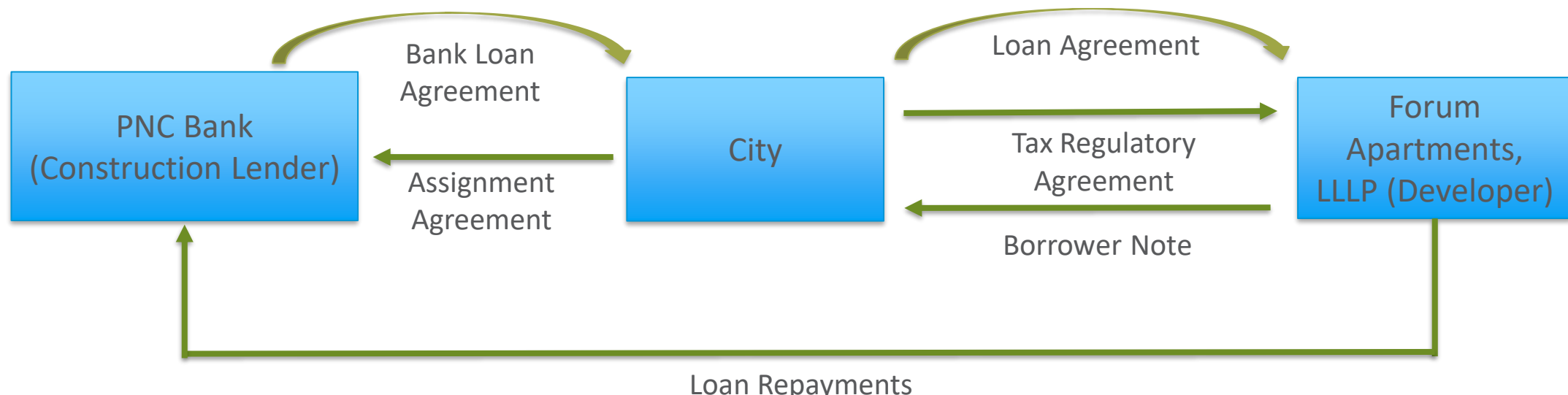
City intends to use a portion of its PAB capacity for the project

- 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 2021A.
- 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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Item 21-1041:

First Amendment to the 1995 Commercial Contract to
Buy and Sell Real Estate

21-1041 Bill Request

The Forum Building

Real Estate and HOST recommend executing the First Amendment to 1995 Commercial Contract to Buy and Sell Real Estate. This will assist the City's effort to maintain safe, decent and sanitary affordable housing in our community for a 60-year term.

Presented Amendment

The Forum Building

- CCD proposes a First Amendment to a 1995 Commercial Contract to Buy and Sell Real Estate to amend the city's repurchase option and improve project affordability terms contained in the original agreement to allow for the re-syndication of low-income housing tax credits (LIHTC) in order to fund a renovation of the property.
- CCD proposes to amend the City Option Agreement to terminate its options for repurchase. CCD proposes to amend the City Use Restriction Agreement to extend the affordability provisions to guarantee the property will continue to provide affordable housing for 60 years. CCD also proposes to subordinate the Deed of Trust securing the City Use Restriction Agreement to the security interests of construction and permanent lenders and future refinancing, similar to how the Deed of Trust was subordinate to CHFA's liens under the original transaction.
- Contract Control #: FINAN-202159656

