

City Council Budget Committee 05/09/2023 9:00 am

Location: Microsoft Teams, 720-617-3426, Conf ID 629 939 968#, OR City Hall, Pikes Peak Conference Room, 107 N. Nevada Avenue, Colorado Springs, CO 80903

Supplemental Appropriations

N/A

Fees

N/A

Other Items for Information

A resolution authorizing the issuance and delivery of the City's multi-family housing revenue bonds for the Royal Pines project in one or more series, in the aggregate principal amount not to exceed \$40,000,000

Special Districts

N/A

An Inducement Resolution Authorizing Issuance of \$40M in Private Activity Bonds for the Construction of 232-Units of Affordable Housing

Steve Posey

Community Development Division Manager



Royal Pine Drive – New Construction



LOCATION:

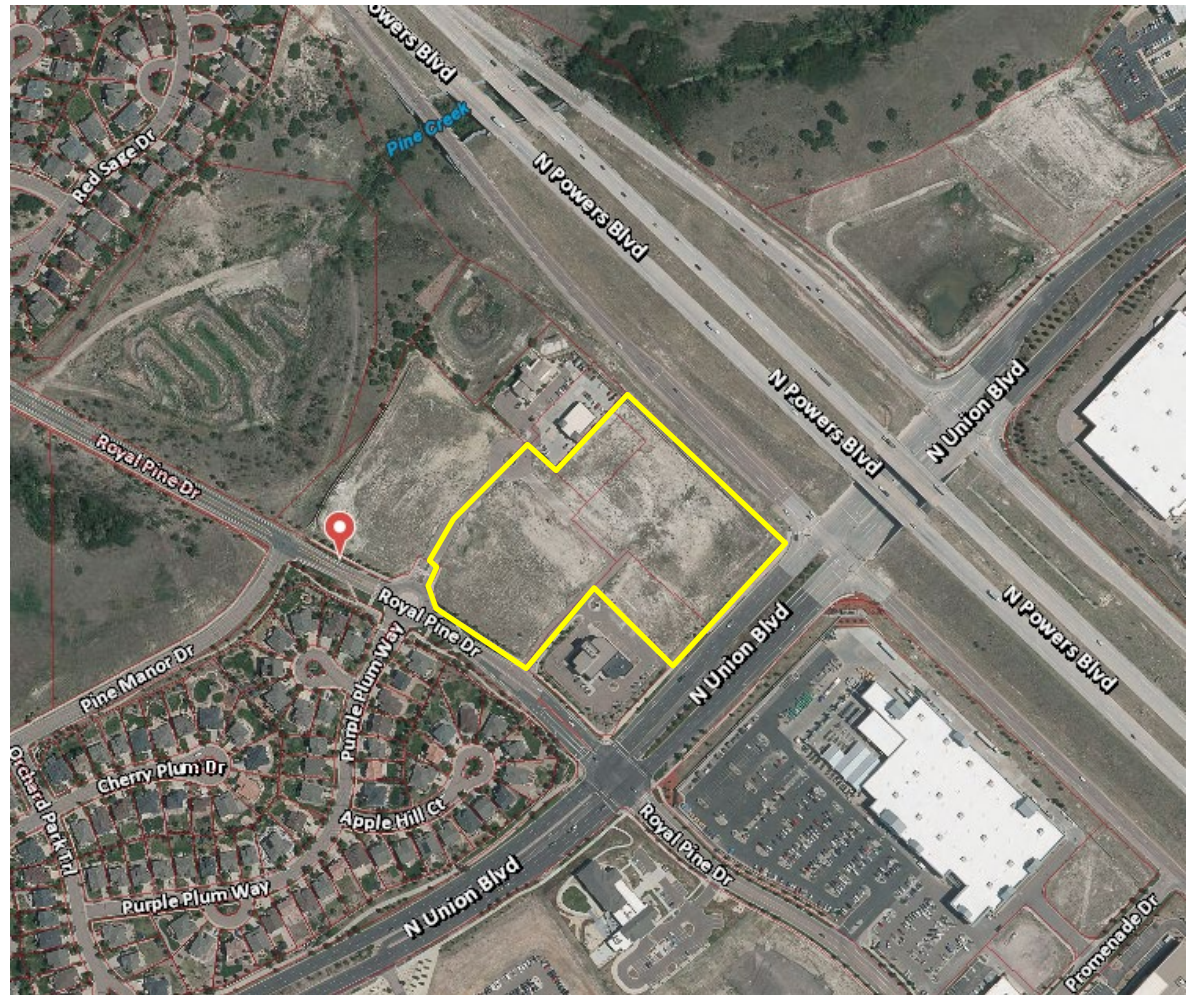
- Council District 2
- Powers and N. Union

PROJECT INFO:

