



PLANNING & DEVELOPMENT MEMORANDUM
#27-2022

DATE: Sept. 12, 2022

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager 

FROM: Brook Svoboda, Director of Planning & Development 

SUBJECT: CR-136 – Private Activity Bonds 2022 Assignment to CHFA

PURPOSE

To consider the approval of CR-136, assigning the City's 2022 Private Activity Bond (PAB) allocation to the Colorado Housing and Finance Authority (CHFA).

BACKGROUND

Annually, the City receives an allocation of PAB capacity to benefit the community from the State of Colorado through the Department of Local Affairs. In general, the City receives approximately \$2 million in a PAB allocation; the 2022 allocation is \$2,100,925.

PABs are tax-exempt bonds issued by public entities, in this case the City of Northglenn, to provide low-cost financing for private projects that serve a public purpose. The Federal Government grants annual allocations of this bonding authority to states under the Tax Reform Act of 1986. Colorado's allocation program for PABs was established by Colorado Revised Statute § 24-32-1706 and is administered through the Department of Local Affairs.

PAB eligible activities Include:

- Qualified residential rental projects – Bonds may finance new construction or acquisition/rehabilitation of housing for persons with low/moderate income
- Single-family mortgage revenue bonds – Bonds sold by local and State agencies for mortgages for persons with low and moderate incomes
- Mortgage Credit Certificates – Local issuers may use a bond allocation as mortgage credit certificates for qualified homebuyers.
- Student loans – Provide low-interest loans to eligible students at institutions of higher education
- Manufacturing "small issue" industrial development bonds (not to exceed \$10 million) – Bonds sold for the construction of manufacturing facilities that cause a change in the condition of goods or products
- Qualified redevelopment bonds – Bonds sold to acquire property in blighted areas, prepare the land for redevelopment and relocate occupants of structures on the acquired property
- Exempt facility bonds – Hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass commuting facilities, local district heating and cooling facilities, local electric energy or gas facilities, and multifamily housing bonds
- Qualified 501(c)(3) bonds – For use by non-profit hospitals and private universities

The PAB allocation would apply to single-family use within the single-family mortgage revenue bonds category listed above. CHFA offers a first-time homebuyer program, known as CHFA FirstStep, which would be applied to properties in Northglenn. Below is a brief overview of the program:

- 30-year fixed-rate FHA 203(b) purchase loans only
- Restricted to first-time homebuyers, qualified veterans, and non-first-time homebuyers purchasing in targeted areas
- CHFA Down Payment Assistance Second Mortgage Loan available for assistance with a down payment, closing costs, and prepaids
- Income and purchase price limits apply
- Program eligibility is subject to CHFA's gross annual income calculation
- Minimum decision credit score of 620 or higher for all scored borrowers; borrowers with no credit score permitted
- Subject to the Federal Recapture Tax provision
- Cannot be combined with any mortgage credit certificate program

If the City's allocation of \$2,100,925 is not fully utilized in Northglenn, the remaining balance would be reassigned to other eligible areas. In years past, Northglenn has over serviced this program and been the beneficiary of receiving funds from other communities.

Included as Attachment 1 is a CHFA information sheet of their PAB investments from 2020 to July 26, 2022 in Northglenn. CHFA has assigned a total of \$104,421,633 in this time frame:

- \$80,609,220 for 30-year fixed-rate FHA 203(b) purchase loans
- \$2,992,413 for Down Payment Assistance Second Mortgage Loans
- \$20,820,000 for Karl's Farm Senior Housing

STAFF RECOMMENDATION

Staff recommends City Council approval of CR-136, assigning the City's PAB allocation for 2022 to CHFA.

BUDGET/TIME IMPLICATIONS

There are no financial or time impacts to the City.

STAFF REFERENCE

If Council members have any questions, please contact Brook Svoboda, Director of Planning & Development, at 303.450.8937 or bsvoboda@northglenn.org.

ATTACHMENT

1. CHFA fact sheet

ATTACHMENT 1

Geography	Year of Funding Date	Single Family Tax-exempt Production	Loan Count	DPA second mortgage amount	Median Gross Yearly Income	Median Economic AMI	Median Original Loan Amount	Household Total Count
Northglenn	2020	\$46,675,526	136	\$1,650,407	\$73,353	86%	\$343,660	399
	2021	\$30,011,511	75	\$1,184,843	\$78,713	89%	\$407,483	200
	2022 through 7.26.2022	\$3,922,183	9	\$157,163	\$82,900	91%	\$426,800	22

Geography	Year of Funding Date	Multifamily 4% project	Total PAB used	CHFA carryforward PAB used	Other PAB	
Northglenn	2020	Karl's Farm Senior Apartments	\$20,820,000	\$19,529,970	\$1,290,030	

SPONSORED BY: MAYOR LEIGHTY

COUNCIL MEMBER'S RESOLUTION

RESOLUTION NO.

