




PLANNING & DEVELOPMENT MEMORANDUM
#47-2022

DATE: Aug. 28, 2023

TO: Honorable Mayor Meredith Leighty and City Council Members

THROUGH: Heather Geyer, City Manager 
Jason Loveland, Interim Deputy City Manager 

FROM: Brook Svoboda, Director of Planning & Development 

SUBJECT: CR-121 – Private Activity Bonds 2023 Assignment to CHFA

PURPOSE

To consider CR-121, a resolution assigning the City's 2023 Private Activity Bond (PAB) allocation to the Colorado Housing and Finance Authority (CHFA).

BACKGROUND

Annually, Northglenn 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 2023 allocation is \$2,262,531.

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

Glennpark Village Renovation Project

Steele Properties is requesting Northglenn assign the City's PAB allocation to CHFA for its property known as Glennpark Village, located at 11230 Grant Drive. This is an existing Housing Urban Development (HUD) Section 8 Housing Assistance Payment (HAP) contract that serves family households that are 50% of Average Median Income (AMI). The project contemplates a \$4M remodel to upgrade 26 units in the townhome complex – 20 two-bedroom and six three-bedroom units. The assignment would enable Steele Properties to finance their project through CHFA.

Steele Properties is also seeking additional funds through the Department of Local Affairs (DOLA) Housing Awards Grant Program. This is an additional grant that would require City participation and would likely occur later this fall. Steele Properties is leveraging the City's PAB allocation against the DOLA PAB allocation (Housing Awards Program), through the City, in order to secure the remaining balance of funding for the project. There would be a separate step for the DOLA assignment later this year. Below is an overview:

DOLA Housing Awards Grant Program: The project is eligible for 4% tax credits if a partnership first applies for an allocation of private activity bonds and meets the "50% test." At least 50% of the project's aggregate basis (essentially land plus depreciable assets) must be financed by volume cap tax-exempt bonds. For Glennpark Village, 50% of its aggregate basis is approximately \$4 million. This is the total amount of private activity bonds needed to qualify for the 4% tax credit. The City of Northglenn receives an allocation of approximately \$2.2 million, leaving a difference of \$1.8 million. Under Section 24-32-1709 of the Colorado Private Activity Bond Ceiling Allocation Act, the City of Northglenn may apply as an "issuing authority" to the State of Colorado's statewide balance to support the Glennpark Village project. If awarded, the City will receive an additional allocation of private activity bonds. The intention would then be to delegate the bonds to CHFA, in a similar fashion to the 2023 allocation, for use in the Glennpark Village project. This does not have financial implications to the City.

The statewide balance application is due Nov. 1st, 2023 to the Department of Local Affairs, Division of Housing. Awards are announced in December. Steele Properties will prepare the application and all materials for the City, and manage the application process with DOLA. The City will need to pass a resolution declaring the City's intent to issue or otherwise assist and support the issuance of private activity bonds to finance the acquisition and rehabilitation of Glennpark Village. If awarded, bond counsel will assist the City to carryforward the volume cap to 2024 and subsequently delegate the bonds to CHFA. If the application is not successful, Steele Properties will reapply to the City of Northglenn and/or Adams County in 2024 for additional volume cap.

At this time, staff is not requesting action on Steele Properties' application to DOLA for the additional Housing Awards Grant Program. The purpose of this information is to share with Council that Steele Properties, with the assistance of the City, intends to link the funding sources together in order to fund the project.

CHFA First Step

If the Glennpark project fails to move forward, CHFA would ensure that Northglenn's PAB is utilized in the City, by either finding another eligible project or through CFHA's first-time homebuyer program, known as CHFA First Step. Below is a brief overview of the First Step 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 \$2,262,531 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. Since 2020, CHFA has helped finance \$21.8 million in single-family mortgages and another \$20.8 million in PABs for the Karl's Farm senior housing project.

STAFF RECOMMENDATION

Staff recommends approval of CR-121.

BUDGET/TIME IMPLICATIONS

There are no time or budget implications.

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. Steele Properties Fact Sheet

MISSION

To preserve, improve, and increase needed affordable housing opportunities in communities across the country.



ABOUT

Steele Properties is a Denver-based national real estate investment company specializing in the acquisition, rehabilitation and new construction of affordable family and senior rental properties. *Steele Properties is currently ranked as one of the top ten companies for substantial rehabs by Affordable Housing Finance.* The company was formed in 2006 with the mission to preserve, improve and increase affordable housing opportunities for vulnerable communities across the country.

SUCCESS

Steele has successfully completed over \$1 billion in acquisitions, sales and development activity involving over 80 properties and more than 8,000 units, including over 75 tax credit projects. Most of the properties have undergone or are undergoing complex tax credit rehabilitations resulting in significantly improving the lives of residents across the company's expanding portfolio, which includes family and senior properties in 25 states.

HISTORY

Steele Properties was formed in 2006 as a partnership between Stuart Heller, Hud Karshmer and Chad Asarch to pursue affordable multifamily development and acquisition opportunities. With over 60 collective years of experience in affordable housing, the Principals of Steele Properties have a distinguished reputation for closing complex transactions and structuring winning solutions that meet the goals and objectives of all parties.

LEADERSHIP

Stuart Heller, who is the founding partner, established the Monroe Group in 1982. Hud Karshmer and Chad Asarch joined Monroe as principals/partners in 2004 and 2006 respectively, and David Asarch was appointed partner in 2016. Justin Boyd was promoted to President in March 2021, and he reports to the partners. Justin leads the Executive Leadership team which also includes Andrew Higdon, Chief Accounting Officer, Lisa Trujillo, Vice President - Operations, and Justin Unger, Director of Acquisitions. Together, they guide the company as it expands its portfolio.

Steele Properties has successfully completed over \$1 Billion in acquisitions, sales and development involving over 80 properties in 25 states and 8,400+ units, including over 75 tax credit projects.

PARTNERSHIPS

Steele Properties' success would not be possible without strong relationships with state, national and federal housing agencies, community leaders, local vendors, non-profit organizations, equity partners and lenders. Through its continual growth and reputable acquisition history, the company has cultivated strong partnerships resulting in a substantial development portfolio of properties.

CONTACT

6875 East Evans Avenue
Denver, CO 80224
303.226.9120

steelellc.com

WHEREAS, the City Council of the City of Northglenn has determined to assign \$2,262,531 of its 2023 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 \$2,262,531 of the City of Northglenn's 2023 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 _____, 2023.

SHANNON LUKEMAN-HIROMASA
Mayor Pro Tem

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 _____, 2023, is between the City of Northglenn, 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 2023 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2023, (the "2023 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 2023 Allocation; and

WHEREAS, the Assignor has determined that the 2023 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 2023 Allocation assigned herein; and

WHEREAS, the City Council of the Assignor has determined to assign to the Assignee all or a portion of its 2023 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 \$ 2,262,531 of its 2023 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 Northglenn, Colorado

By: _____

Name: Shannon Lukeman-Hiromasa

Title: Mayor Pro Tem

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 2023 in the amount of \$2,262,531 (the “2023 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 2023 Allocation in an amount equal to \$2,262,531 (the “Assigned Allocation”), and authorizing the execution and delivery of an Assignment of Allocation dated as of August 28, 2023 (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 August 28, 2023, 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 August 28, 2023.

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 _____, 2023.

Corey Y. Hoffmann
City Attorney

(SEAL)

EXHIBIT A
RESOLUTION

EXHIBIT B
ASSIGNMENT OF ALLOCATION