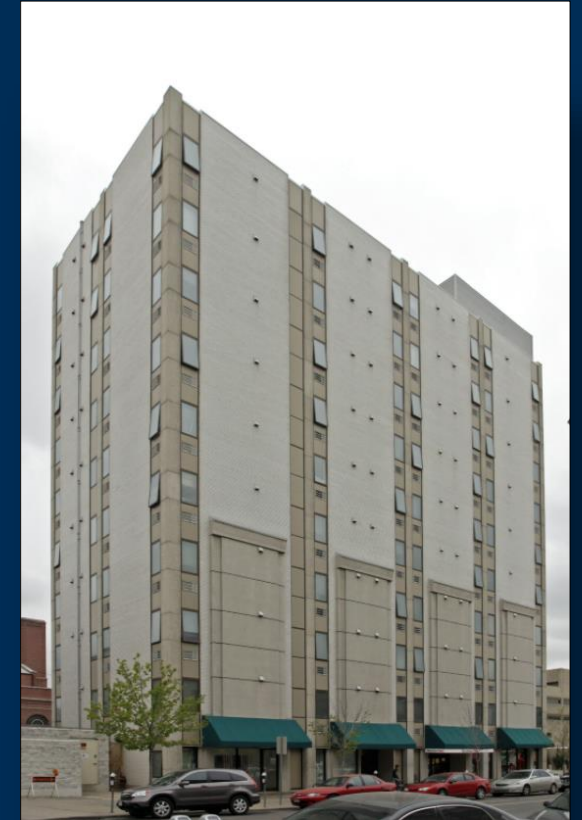


Photo from CoStar

Benefits of the Transaction

The Forum Building

- Supports the City's effort to provide affordable housing and protect the most vulnerable in our community.
- Extends the affordability of these units 60 years.
- Keeps affordable housing in the central corridor of Denver.
- Will provide the opportunity for the Owner to renovate the units. Renovation scope includes updates to the building exterior, building systems, common areas, and residential units.
- As a result of renovations to the units, the property will provide a higher level of cleanliness for residents.
- This Amended and Restated City Use Restriction Agreement requires a higher number of units for affordable housing. The original agreement required a minimum of 30% of the units to be restricted, whereas the amended agreement is requiring all 100 units to be restricted, excluding the one manager unit on-site.

Background

The Forum Building

- The Forum Building is a 10-story building with 100 affordable housing units located in the Golden Triangle area of Central Denver.
- In 1995, the City and County of Denver (“CCD”) sold The Forum Building located at 270 W. 14th Avenue, Denver, Colorado (“Property”) to Forum Housing Corporation in the amount of \$10.00. The Property was then conveyed to Forum Building Housing LP. The intended use for this property was to provide affordable housing to those most vulnerable in our community.
- As part of its acquisition of the property, Forum Building Housing LP assumed and agreed to perform and be bound by the terms and conditions of the City Option Agreement, a City Deed of Trust and a City Use Restriction Agreement.
- Pursuant to the terms and conditions within the City Option Agreement, CCD retained three (3) separate future options to repurchase the property.

Current Property Needs

The Forum Building

- The property requires major maintenance, repairs, and renovation. The current owner is pursuing a re-syndication of low-income housing tax credits (LIHTC) in order to fund a renovation of the property. This re-syndication will trigger an ownership change to include the current owner and their new LIHTC investor. The LIHTC financing also requires the use of Private Activity Bonds (“PAB”).
- Developer for this project is Colorado Coalition for the Homeless and its affiliates.
- The property currently provides 100 units of supportive housing to the community. All units are efficiency units with sleeping area, kitchens and bathrooms. There is one additional unit that is a manager unit.

HOST preserves housing because...

More than 106,000 households in Denver are cost-burdened.

- Housing stock is not keeping up with people's needs.
- Preservation helps provide needed housing at all income levels.
- HOST's strategies work together to create a healthy, housed, and connected Denver community.



Continued Use as Affordable Housing

The Forum Building

- The renovation of the will continue to provide safe and sanitary affordable housing to the most vulnerable in our community. The location offers proximity to food and other community services and is walkable to community resources like parks and the library.
- All 100 units in the property will be affordable at or below 60% of AMI, except for the one manager unit on-site.
- Amendment will extend 60-year affordability restrictions

Bill Request Summaries

The Forum Building

21-1041:

Amends the commercial contract to buy and sell real estate with Forum Building Housing LP, as successor-in-interest to Forum Housing Corporation, by amending the City Options Agreement and the City Use Restriction Agreement for The Forum Building project located at 270 West 14th Avenue to provide affordable housing in Council District 10 (FINAN-202159656).

21-1042:

Approves 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 at 250 West 14th Avenue in Council District 10.

