



Private Activity Bonds (PAB) Overview and DOH Roles

2022 CCI Foundation Winter Conference
December 14, 2022



COLORADO
Department of Local Affairs

What are PABs?

- Tax-exempt bonds issued for *privately* developed projects.
- IRS allows a limited amount, also know as PAB “Cap”.
- Municipalities (or Authorities) issue the bonds, but have no obligation to repay investors.
- Investors buy the bonds.
- Underwriters use the investors’ \$\$, or “bond proceeds,” to make a loan to the project.
- The *project* pays back the loan & investors get repaid + interest.
- PABs make rental housing eligible for 4% LIHTC.



Initial PAB Allocation Process

**\$110 per person in the state = the “Volume Capacity”
\$639,227,590 in 2022, \$638,849,090 in 2021**

50% of Allocation

Statewide Authorities

- Colorado Housing and Finance Authority (CHFA)
- CO Agriculture Development Authority (CADA)

50% of Allocation

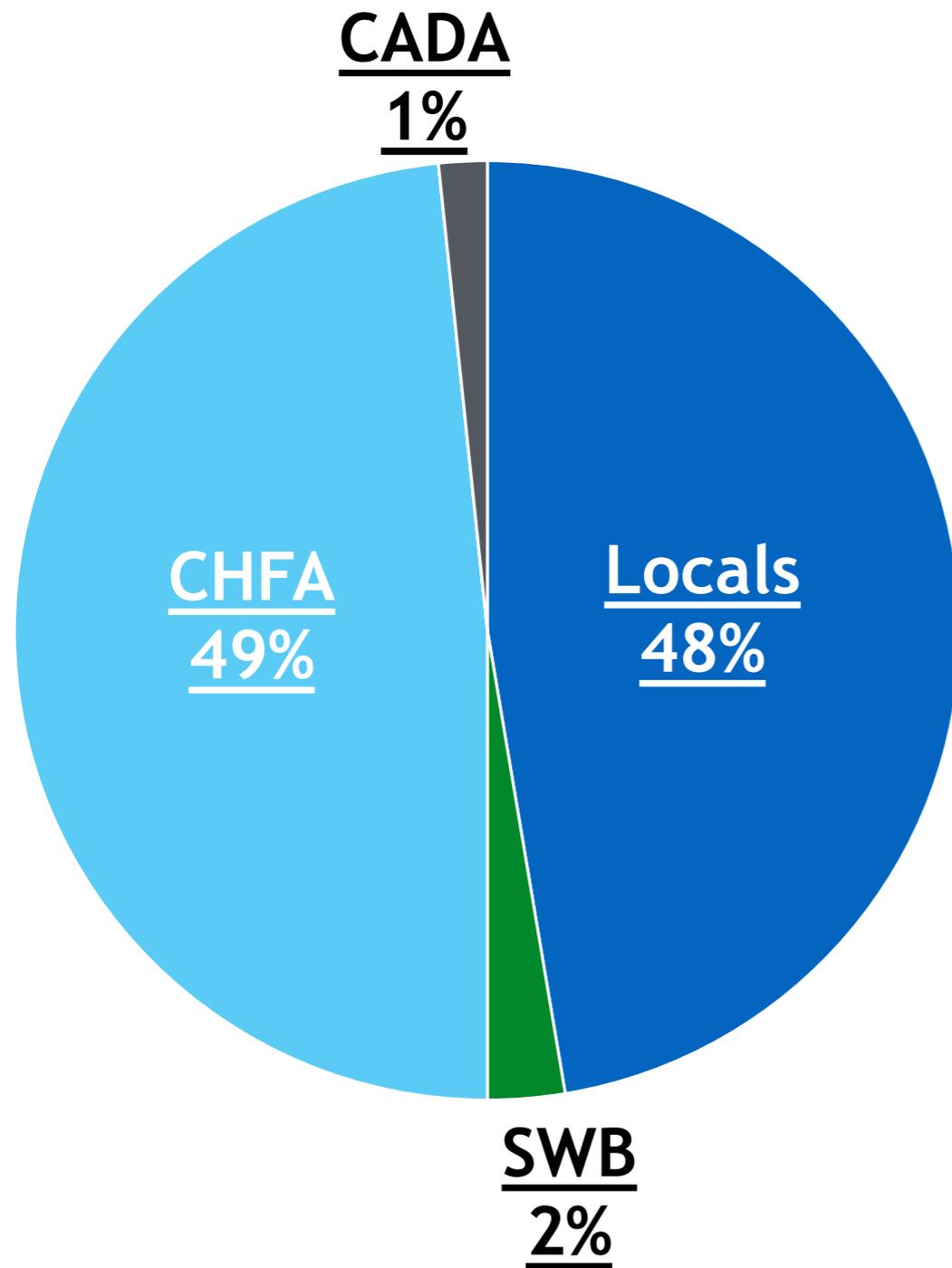
Local Governments

- 20,000 Persons or more
- \$52.50 per capita

Statewide Balance
Remaining cap administered
by CO - DOLA/DOH



January 2022 PAB Allocation



58 Local Issuers - \$304,301,505

CHFA - \$312,663,795

CADA - \$7,000,000

SWB - \$15,362,290

- **List of all direct allocations available:**
<https://cdola.colorado.gov/office-of-housing-finance-sustainability/private-activity-bonds>



Local Issuers - 2022 Allocations

Local Issuers	PAB Cap