- 232-units
- 1, 2 and 3 bedroom units
- 30%, 60%, and 70% AMI

ALIGNMENT WITH HOMECOS:

- Objective 2: Increase the supply of affordable rentals

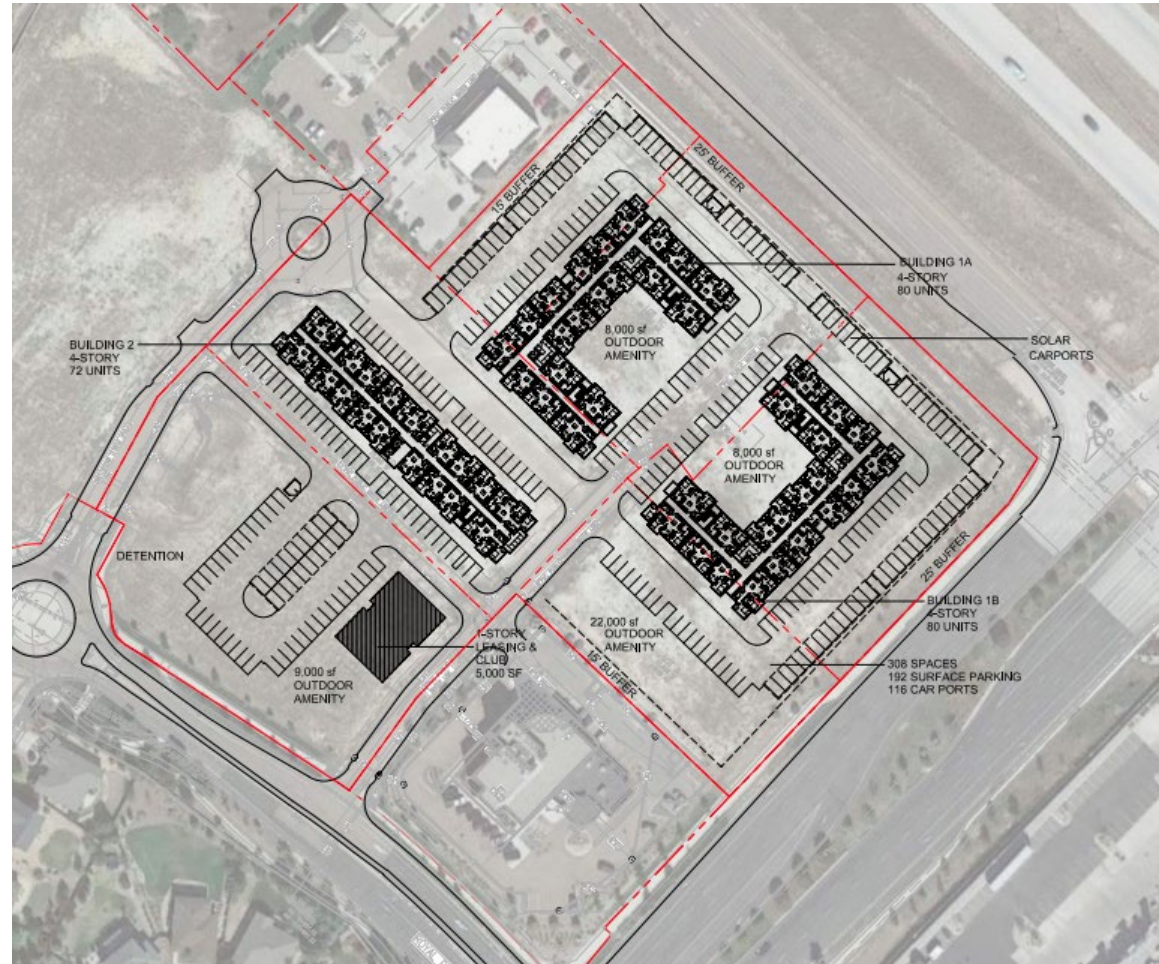


Request



REQUEST:

- For City of Colorado Springs to issue a NTE amount of \$40M in private activity bonds



Unit Mix and Rents

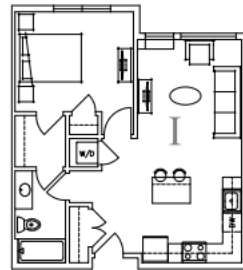


MARKET RENTS DISTRICT 2

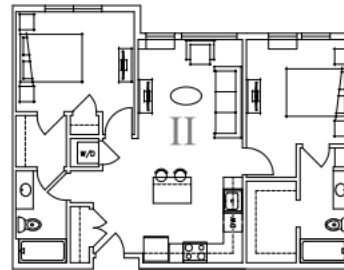
- 1 bedroom: \$1,564
- 2 bedroom: \$1,840
- 3 bedroom: \$2,204

PROJECT RENTS (60% AMI)