Appendix



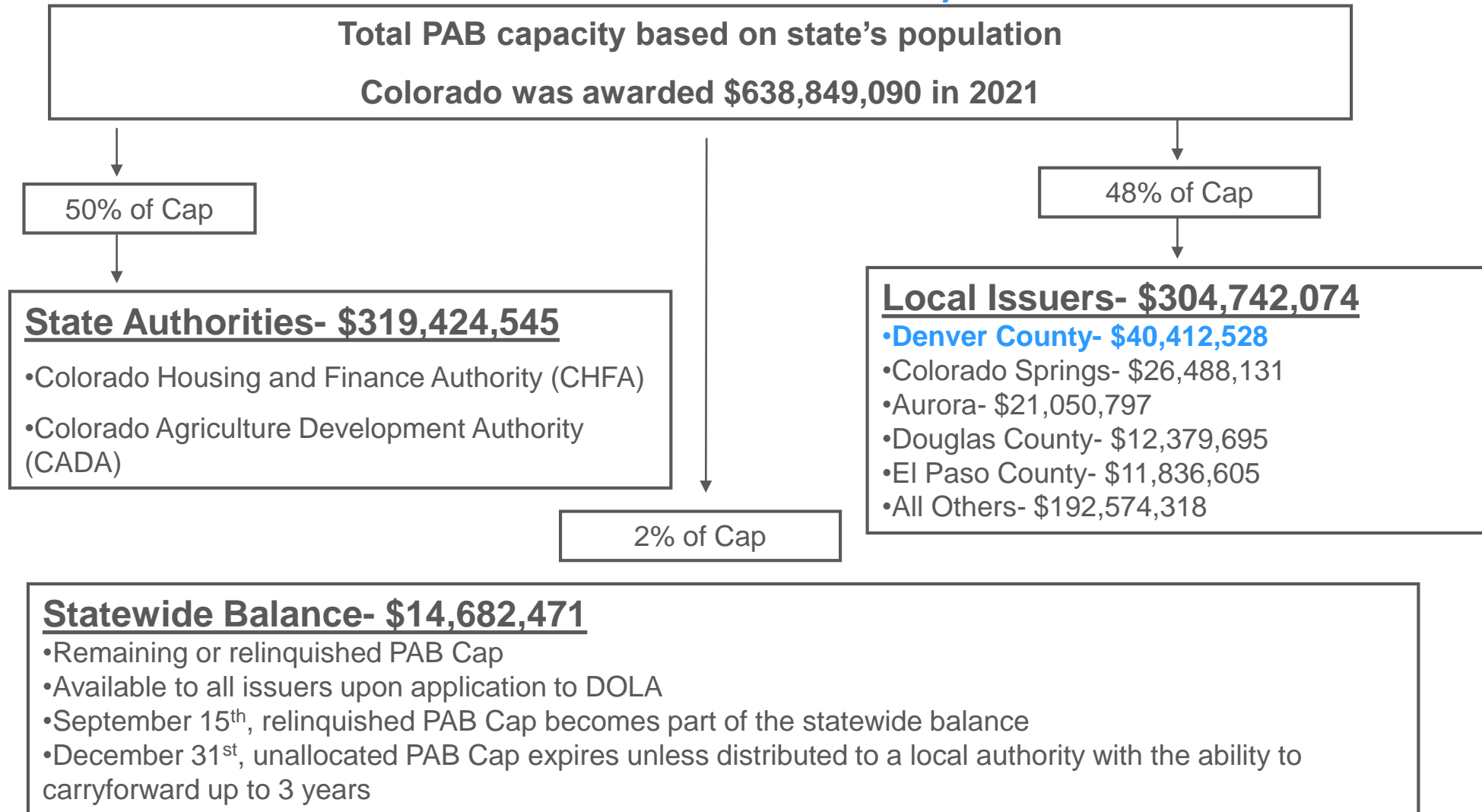
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What is a PAB?