Denver	\$39,668,757
ColoradoSprings	\$26,492,032
Aurora	\$21,387,505
DouglasCounty	\$12,393,560
EIPasoCounty	\$12,301,358
JeffersonCounty	\$11,341,079
FortCollins	\$9,395,372
Lakewood	\$8,634,038
WeldCounty	\$8,574,904
Thornton	\$7,855,899
ArapahoeCounty	\$7,421,591
Arvada	\$6,874,672
Westminster	\$6,416,147
AdamsCounty	\$6,386,188
Pueblo	\$6,185,143
Greeley	\$6,029,869
Boulder	\$5,978,461
Centennial	\$5,978,351
LarimerCounty	\$5,834,687

Local Issuers	PAB Cap
Longmont	\$5,479,584
MesaCounty	\$4,981,591
Loveland	\$4,219,925
Broomfield	\$4,116,501
CastleRock	\$4,076,480
GrandJunction	\$3,636,694
CommerceCity	\$3,465,832
GarfieldCounty	\$3,411,829
BoulderCounty	\$3,346,158
Parker	\$3,250,527
PuebloCounty	\$3,125,435
EagleCounty	\$3,074,747
FremontCounty	\$2,702,234
Littleton	\$2,516,942
Brighton	\$2,227,841
Northglenn	\$2,100,925
LaPlataCounty	\$2,021,659
Englewood	\$1,860,468
Windsor	\$1,841,343

Local Issuers	PAB Cap
WheatRidge	\$1,789,050
DeltaCounty	\$1,722,444
SummitCounty	\$1,714,318
Erie	\$1,680,707
Lafayette	\$1,679,159
Fountain	\$1,649,751
MorganCounty	\$1,608,905
ElbertCounty	\$1,447,604
MontezumaCounty	\$1,429,086
RouttCounty	\$1,373,091
TellerCounty	\$1,369,719
MontroseCounty	\$1,240,756
Evans	\$1,227,378
LoganCounty	\$1,183,380
Louisville	\$1,170,276
Montrose	\$1,125,667
Golden	\$1,118,039
ChaffeeCounty	\$1,078,738
Durango	\$1,054,581
OteroCounty	\$1,032,528