No. CR-136
Series of 2022

Series of 2022

A RESOLUTION AUTHORIZING ASSIGNMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY OF A PRIVATE ACTIVITY BOND ALLOCATION OF THE CITY OF NORTHGLENN PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT

WHEREAS, the City of Northglenn is authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of financing qualified residential rental projects for low- and moderate-income persons and families;

WHEREAS, the City of Northglenn is authorized and empowered under the laws of the State of Colorado to issue revenue bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families;

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), restricts the amount of tax-exempt bonds ("Private Activity Bonds") which may be issued in the State to provide such mortgage loans and for certain other purposes; and

WHEREAS, pursuant to the Code, the Colorado legislature adopted the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the "Allocation Act"), providing for the allocation of the State Ceiling among the Colorado Housing and Finance Authority (the "Authority") and other governmental units in the State, and further providing for the assignment of such allocations from such other governmental units to the Authority;

WHEREAS, pursuant to an allocation under Section 24-32-1706 of the Allocation Act, the City of Northglenn has an allocation of the 2022 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to **September 15, 2022** (the "2022 Allocation");

WHEREAS, the City of Northglenn has determined that, in order to increase the availability of adequate affordable housing for low- and moderate-income persons and families within the City of Northglenn and elsewhere in the State, it is necessary or desirable to provide for the utilization of all or a portion of the 2022 Allocation;

WHEREAS, the City of Northglenn has determined that the 2022 Allocation, or a portion thereof, can be utilized most efficiently by assigning it to the Authority to issue Private Activity Bonds for the purpose of financing one or more multi-family rental housing projects for low- and moderate-income persons and families or to issue Private Activity Bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families ("Revenue Bonds") or for the issuance of mortgage credit certificates; and

WHEREAS, the City Council of the City of Northglenn has determined to assign \$2,100,925 of its 2022 Allocation to the Authority, which assignment is to be evidenced by an Assignment of Allocation between the City of Northglenn and the Authority (the "Assignment of Allocation").

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The assignment to the Authority of \$2,100,925 of the City of Northglenn's 2022 Allocation be and hereby is approved.

Section 2. The form and substance of the Assignment of Allocation be and hereby are approved; provided, however, that the City Council be and hereby are authorized to make such technical variations, additions or deletions in or to such Assignment of Allocation as they shall deem necessary or appropriate and not inconsistent with the approval thereof by this resolution.

Section 3. The City Council of the City of Northglenn be and hereby are authorized to execute and deliver the Assignment of Allocation on behalf of the City of Northglenn and to take such other steps or actions as may be necessary, useful or convenient to effect the aforesaid assignment in accordance with the intent of this resolution.

Section 4. If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

Section 5. This resolution shall be in full force and effect upon its passage and approval.

DATED at Northglenn, Colorado this _____ day of _____, 2022.

MEREDITH LEIGHTY
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney



assignment of allocation - city

Multifamily Housing Facility Bonds/Single Family Mortgage Revenue Bonds

This Assignment of Allocation (the "Assignment"), dated this _____ day of _____, 2022, is between the City of _____, Colorado (the "Assignor" or the "Jurisdiction") and Colorado Housing and Finance Authority (the "Assignee").

WITNESSETH:

WHEREAS, the Assignor and the Assignee are authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), restricts the amount of tax-exempt bonds ("Private Activity Bonds") which may be issued in the State to finance such projects and for certain other purposes (the "State Ceiling"); and

WHEREAS, pursuant to the Code, the Colorado legislature adopted the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the "Allocation Act"), providing for the allocation of the State Ceiling among the Assignee and other governmental units in the State, and further providing for the assignment of allocations from such other governmental units to the Assignee; and

WHEREAS, pursuant to an allocation under Section 24-32-1706 of the Allocation Act, the Assignor has an allocation of the 2022 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2022, (the "2022 Allocation"); and

WHEREAS, the Assignor has determined that, in order to increase the availability of adequate affordable rental housing for low- and moderate-income persons and families within the Jurisdiction, Colorado and elsewhere in the State, it is necessary or desirable to provide for the utilization of all or a portion of the 2022 Allocation; and

WHEREAS, the Assignor has determined that the 2022 Allocation, or a portion thereof, can be utilized most efficiently by assigning it to the Assignee to issue Private Activity Bonds for the purpose of financing one or more multifamily rental housing projects for low- and moderate-income persons and families or to issue Private Activity Bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families ("Revenue Bonds"), and the Assignee has expressed its willingness to attempt to issue Revenue Bonds with respect to the 2022 Allocation assigned herein; and

WHEREAS, the City Council of the Assignor has determined to assign to the Assignee all or a portion of its 2022 Allocation, and the Assignee has agreed to accept such assignment, which is to be evidenced by this Assignment.

NOW, THEREFORE, in consideration of the premises and the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. The Assignor hereby assigns to the Assignee \$_____ of its 2022 Allocation (the "Assigned Allocation"), subject to the terms and conditions contained herein. The Assignor represents that it has received no monetary consideration for said assignment.