- 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 July 2021

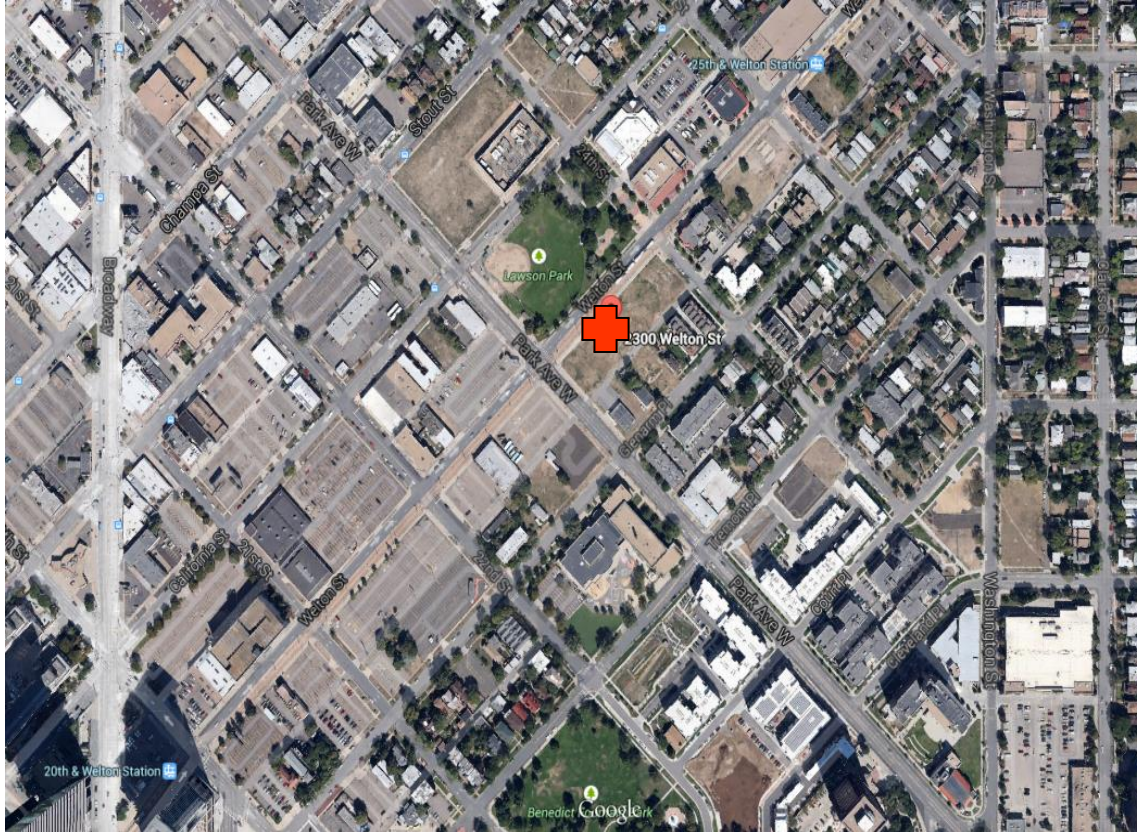
Sources and Uses of PAB Allocation							
PAB Year	Sources	Uses	Source/ <u>Use</u> Description	Remaining PAB (incl. proposed)	Current Carryforward Amounts Remaining		Expiration
					Single Family & MCC	Multifamily	
2021	\$ 40,412,528		Direct Allocation for 2021	\$ 40,412,528	TBD in Feb. '22	TBD in Feb. '22	12/31/2024
2020		\$ (8,000,000)	\$8MM- REDI Rhonda's Place	\$ 15,681,753	\$ -	\$ 37,480,648	12/31/2023
		\$ (13,798,895)	\$19.07MM- MOC Freshlo				
	\$ 1,370,000	\$ (2,000,000)	Additional \$2MM assignment to DHA for Thrive				
	\$ 38,110,648		Delegation Agreement from CHFA for Freshlo				
			Direct Allocation for 2020				
2019		\$ (5,271,105)	\$19.07MM- MOC Freshlo	\$ -	\$ -	\$ 30,271,105	12/31/2022
		\$ (10,000,000)	\$10.0MM- CCH The Forum				
		\$ (15,000,000)	\$15MM- Mercy 8315 E. Colfax				
		\$ (14,200,000)	\$14.2MM- Gorman Avenida del Sol				
		\$ (211,222)	\$27MM- DHA Thrive delegation				
	\$ 7,117,002		2019 Statewide Balance Award				
	\$ 37,565,325		Direct Allocation for 2019				
2018		\$ (26,788,778)	\$27MM- DHA Thrive delegation	\$ -	\$ -	\$ -	12/31/2021
		\$ (21,545,881)	\$25MM- DHA Broadway & DHA Studebaker assignment				
	\$ 11,936,829		2018 Statewide Balance Award				
	\$ 36,397,830		Direct Allocation for 2018				
Total PAB Allocation Capacity:				\$ 56,094,281	\$ -	\$ 67,751,753	