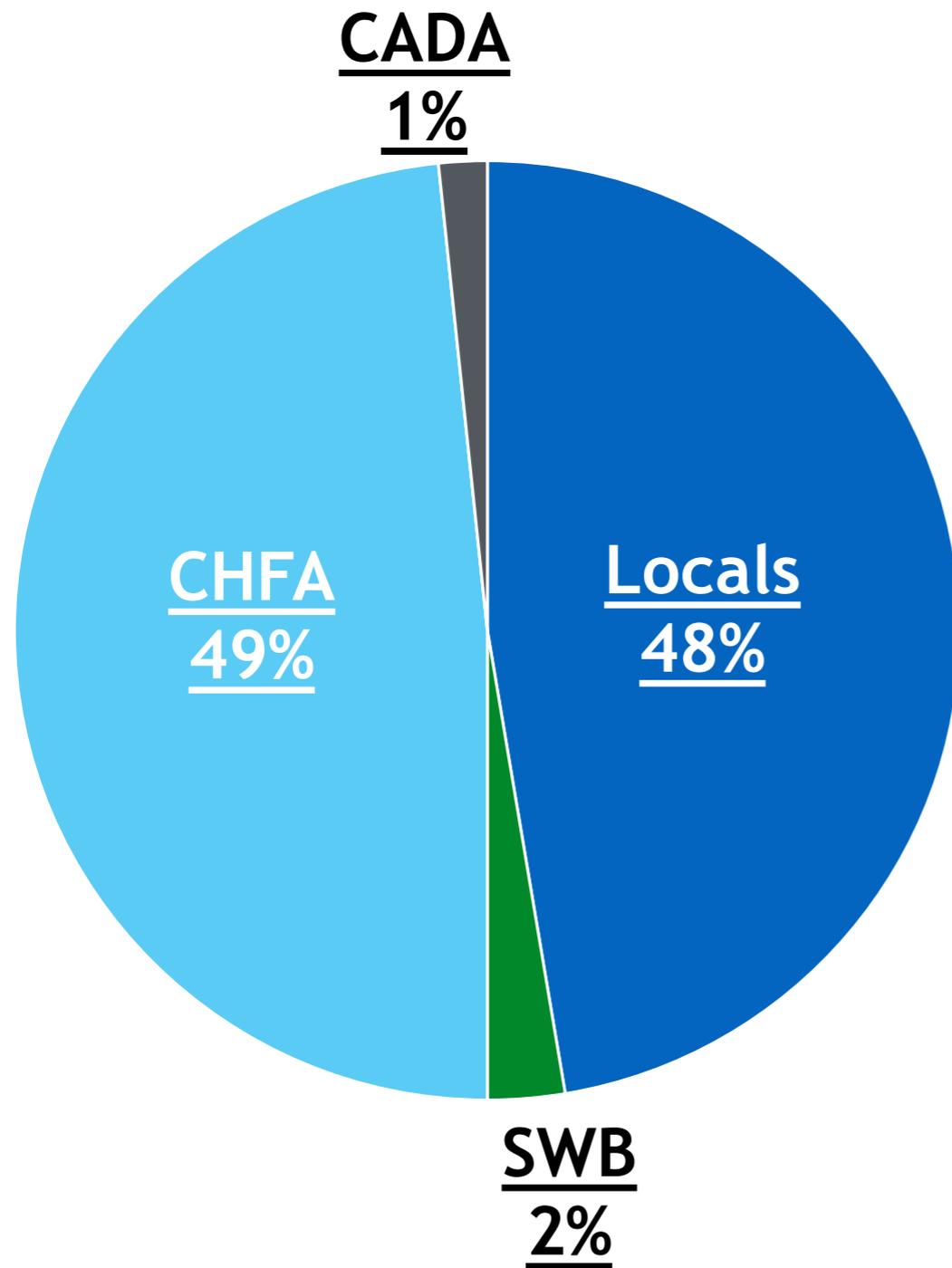


Local Issuers & Statewide Authorities

- **Receive allocation by January 15th**
- **Establish priorities & *act* by September 15th**
 - **Bond issuance requires an inducement resolution and closing by December 23rd; OR**
 - **Carry-Forward bond cap for eligible purpose to close within a 3 year period - requires filing with IRS; OR**
 - **Relinquish to Statewide Balance; OR**
 - **Assign to another issuer for an eligible purpose**
 - **If you Receive an Assignment - issue it or carry it forward, or it will also relinquish on 9/15.**



