



Assignment of Private Activity Bonds

CITY COUNCIL MEETING – April 5, 2022

City Staff Representatives:

Brighton Housing Authority Representatives:

Catrina Asher, Finance Director

Deb Bristol, Executive Director

Rodger Hara, Development Consultant



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.

STRATEGIC FOCUS AREAS



Financially Responsible



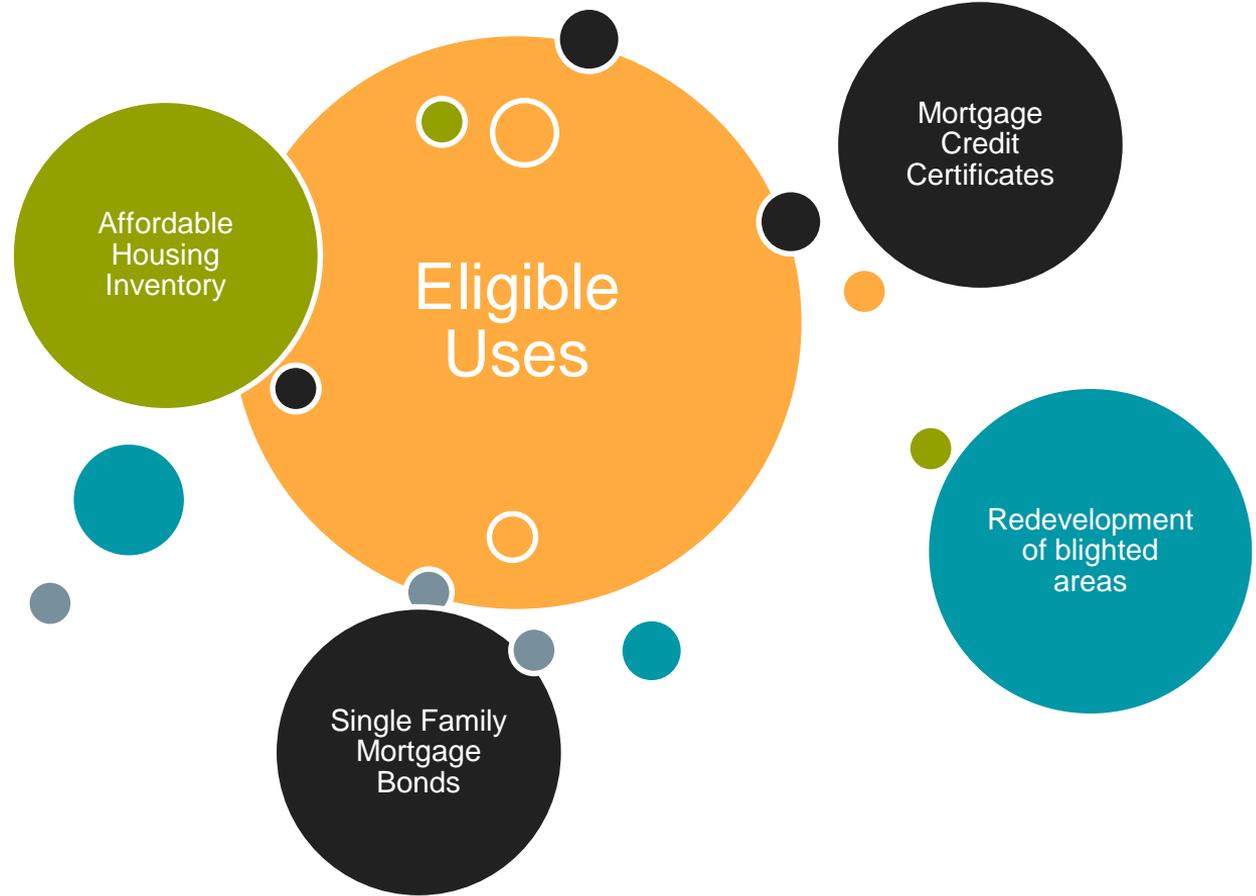
*Strong Regional
Relationships &
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Private Activity Bonds

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.





Options for Brighton's Private Activity Bond Allocation





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 - \$1521 per month
- In unit laundry facilities
- Onsite playground and basketball court
- Community Center



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



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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](#)



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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.