- 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



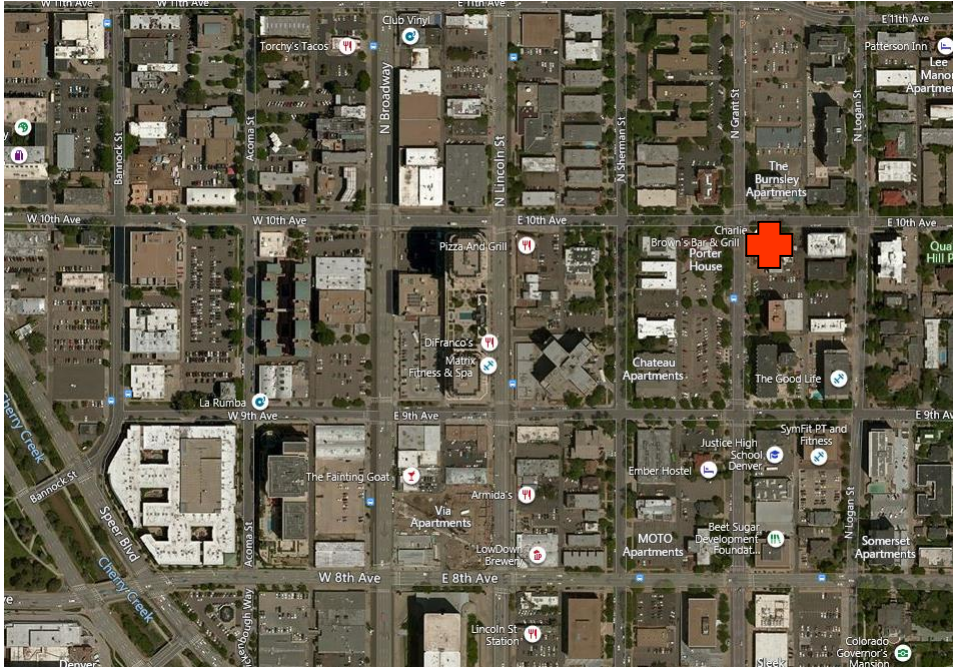
- 233 Units in 2 buildings
 - 11 units @ 30% AMI
 - 212 units @ 60% AMI
- Approximately 268,000 square feet
 - Studio, 1 bed, 2 bed, and 3 bed unit mix

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

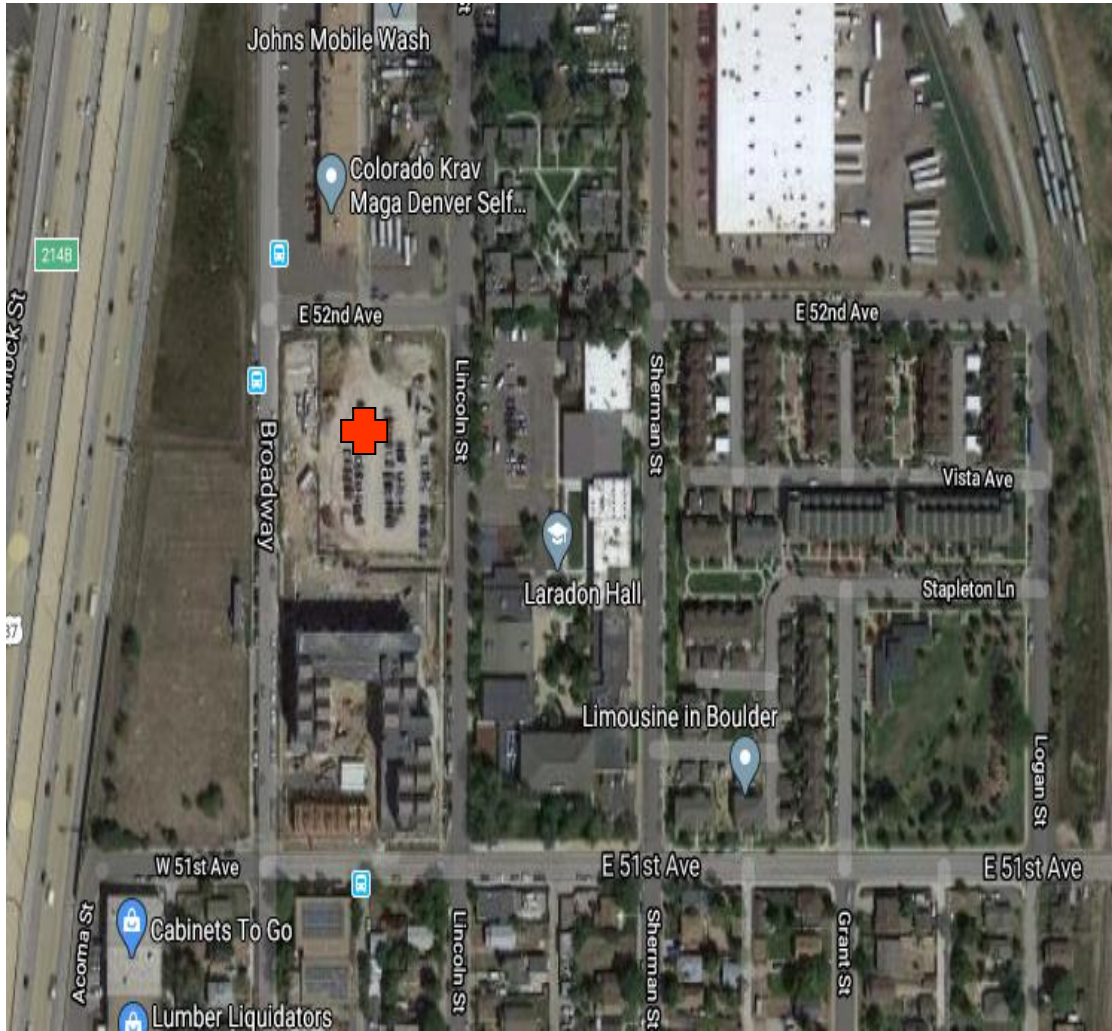
The Colburn- 980 Grant St.



