


FINANCE

 Brighton

Assignment of Private Activity Bonds


City Council – August 1, 2023

City Staff Representatives:
Additional Representatives:

Catrina Asher, Finance Director
Deb Quinlan, Steele Properties LLC,
Affordable Real Estate Developers


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Purpose

To propose assignment the City's 2023 Private Activity Bond capacity to the Aurora Housing Authority to be utilized by Steele Properties, LLC in support of an affordable housing project with a regional benefit.



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Private Activity Bonds

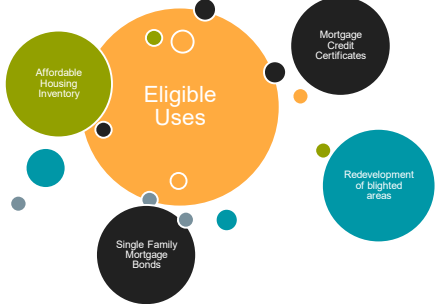
Tax-exempt bonds for use by a private entity for a public purpose.

- 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.
- Bonds are issued by an authorized issuer (e.g., CHFA) for use by the private entity. Bonds are repaid by private entity.
- States receive an allocation of PABs annually which are then allocated to cities and counties.

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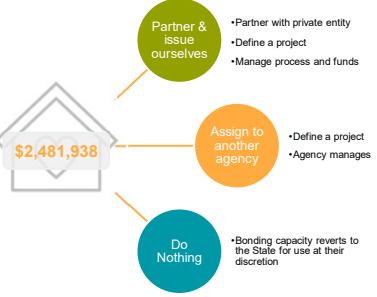
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Options for Brighton's Private Activity Bond Allocation

\$2,481,938



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

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Allocation Proposal

Options within the City of Brighton – none at this time

Regional Options - Weatherstone Apartment Complex

- Affordable Housing Development located in Aurora
 - Assign bonds to the Aurora Housing Authority for the project
- Supports regional housing efforts

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**Proposal to City of Brighton:
Private Activity Bonds for Weatherstone Apartments**

July 25, 2023



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**STEELE
PROPERTIES
OVERVIEW**

Steele Properties, based in Denver, Colorado, specializes in the acquisition and rehabilitation of affordable multi-family rental properties. Steele Properties has a portfolio of over 85 properties with more than 8,400 units in 25 states. Steele is continuously researching new markets to expand our portfolio of affordable housing to serve more individuals, families, seniors and those with disabilities.




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**PROPERTY MANAGEMENT PARTNER:
MONROE GROUP**


- Monroe Group is a privately held corporation headquartered in Denver, CO with over **250 employees** nationally.
- Today, Monroe Group is one of the country's fastest-growing affordable management companies with a portfolio of more than 80 properties with **over 8,200 units** in 24 states.



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PRIVATE ACTIVITY BONDS (PAB)

- Tax-exempt bonds issued for privately developed projects
- The allocation of volume cap to is only an authorization to issue bonds and has no cash value. Municipalities (or Authorities) issue the bonds, but have no obligation to repay investors.
- PABs make rental housing eligible for 4% LIHTC
- By mid-September:
 - Inducement Resolution to act as Issuer for a specific project
 - **Assign to another Issuer for an eligible purpose**
 - Relinquish to the Statewide Balance




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REQUEST TO CITY OF BRIGHTON

Approve a Resolution to assign Private Activity Bonds for the Weatherstone Apartments project to Aurora Housing Authority.

- Support important affordable housing preservation in the State.
- Direct the City's allocation of \$2,481,938 to an impactful project with a qualified, experienced developer.





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WEATHERSTONE APARTMENTS SUMMARY

- Address: 15594 E 12th Ave, Aurora
- Unit Mix: 204 units (mix of 1-Bed, 2-Bed, 3-Bed)
- Affordability:
 - 100% Project-Based Section 8 Contract
 - 100% of units at or below 60% AMI
- Site Information: Family

| | |
|-------------|-------------|
| Year Built: | 1981 |
| Acreage: | 9.54 acres |
| Stories: | Two Stories |

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CRITICAL PROJECT ENHANCEMENTS

\$12,000,000 rehabilitation will focus on the following goals:

1. Preservation of Affordable Housing
2. Security upgrades
3. Modern enhancements
4. ADA compliance
5. Resident Services



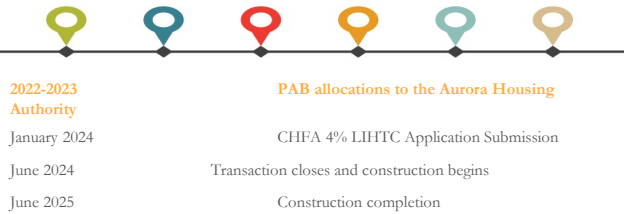
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PROJECT FINANCING

- **Private activity bonds (PAB)** are tax-exempt bonds to provide special financing for qualified projects.
- **4% low-income housing tax credits** involve a non-competitive application process. However, a partnership must first apply for an allocation of private activity bonds.
- **Deferred developer fee and NOI during development.** Developer & Owner funds put towards the rehabilitation project.

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PROJECT TIMELINE - PRELIMINARY



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Next Steps

August 1 City Council Meeting
Resolution approving the assignment of bonds to the Aurora Housing Authority for the Weatherstone Apartments Project.

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