



Legislation Text

File #: 19-0585, Version: 1

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 6-10-19

Requesting Agency: Finance
Division:

Subject Matter Expert Name: Michael Kerrigan
Email Address: Michael.Kerrigan@denvergov.org

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution approving and evidencing the intention of the City and County of Denver, Colorado to issue an amount not to exceed \$22,000,000 of Multifamily Housing Revenue Bonds for The Stella.

Declares the intent of the City to issue an amount not to exceed \$22,000,000 of Multifamily Housing Revenue Bonds for Gorman & Company, LLC, or its affiliates, to finance The Stella project to construct a new four-story, 132-unit apartment complex including 16 units limited to 30% Area Median Income (AMI), 97 units limited to 60% AMI, 18 units limited to 80% AMI, and one manager unit, located at the southwest corner of East 52nd Avenue and Lincoln Street in Council District 9. The Committee approved filing this item at its meeting on 6-18-19.

Affected Council District(s) or citywide? Council District 9

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

The proposed resolution is to declare the intent of the City and County of Denver, Colorado to issue an amount not to exceed \$22,000,000 of its Multifamily Housing Revenue Bonds for The Stella a proposed project located at the southwest corner of E.52nd Ave. and Lincoln Street in Council District 9. The project will be built by Gorman & Company, LLC, or its affiliates (Gorman). The proposed project is a four-story building that includes 131 affordable housing

units and 1 manager unit. The project is expected to include 16 units limited to 30% of the Area Median Income (AMI), 97 units limited to 60% of AMI, 18 units limited to 80% of AMI, and 1 manager unit. The 30% AMI units are expected to be served by project-based vouchers administered by the Denver Housing Authority. The project is expected to include one, two, three, and four-bedroom units. The units will be designed to function well for disabled residents and strive to create and maintain synergy to help tenants with intellectual and developmental disabilities. For the new project, Gorman will ground lease the land from Laradon Hall Society for Exception Children and Adults (Laradon). Gorman intends to integrate supportive social services through their partnership with Laradon.

In general, a private activity bond 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 bonds is exempt from Federal and State of Colorado income taxation. The Federal government allots Private Activity Bond Volume Cap Allocation to each state. The State of Colorado, in turn, allocates a portion of such Private Activity Bond Volume Cap Allocation to each local government issuer based on population. Any Private Activity Bond Volume Cap Allocation that is unused or not carried forward reverts to the Colorado Department of Local Affairs, and such cap is awarded to local government issuers through a competitive process. The State of Colorado's Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City for The Stella. This resolution allows for a partial allocation of \$22,000,000 of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$111,354,103 to be applied to the proposed multifamily project known as The Stella, consistent with the City's Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

Private activity bonds and Private Activity Bond Volume Cap Allocation are utilized to finance various types of facilities owned or operated by private entities, including multifamily housing projects, single family housing assistance, mortgage credit certificates, and industrial development uses. Private activity bonds 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 private activity bonds is solely responsible for compliance related to regulations of the tax-exempt bond program, the LIHTC program, and the principal and interest payments on the bonds.

The approval of this inducement resolution will function like a reservation of Private Activity Bond Volume Cap Allocation capacity specifically for The Stella project. To issue bonds for this project the City will need to pass a bond ordinance approving the terms of the bond issue and related financing agreements. The bond ordinance is expected to be presented to Council in the 4th quarter of 2019.

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?