



Legislation Text

File #: 20-1072, Version: 1

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

Date Submitted: 9-28-20

Requesting Agency: Department of Housing Stability
Division:

Subject Matter Expert Name:

Name: Nick Emenhiser

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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 \$5,100,000 of Multifamily Housing Revenue Bonds for La Alma.

A resolution approving and evidencing the intention of the City and County of Denver, Colorado to issue an amount not to exceed \$5,100,000 of Multifamily Housing Revenue Bonds for La Alma Apartments project to support the preservation of affordable, Section 8-supported units in Lincoln Park/La Alma in Council District 3. The Committee approved filing this item at its meeting on 10-6-20.

Affected Council District(s) or citywide? Council District 3

Executive Summary with Rationale and Impact:

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

Community Preservation Partners has requested access to \$5,025,408 in Private Activity Bonds (PAB) from the Department of Local Affairs Statewide Balance, in order to rehabilitate and preserve affordability of a 20-unit, scattered-site Section 8 portfolio in the Lincoln Park/La Alma neighborhood. Due to Private Activity Bond constraints, HOST is moving forward with an inducement resolution entirely conditioned upon award of Statewide Balance bonds. This is due

to planned uses for all of the City's current PAB balance.

Addresses of this project are 519 W. 7th Avenue, 875-877 Fox Street, 616-618 W. 9th Avenue and 1023-1033 W. 9th Avenue. All units are covered under the project-based Section 8 contract and as such, residents will pay no more than 30% of their income in rent. The project is comprised of 4 one-bedrooms and 16 three-bedrooms, primarily serving larger families.

This project is utilizing the 4% tax credit to generate roughly \$2.5 million in equity along with \$6.9 million in debt and almost \$1 million in deferred developer fee. This project is not requesting any gap financing directly from the City of Denver and is able to service the high level of debt due to the Section 8 rental income.

While there are slightly over 10 years remaining on the existing City covenant, this is also a smaller-scale property that is typically difficult to attract developers to preserve, and as such offers a great opportunity to solve what will be a preservation challenge in the near-future. The use of City PAB will require a long-term extension of the affordability restrictions without HOST having to make a direct investment into this project.

Address/Location (if applicable):

Legal Description (if applicable):

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

Draft Bill Attached?