

Brighton

Assignment of Private Activity Bonds

CITY COUNCIL MEETING – April 5, 2022

City Staff Representatives: **Catrina Asher, Finance Director**
 Brighton Housing Authority Representatives: **Deb Bristol, Executive Director**
Rodger Hara, Development Consultant

1

Brighton

STRATEGIC FOCUS AREAS

Purpose

To assign the City's 2022 Private Activity Bond capacity to the Colorado Housing & Finance Authority (CHFA) to be utilized by the Brighton Housing Authority in support of affordable housing projects in the City.

Financially Responsible

Strong Regional Relationships & Partnerships

2

Brighton

Private Activity Bonds

Tax-exempt bonds for use by a private entity for a public purpose.

- Established through the Tax Reform Act of 1986.
- Allows a private entity to take advantage of tax-exempt borrowing terms for qualified projects.
 - Interest earnings are tax-exempt to the investor, resulting in a lower interest rate to the borrower (e.g. BHA).
- Bonds are issued by an authorized issuer (e.g., CHFA) for use by the private entity. Bonds are repaid by private entity (BHA).
- States receive an allocation of PABs annually which are then allocated to cities and counties.

3

Brighton

Eligible Uses

- Affordable Housing Inventory
- Mortgage Credit Certificates
- Redevelopment of blighted areas
- Single Family Mortgage Bonds

4

Brighton

Options for Brighton's Private Activity Bond Allocation

\$2,227,841

- Partner & issue ourselves**
 - Partner with private entity
 - Define a project
 - Manage process and funds
- Assign to CHFA**
 - Define a project
 - CHFA manages
- Do Nothing**
 - Bonding capacity reverts to the State for use at their discretion

5

Brighton

Hughes Station Background

Built in 2004 by Almost Home, Inc. using CHFA financing and tax credits

Partners included Adams County and Colorado Division of Housing

Acquired by BHA in 2017

Community Space has been used for several community events for Brighton residents

BHA services provided to tenants (tutoring program, food distribution, toy drives and more...)



Hughes Station is an affordable housing complex located at 233 N Main Street. The property features include:

- 120 housing units, including 1, 2, and 3 bedroom units.
- Income qualified rent ranging from \$501 - \$1,921 per month
- In-unit laundry facilities
- Onsite playground and basketball court
- Community Center

6

FINANCE



Hughes Station Bond Allocation

City of Brighton PAB Awarded in 2021 (\$2.2M)

City of Loveland will assign a portion of its 2022 PAB Allocation to CHFA for Hughes Station

CHFA will provide remainder of needed PAB to meet federal requirement

Requesting 2022 City of Brighton PAB Allocation



Hughes Station is an affordable housing complex located at 233 N Main Street. The property features include:

- 120 housing units, including 1, 2, and 3 bedroom units.
- Income qualified rent ranging from \$501 - \$1,921 per month
- In unit laundry facilities
- Onsite playground and basketball court
- Community Center

FINANCE



Hughes Station Financing

Refinancing for Substantial Rehab and new first mortgage

Total Private Activity Bond Cap Needed: **Approximately \$11.7M – Federal 50% test**

Total Project Cost: **Approximately \$26.5M**

Rehabilitation, Repair and Improvement Costs: **Approximately \$85,000/unit**

Work to Begin Late 3rd Quarter 2022



Hughes Station is an affordable housing complex located at 233 N Main Street. The property features include:

- 120 housing units, including 1, 2, and 3 bedroom units.
- Income qualified rent ranging from \$501 - \$1,921 per month
- In unit laundry facilities
- Onsite playground and basketball court
- Community Center

FINANCE
Accounting Division



Options for City Council

Brighton City Council has the following options in this matter:

- Approve the assignment of the Private Activity Bonds to CHFA for use on Hughes Station.
- Consider alternative uses of the Private Activity Bonds.
- Do nothing and let the Private Activity Bonds revert to the State.

9