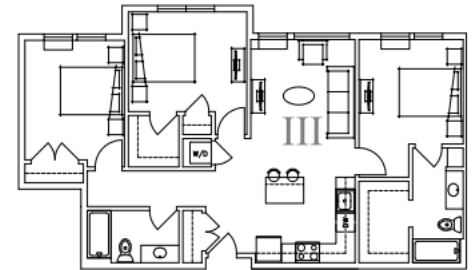
- 1 bedroom: \$1,115
- 2 bedroom: \$1,336
- 3 bedroom: \$1,539



1BR = 644sf



2BR = 930sf



3BR = 1,160sf

CITY-WIDE RENTS

- 1 bedroom: \$1,265
- 2 bedroom: \$1,527
- 3 bedroom: \$1,789

PAB Allocations & Projects



PAB Allocations	2018	2019	2020	2021 (+4.5M Statewide Balance)	2022	2023
COS Allocations	24,200,033.00	24,866,520.00	25,162,725.00	30,988,131.00	26,492,032.00	29,163,118.00
Bonds Issued						
Atrium at Austin Bluffs (\$8M)	8,000,000.00					
Academy Heights (\$22M)	16,200,033.00	5,799,967.00				
Village at Solid Rock (\$10.8M)		10,800,000.00				
Sumner House (\$7.224M COS + \$4.5M State)		4,266,553.00	2,957,965.28	4,500,000.00		
Copper Rose (\$24M)			22,204,759.72	1,795,240.28		
InterQuest Ridge (\$4M)		4,000,000.00				
Ordinance, Pending Closing						
Paloma Gardens (\$21.5M)				21,500,000.00		
PAB Balance	0.00	0.00	0.00	3,192,890.72	26,492,032.00	29,163,118.00
Pipeline, Uncommitted						
Bentley Commons (Transfer to CHFA \$17.5M)				3,192,890.72	14,307,109.28	
Jetwing (~\$13.5M)						
Royal Pine (~\$40M)					12,184,922.72	27,815,077.28
Housing Authority Project (~\$12M)						
Remaining Balance	0.00	0.00	0.00	0.00	0.00	1,348,040.72

More Information



Steve Posey

Community Development Division Manager

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719-385-6880

www.coloradosprings.gov/communitydevelopment

Title

A resolution authorizing the issuance and delivery of the City's multi-family housing revenue bonds for the Royal Pines project in one or more series, in the aggregate principal amount not to exceed \$40,000,000

Presenter:

Steve Posey, Community Development Division Manager
John Bales, Fred Marienthal, Kutak Rock LLP
Peter Wysocki, Director of Planning and Community Development

Summary:

The resolution will authorize the issuance of Private Activity Bonds (PAB) for Royal Pines and the new construction of approximately 230 total units of affordable housing located at 4180 Royal Pine Drive and 4090 Royal Pine Drive Colorado Springs, CO 80920. The project will provide approximately 230 new affordable units at 60% AMI for Colorado Springs residents.

Previous Council Action:

18-038, 19-352, 20-389, 114-21, 106-22: Resolutions adopted to carry forward the City's annual private activity bond allocations for the financing of affordable multi-family rental projects.

Background:

In 2018, 2019, 2020, 2021, and 2022 City Council voted to carry forward its PAB allocations for the purpose of financing qualified residential rental projects, an eligible use of PAB under the IRS code. Carrying forward PAB for multi-family affordable housing is a means for City Council to address the need for additional housing for lower-income populations in the community. The City is a conduit issuer of PAB. As a result, the City assumes no liability for repayment of the bonds. The developer accessing PAB financing agrees to carry all costs related to the bond issuance, marketing and servicing, including attorney's fees, document preparation, and public notifications.

This item supports the Mayor's goal of building or preserving on average 1,000 units of affordable housing each year established in HomeCOS, the City's affordable and attainable housing plan.

Furthermore, this item is supported by and implements PlanCOS Vibrant Neighborhoods Policy VN-2-A pertaining to affordable and attainable housing and providing a variety of housing types for households at all income levels.

Financial Implications:

The Royal Pines project will utilize up to \$40,000,000 of PAB volume cap. The utilization of this cap will generate up to \$160,000 in issuance fees that will be used to rebate development review costs for additional affordable housing projects.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

Not passing the resolution would diminish the ability for the developer to apply for 4% tax credits from the Colorado Housing and Finance Authority (CHFA). Four percent tax credit deals require an inducement resolution from an issuer for application; nationwide tax credits are the main financings mechanism for constructing affordable housing. Additionally, not passing the resolution would fail to address a shortage of affordable rentals for lower-income households in the community.

Proposed Motion:

Approve the resolution authorizing the issuance and delivery of the City's multi-family housing revenue bonds for Royal Pines in one or more series, in an aggregate principal amount not to exceed \$40,000,000.

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