January 2021 PAB Allocation



59 Local Issuers - \$304,742,074

CHFA - \$312,424,545

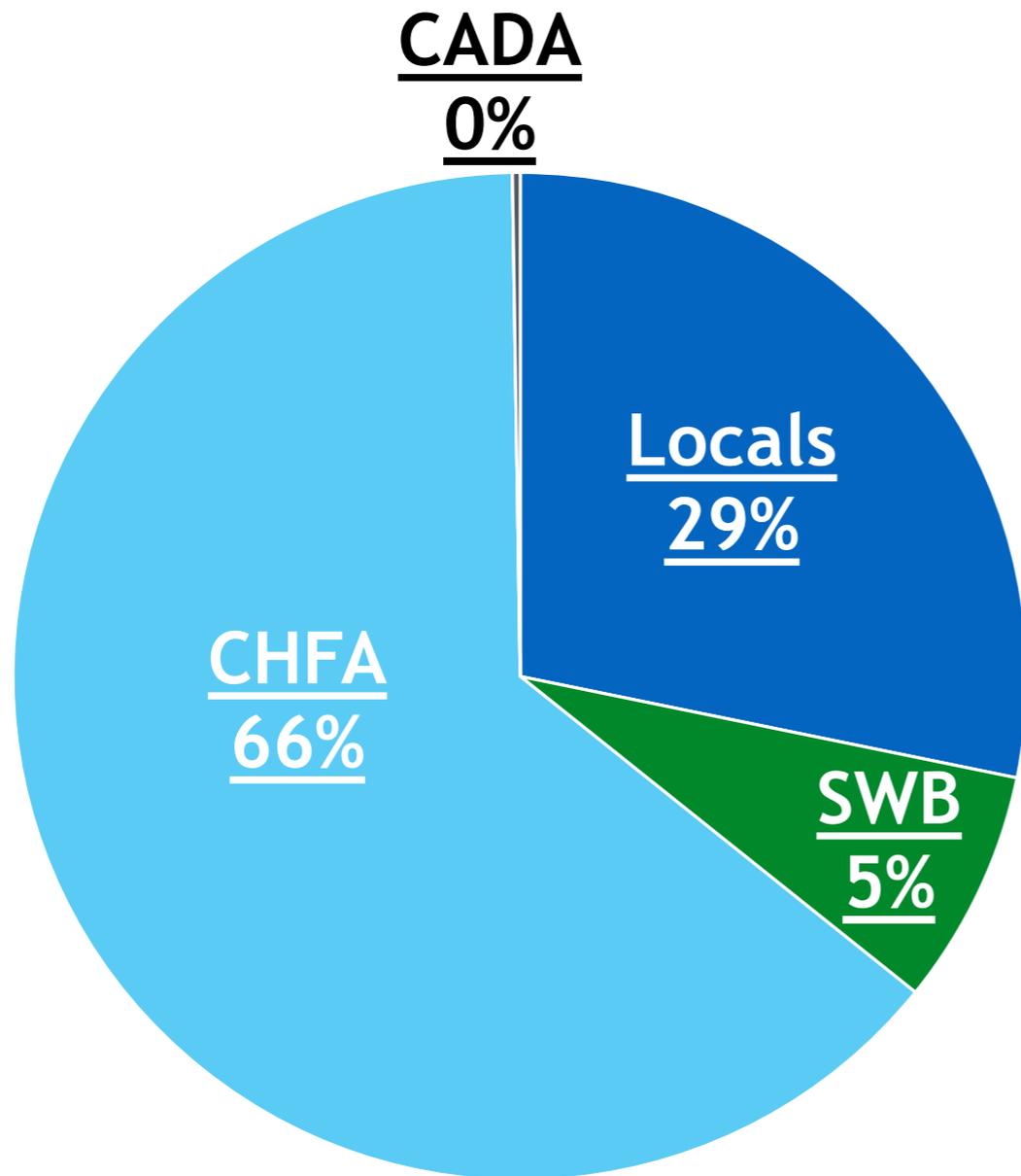
CADA - \$7,000,000

SWB - \$14,682,471

- **List of all direct allocations available:**
<https://cdola.colorado.gov/office-of-housing-finance-sustainability/private-activity-bonds>



September 2021 PAB Allocation Est.



