

COUNCIL COMMUNICATION

Meeting Date: August 25, 2009	1 st Reading <u> </u> 2 nd Reading <u> </u>	Legal Review:	Agenda Location: Public Hearing	Agenda Item: 9B
Subject: A RESOLUTION AUTHORIZING ASSIGNMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY OF THE ENTIRE 2009 PRIVATE ACTIVITY BOND ALLOCATION OF THE CITY OF THORNTON, COLORADO, PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT.				
Prepared by: Debra Gray		Approved by: Jack Ethredge		Ordinance previously introduced by: _____
Reviewed by: Jeff Coder		Presented by: Nicole Jeffers Neighborhood Services Manager		

KEY CONSIDERATIONS:

- The City's 2009 Private Activity Bond (PAB) allocation is \$5,071,815.
- PABs are tax-exempt bonds designed to offer low-cost financing to private sector borrowers for projects that create jobs and expand the tax bases of local communities. PABs may be used to finance a broad array of community development projects including housing, manufacturing, higher education, infrastructure and environmental projects.
- The City received two requests for its 2009 PAB allocation: Adams County Housing Authority (ACHA) for rehabilitation at Aztec Villa Apartments and Colorado Housing & Finance Authority (CHFA) for its first-time homebuyer assistance programs.
- ACHA requested \$3.1 million of the City's 2009 PAB allocation to use for rehabilitation at the 165-unit Aztec Villa Apartments, located at 8675 Mariposa Street. ACHA received the City's 2008 PAB allocation in the amount of \$4,656,343 but was unable to issue bonds so they carried forward this allocation for future use. ACHA's request would add the \$3.1 million to the 2008 allocation to issue bonds at a future date to finance the rehabilitation for the property.
- ACHA's request for the City's 2009 PAB allocation was not recommended by staff because more comprehensive information was needed to determine the most effective manner to assist ACHA with Aztec Villa's rehabilitation needs.
- CHFA requested the City's full 2009 PAB allocation to fund single-family mortgage loans to qualified low- and moderate-income families and individuals, which would enable approximately 34 households to purchase homes in the City. CHFA would make these funds available in a future tax exempt bond issue for a two-year period for purchases in the City.
- CHFA will also set aside an amount equal to the City's 2009 PAB allocation from a recently established statewide Mortgage Credit Certificate Program (MCC) for home purchases in Thornton.
- The CHFA MCC program is for first-time homebuyers purchasing a home or for the qualified refinance of an adjustable rate mortgage loan made between December 31, 2001, and January 1, 2008. The MCC program provides a tax credit that can be used for a new or existing home, condominium, townhouse or single-family detached home, a foreclosed home, a short sale (a sale of real estate in which the proceeds from the sale fall short of the balance owed to the lender) or one in need of repair.
- MCCs allow first-time homebuyers to take 20% of their annual mortgage interest as a credit against their federal tax liability and take the remaining 80% of the interest as an itemized deduction for as long as the home remains their primary residence.

BUDGET/STAFF IMPLICATIONS:

- None.

RECOMMENDATION:

- Staff recommends approval of the Resolution assigning the City’s 2009 PAB total allocation to CHFA for the following reasons:
 - This project supports City Council’s goal of Neighborhood Revitalization.
 - The project supports the 2009 Housing Needs Assessment’s short and long-term housing strategies.
 - The MCC program will complement the Neighborhood Stabilization Program (NSP) that will purchase foreclosed homes, rehabilitate them and sell to first-time homebuyers in targeted areas in the City.
 - The MCC program will provide an immediate benefit to the City.

HISTORY: (includes previous City Council action)

- The City has partnered with CHFA several times in past years. The most recent assignment of the City’s PAB to CHFA was 2007 (31 loans were closed) and 2006 (34 loans were closed).
- The City has received PAB funds since 1989. The following table shows PAB allocations since 2000.

**Private Activity Bond Allocation Program
2000 - 2008**

Year	Allocation Amount	Homes Purchased / Ave. Mortgage	Assigned To	Purpose
2008	\$4,656,343	N/A	*ACHA	Assist with interior renovations and exterior improvements at Aztec Villa (165 units)
2007	\$4,481,370	31 / \$145,114	CHFA	1st time homebuyer assistance
2006	\$4,070,520	34 / \$155,249	CHFA	1st time homebuyer assistance
2005	\$3,915,400		ACHA	Assisted with the purchase & renovation of Overlook at Thornton (160 units)
2004	\$3,746,200	29 / \$169,383	CHFA	1st time homebuyer assistance
2003	\$3,316,275	21 / \$159,143	CHFA	1st time homebuyer assistance
2002	\$3,089,400		Adams County	Funded the purchase of Reserve at Thornton apartment complex (216 units).
2001	\$2,426,031	9 / \$146,759	Metro Mayors Caucus	1st time homebuyer assistance
2000	\$1,849,425	10 / \$132,142	Metro Mayors Caucus	1st time homebuyer assistance

*Bonds were not issued but were carried forward for a future issuance.

RESOLUTION

A RESOLUTION AUTHORIZING ASSIGNMENT TO THE COLORADO HOUSING AND FINANCE AUTHORITY OF THE ENTIRE 2009 PRIVATE ACTIVITY BOND ALLOCATION OF THE CITY OF THORNTON, COLORADO, PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT.

WHEREAS, the City of Thornton, Colorado, a home-rule municipal corporation (the "City"), is authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of acquiring and rehabilitating housing for persons with low- and moderate-incomes; 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 provide such multifamily 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 other governmental units in the State, and further providing for the assignment of such allocations from such other governmental units; and

WHEREAS, pursuant to Section 24-32-1706 of the Allocation Act, the City must assign its 2009 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2009 (the "2009 Allocation"); and

WHEREAS, the City 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 Thornton, it is necessary or desirable to provide for the utilization of the 2009 Allocation; and

WHEREAS, the City has determined that the 2009 Allocation can be utilized most efficiently by assigning the entire Allocation to the Colorado Housing and Finance Authority ("CHFA") to issue Private Activity Bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families; and

WHEREAS, the City Council of the City of Thornton has determined to assign its 2009 Allocation, in the amount of \$5,071,815, to CHFA, which assignment is to be evidenced by an Assignment of Allocation between the City and CHFA (the "Assignment of Allocation"), attached as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF THORNTON, COLORADO, AS FOLLOWS:

1. The assignment to CHFA of the City's entire 2009 Allocation, in the amount of \$5,071,815 is hereby approved.

2. The form and substance of the Assignment of Allocation, attached hereto as Exhibit A, is hereby approved; provided however, that the City Manager is authorized to make such technical variations, additions or deletions in or to such Assignment of Allocation as deemed necessary or appropriate and not inconsistent with the approval thereof by this resolution.
3. The City Manager is authorized to execute and deliver the Assignment of Allocation on behalf of the City 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.
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.
5. This resolution shall be in full force and effect upon its passage and approval.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Thornton, Colorado, on _____, 2009.

CITY OF THORNTON, COLORADO

Erik Hansen, Mayor

ATTEST:

Nancy A. Vincent, City Clerk