



Legislation Text

File #: 22-1577, Version: 1

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

Date Submitted: 11-28-2022

**Requesting Agency: Finance
Division:**

**Subject Matter Expert Name: Michael Kerrigan
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Phone Number:**

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 bill for an ordinance authorizing the issuance and sale of an aggregate amount not to exceed \$19,541,667 of the City and County of Denver, Colorado Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEBS) (SOCIAL) (Northfield Flats Project) Series 2023A and the City and County of Denver, Colorado Multifamily Housing Revenue Bonds (Northfield Flats Project) Series 2023B for the purpose of financing the acquisition, construction and equipping of an affordable multifamily rental housing facility located in the City and County of Denver, Colorado and to pay certain expenses of such Bonds (as defined below) issue; approving and authorizing execution of an Indenture, a Financing Agreement, a Tax Regulatory Agreement, and a Bond Purchase Agreement (each as defined below) with respect to the Bonds; making findings and determinations with respect to the Project (as defined below) and the Bonds; authorizing the execution and delivery of related documents; and repealing all action heretofore taken in conflict herewith.

Approves the issuance and sale of an aggregate amount not to exceed \$19,541,667 of the City and County of Denver, Colorado Multifamily Tax-

Exempt Mortgage-Backed Bonds (Northfield Flats Project) Series 2023A and the City and County of Denver, Colorado Multifamily Housing Revenue Bonds (Northfield Flats Project) Series 2023B for the purpose of financing the acquisition, construction, and equipping of an affordable multifamily rental housing facility, located at 4545 Xenia Street Denver in Council District 8. The Committee approved filing this item at its meeting on 11-29-2022.

Affected Council District(s) or citywide? 8

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 ordinance approves the City’s issuance of its Multifamily Tax-Exempt Mortgage-Backed Bonds (Northfield Flats Project) Series 2023A and Series 2023B (“Bonds”). The ordinance also approves the City’s utilization of the Private Activity Bond Volume Cap Allocation for the purpose of financing multifamily housing by Mile High Development, Brinshore Development and their affiliates located at 4545 Xenia Street in Denver, Colorado. The Bonds will be a part of the financing package for Mile High Development and Brinshore Development, or their affiliates, to construct a new four-story, 129-unit affordable multifamily apartment complex. The building is anticipated to be 100% restricted to 30%, 40%, 50%, 60%, 70%, and 80% of Area Median Income. The State of Colorado’s Department of Local Affairs has awarded sufficient Private Activity Bond Volume Cap Allocation to the City for this project. The ordinance authorizes the use of \$19,541,667 of Private Activity Bond Volume Cap Allocation and is consistent with the City Charter, Colorado statutes and the Internal Revenue Code. Additionally, this ordinance authorizes the City’s issuance of its Multifamily Housing Revenue Bonds (Northfield Flats Project) in an amount not to exceed \$19,541,667 in two bond series.

EXECUTIVE SUMMARY

Project and Developer. The proposed ordinance enables the City and County of Denver to utilize its Private Activity Bond Volume Cap Allocation in an amount not to exceed \$19,541,667. The City will issue up to \$19,541,667 its Multifamily Tax-Exempt Mortgage-Backed Bonds (Northfield Flats Project) (“Bonds”) in two series for the proposed project located at the northwest corner of 45th Avenue and Xenia Street in Council District 8.

Mile High Development or its affiliates, is partnering with Brinshore Development to build the project. The Bonds will be a part of the financing package to acquire, construct, equip, fund reserves, and pay issuance costs for a new 129-unit affordable multifamily apartment project.

The project’s location is expected to take advantage of the transit rich conveniences, with many retail, entertainment, and restaurant options in close proximity. The project is anticipated to be a 4-story apartment complex serving workforce residents. The units are anticipated to serve a range of area median income (AMI) levels with a maximum of 80% AMI. The project is expected to include 42 one-bedroom, 83 two-bedroom, and 4 three-bedroom units. The building is anticipated to be wood-framed construction with brick and fiber cement siding, vinyl windows with storefronts on the ground level highlighting the common and amenity areas. The building is anticipated to include a large community room with seating and computer use and a fitness center. The construction of the project is expected to start in spring of 2023.

The City’s issuance of these Bonds will allow the project to use approximately \$17.4 million of Federal low-income housing tax credits.

Multifamily Housing Revenue Bonds. The Bonds needs to meet the Federal government’s rules for a tax-exempt private activity financing and be issued by a local or state government or agency for a project to be owned and operated by a private party. The interest paid on the Bonds is expected to be exempt from Federal and Colorado state taxation. The issue of the Bonds requires a portion of the Private Activity Bond Volume Cap Allocation that the Federal government allots annually to each state. The State of Colorado, in turn, allocates a portion of such Private Activity Bond Volume Cap Allocation amount to each local government issuer based upon population. The State of Colorado’s Department of Local Affairs has allocated Private Activity Bond Volume Cap Allocation to the City. This ordinance authorizes an allocation of up to \$19,541,667 of the City’s total and currently available Private Activity Bond Volume Cap Allocation of \$85,211,667 to be applied to the Bonds and the proposed multifamily project, and is consistent with the City’s Home Rule Charter, Colorado statutes, and the Internal Revenue Code.

The Bonds are special limited obligations of the City, do not constitute a general 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 only sources of repayment of the Bonds are the

payments by the developer that are derived from the project, and other funds and money pledged from the project. The Bonds are not a debt or multiple fiscal year obligation of the City. The owner of the project is solely responsible for all principal and interest payment on the Bonds, as well as compliance with Federal regulations for tax-exempt private activity obligations and the Low-Income Housing Tax Credit regulations.

The Bonds are being issued pursuant to an Indenture of Trust between the City and Zions Bancorp. The Bonds are being purchased by KeyBanc Capital Markets pursuant to the Bond Purchase Agreement. With the proceeds of the Bonds, the City will make loan advances to Northfield Flats, LLC, pursuant to the Financing Agreement. Additionally, the City, Northfield Flats, LLC, and Zions Bancorp will enter into a Tax Regulatory Agreement that sets forth terms and conditions limiting the project's use to income restricted tenants. The issuance of the Bonds, the Bond Purchase Agreement, the Indenture of Trust, the Financing Agreement, and the Tax Regulatory Agreement, as well as other related documentation, are authorized pursuant to this ordinance.

Address/Location (if applicable):

Legal Description (if applicable):

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

Draft Bill Attached?