Denver - \$40,412,528

Colorado Springs - \$26,488,131

20 Other Locals - \$116,304,785

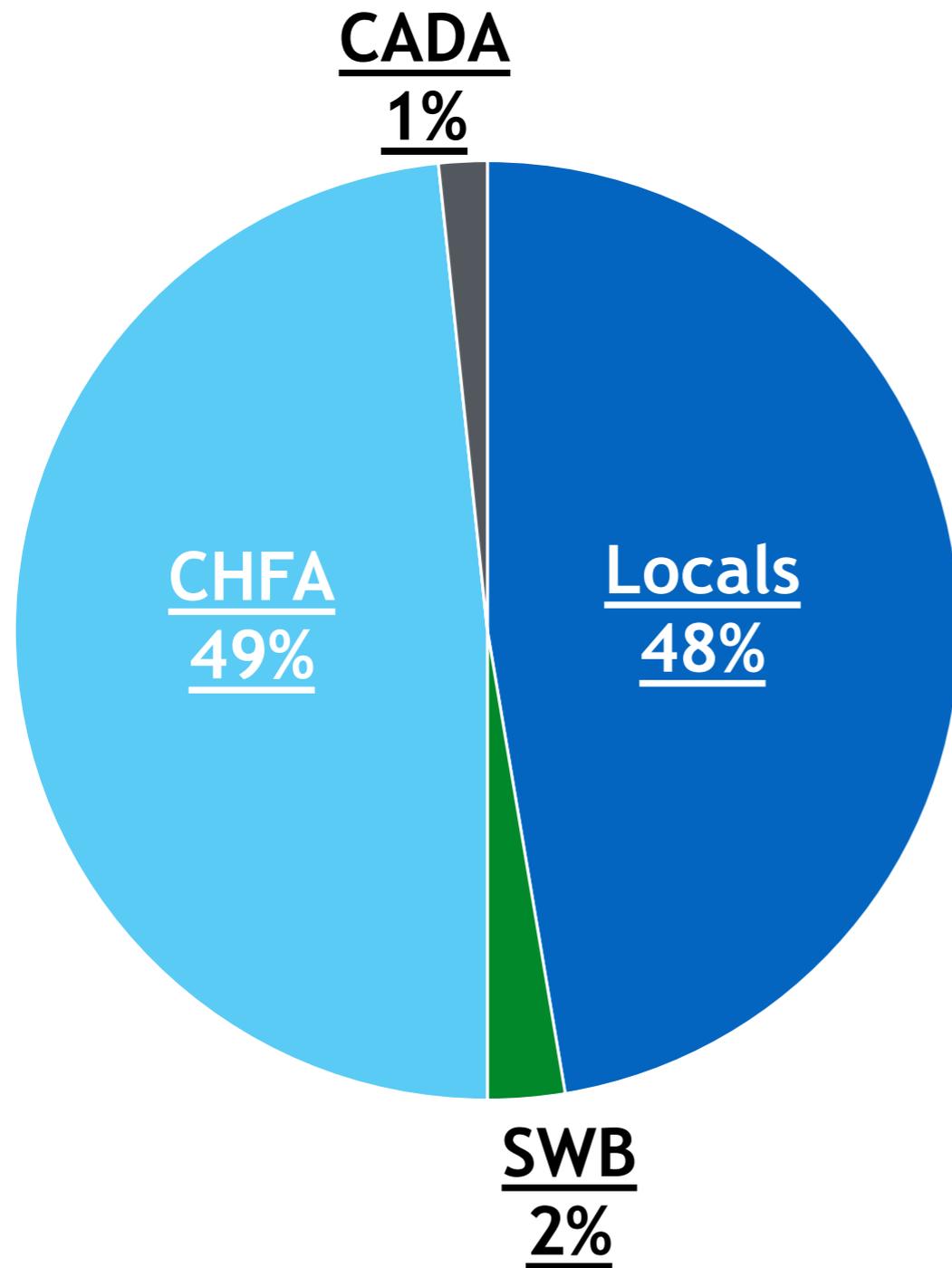
CHFA - \$409,435,853

CADA - \$0

SWB - \$32,923,091



January 2022 PAB Allocation



58 Local Issuers - \$304,301,505

CHFA - \$312,663,795

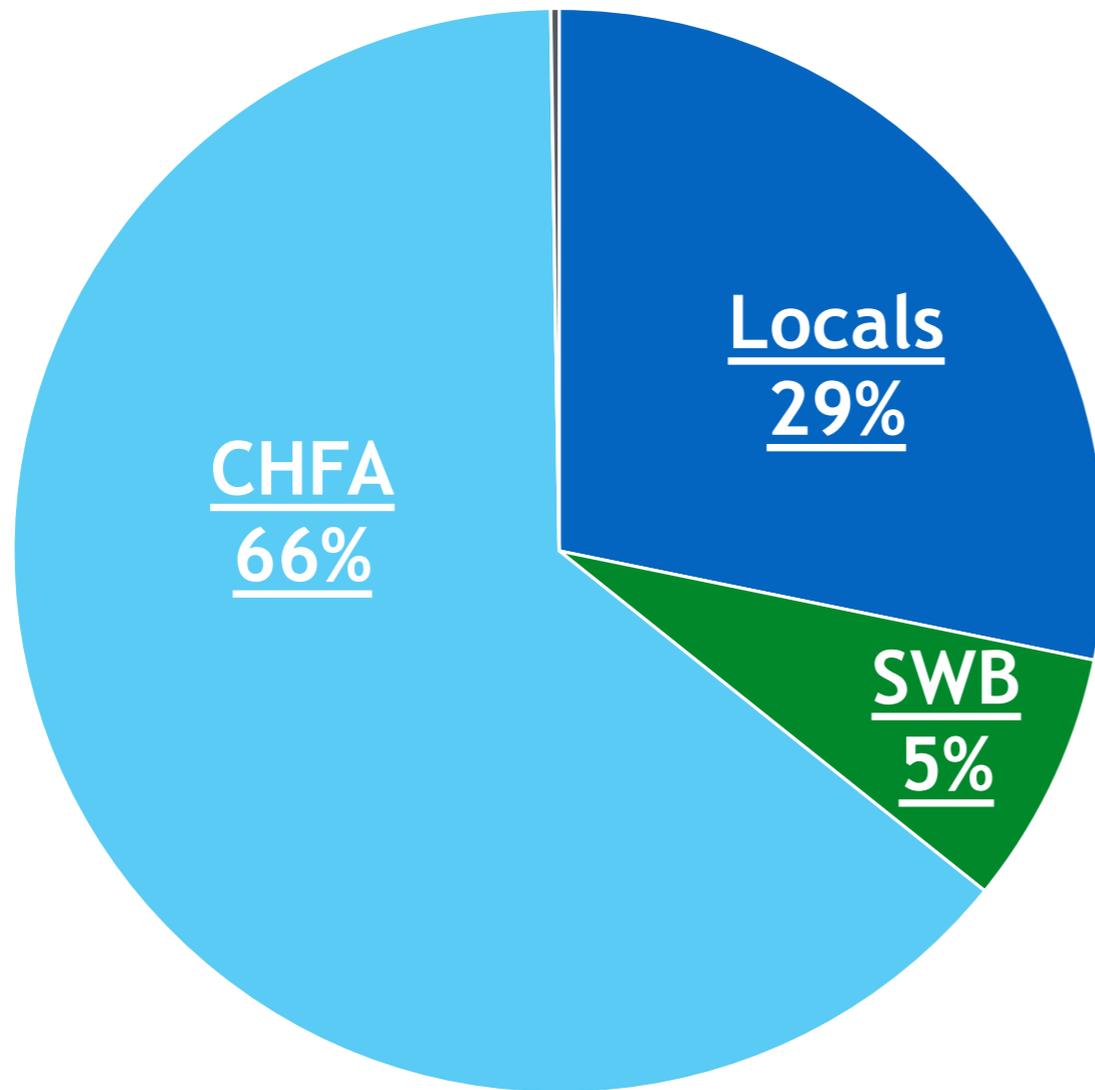
CADA - \$7,000,000

SWB - \$15,362,290

- **List of all direct allocations available:**
<https://cdola.colorado.gov/office-of-housing-finance-sustainability/private-activity-bonds>



September 2022 PAB Allocation Est.



Denver - \$38,668,757

Colorado Springs - \$26,492,032

20 Other Locals - \$99,956,924

CHFA - \$380,053,711

CADA - \$0

SWB - \$27,246,695



State Housing Board Role

- **Colorado Revised Statute 24-32-1707**

On and after September 15 each year, the statewide balance may be allocated among all issuing authorities. The Executive Director (DOLA) shall make all of the allocations from the statewide balance in his or her sole discretion with the advice of the Board and in accordance with the priorities pursuant to this section.

The Board shall review and recommend to the Executive Director (DOLA) statewide priorities for the allocation of the statewide balance. Prior to the making of such recommendations, the department shall hold one or more public meetings to obtain input from the public regarding statewide priorities for the current year, information regarding the use of all bond allocations in the prior year, and other appropriate matters.



Statewide Balance Applications