- 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

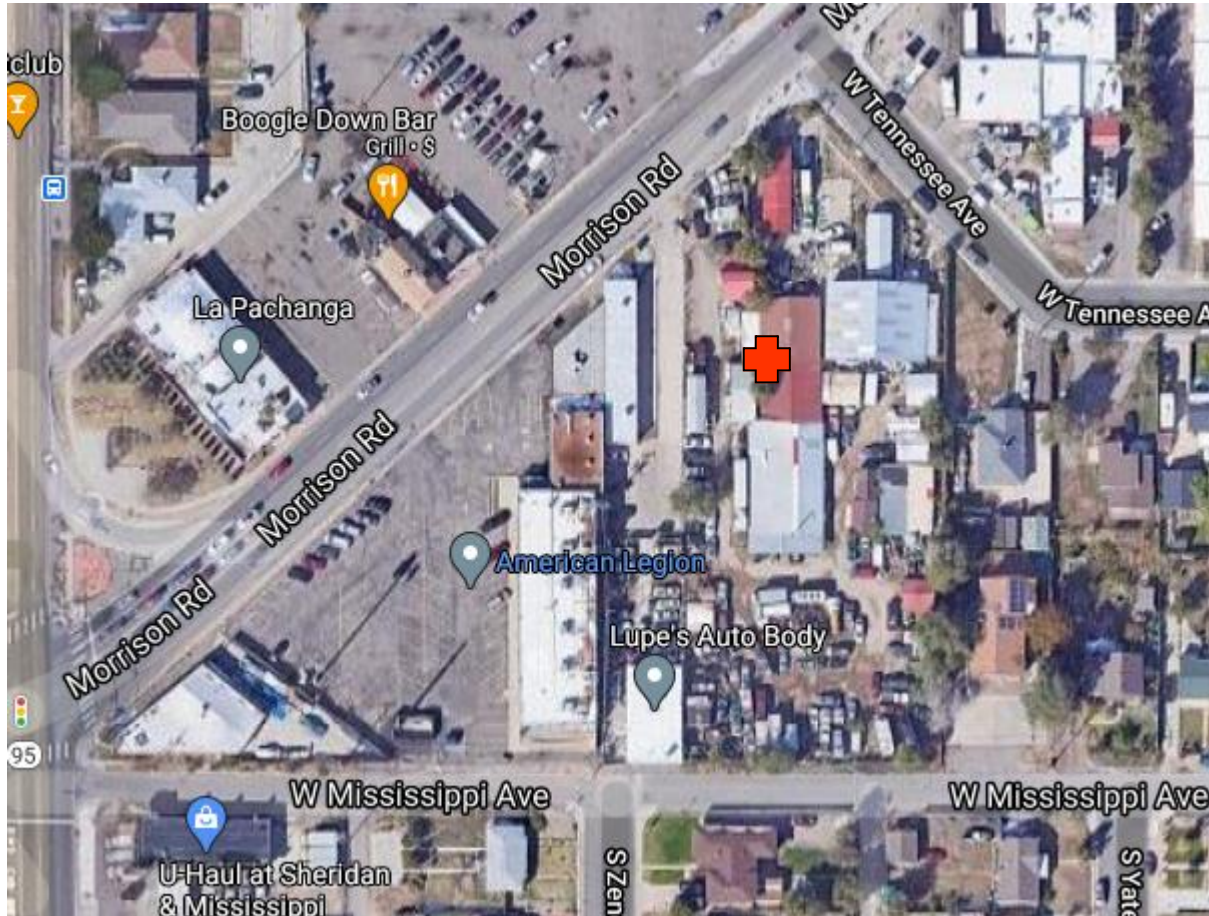


The Stella- 5190 N. Broadway



- 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	