2. The Assignee hereby accepts the assignment to it by the Assignor of the Assigned Allocation, subject to the terms and conditions contained herein. The Assignee agrees to use its best efforts to issue and sell Revenue Bonds in an aggregate principal amount equal to or greater than the Assigned Allocation, in one or more series, and to make proceeds of such Revenue Bonds available from time to time for a period of one (1) year from the date of this Assignment to finance multi-family rental housing projects located in the Jurisdiction, or to issue Revenue Bonds for the purpose of providing single-family mortgage loans to low- and moderate income persons and families in the Jurisdiction.

3. The Assignor hereby consents to the election by the Assignee, if the Assignee in its discretion so decides, to treat all or any portion of the Assigned Allocation as an allocation for a project with a carryforward purpose or to make a mortgage credit certificate election, in lieu of issuing Revenue Bonds.

4. The Assignor and Assignee each agree that it will take such further action and adopt such further proceedings as may be required to implement the terms of this Assignment.

5. Nothing contained in this Assignment shall obligate the Assignee to finance any particular multi-family rental housing project located in the Jurisdiction or elsewhere or to finance single-family mortgage loans in any particular amount or at any particular interest rate or to use any particular percentage of the proceeds of its Revenue Bonds to provide mortgage loans or mortgage credit certificates to finance single-family housing facilities in the Jurisdiction, provided that any Revenue Bond proceeds attributable to the Assigned Allocation shall be subject to paragraph 2 above.

6. This Assignment is effective upon execution and is irrevocable.

7. Counterparts. This Assignment may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Assignment by electronic image scan transmission will be effective as delivery of a manually executed counterpart of the Assignment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment on the date first written above.

City of _____, Colorado

By: _____

Name: _____

Title: _____

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____

Name: _____

Title: _____

CERTIFICATE OF THE CITY OF NORTHGLENN, COLORADO
CONCERNING ASSIGNMENT OF
PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION

I, the undersigned, hereby certify that I am a duly chosen, qualified and City Attorney of the City of Northglenn, Colorado (the “City”), and that:

1. The City is a public body politic and corporate, duly organized and existing under the constitution and laws of the State of Colorado.

2. The City has been previously notified that, pursuant to Section 24-32-1706 of the Colorado Private Activity Bond Ceiling Allocation Act, Part 17 of Article 32 of Title 24, Colorado Revised Statutes (the “Allocation Act”), it has an allocation of the State ceiling (as defined in the Allocation Act) for 2022 in the amount of \$2,100,925 (the “2022 Allocation”).

3. Attached hereto as Exhibit A is a true and correct copy of a resolution and the related minutes thereto (the “Resolution”) authorizing the assignment to the Colorado Housing and Finance Authority (the “Authority”) of all or a portion of the 2022 Allocation in an amount equal to \$2,100,925 (the “Assigned Allocation”), and authorizing the execution and delivery of an Assignment of Allocation dated as of September 12, 2022 (the “Assignment of Allocation”) between the City and the Authority in connection therewith, which Resolution was duly adopted by the City Council of the City (the “City Council”) at a meeting thereof held on September 12, 2022, at which meeting a quorum was present and acting throughout and which Resolution has not been revoked, rescinded, repealed, amended or modified and is in full force and effect on the date hereof.

4. The meeting of the City Council at which action has been taken with respect to the Assignment of Allocation was a regular meeting properly called and open to the public at all times.

5. With respect to the Assigned Allocation, the City has not heretofore: (a) issued private activity bonds; (b) assigned the Assigned Allocation to another “issuing authority,” as defined in the Allocation Act; (c) made a mortgage credit certificate election; or (d) treated the Assigned Allocation as an allocation for a project with a carryforward purpose, as defined in the Allocation Act.

6. The Assignment of Allocation, attached hereto as Exhibit B, is in the form presented to and approved by the City Council at the meeting thereof held on September 12, 2022.

7. On or before the date hereof, counterparts of the Assignment of Allocation were officially executed by the Mayor and the City Clerk of the City. On the date of such signing, such persons were the duly sworn, qualified and acting officers of the City authorized to execute the Assignment of Allocation and holding the offices of the Mayor and City Clerk, respectively.

8. The City has authorized the execution, delivery and due performance of the Assignment of Allocation, and the execution and delivery of the Assignment of Allocation and the compliance by the City with the provisions thereof, will not, to the best of my knowledge, conflict with or constitute on the part of the City a breach of or a default under any existing Colorado law, City resolution, court or administrative regulation, decree or order or any agreement or other instrument to which the City is subject or by which it is bound.

9. To the best of my knowledge, there does not exist any action, suit, proceeding or investigation pending, or threatened against the City, contesting (a) the corporate existence of the City, (b) the title of its present officers or any of them to their respective offices, including, without limitation, the members of the City Council, (c) the validity of the Assignment of Allocation or (d) the power of the City to execute, deliver or perform the Assignment of Allocation.

10. No referendum petition has been filed concerning the Resolution; and to the best of my knowledge none is being circulated or planned for circulation.

WITNESS my hand and the seal of the City this September 12, 2022.

Corey Y. Hoffmann
City Attorney

(SEAL)

EXHIBIT A
RESOLUTION

EXHIBIT B
ASSIGNMENT OF ALLOCATION