



## Legislation Text

File #: 18-0961, Version: 1

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

**Date Submitted:** 8-28-18

**Requesting Agency:** Finance  
**Division:**

**Subject Matter Expert:**

Name: Michael Kerrigan

Email: 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 \$11,000,000 of Multifamily Housing Revenue Bonds for The Colburn.**

Declares the intent of the City to issue an amount not to exceed \$11 million of Multifamily Housing Revenue bonds by Gorman and Company, LLC to finance The Colburn project to acquire and rehabilitate the Colburn Hotel including 68 units at 60% Area Median Income and 23 units at 30% AMI located at 980 Grant Street in Council District 10. The Committee approved filing this item at its meeting on 9-4-18.

**Affected Council District(s) or citywide?** Council District 10

#### 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 \$11,000,000 of its Multifamily Housing Revenue Bonds by Gorman and Company, LLC for the proposed Colburn projected located at 980 Grant Street. The proposed project is a 10-story building that includes 91 affordable housing units. The

project is expected to include 68 one-bedroom efficiency units at 60% of the Area Median Income (AMI), 23 one-bedroom efficiency units at 30% of AMI, 1 manager unit, and improvements to the common areas. Gorman and Company, LLC will acquire the property with a bridge loan in Q3 2018 and then re syndicate it in Q1 or Q2 2019 with 4% Federal and State of Colorado Low Income Housing Tax Credits (LIHTC). At the time of re-syndication Gorman and Company, LLC expects to retain the existing tenants, convert the single room occupancy units to efficiencies, and modernize the units. Deep affordability for all residents will be preserved through a new 15-20 year HUD Project Based HAP contract to be administered by the Denver Housing Authority. Rehabilitation of the property will improve the property's livability and functionality for residents as well as extend the useful life of this critical affordable housing asset.

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 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. The State of Colorado's Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City. This resolution allows for a partial allocation of \$11,000,000 of the City's total and currently available Private Activity Bond Volume Cap Allocation of \$74,851,949 to be applied to the proposed multifamily project at 980 Grant Street, 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 Colburn 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 agreements. The bond ordinance is expected to be presented to Council in the 1<sup>st</sup> or 2<sup>nd</sup> 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?**