- **DOLA receives allocation by January 15th & relinquished bond cap on Sept. 15th**
- **Three application rounds. Applications are due:**
 - **March 1, 2022, June 1, 2022, and November 1, 2022.**
 - **March and June Rounds - Only issuers that did not receive a direct allocation or issuers that have exhausted their direct allocations may apply.**
 - **Relinquished bond cap distributed through November round.**
 - **8 week process from application to State Housing Board to award letter.**



Statewide Balance Applications Review Criteria

- Similar to grant/loan reviews
- Project readiness to proceed within 12 months
- Leverage of equity sources such as 4% LIHTC + State AHTC
- Local support (local or neighboring community PAB)
- Based on economic or demographic need
- Project size between \$3MM and \$20MM.
- Limit total PAB per project to 52-55% of the aggregate basis.



Statewide Balance Applications

- **All close by December 23rd (OR re-award for carry forward)**
 - 0.027% issuance fee on Statewide Balance Awards
 - 0.027% issuance fee on bonds issued from direct allocations
- **Demonstrated local need & support:**
 - Certified copy of an inducement resolution from the local government/issuer.
 - Local financial commitment of PAB allocation or other local financial subsidies.
 - Market study demonstrating need.
 - Housing Affordability - going beyond IRS requirements.



Statewide Balance Applications

- **Feasibility:**

- Reasonable costs for development & operation.
- Readiness to proceed - site under control, local planning & zoning approved, credit enhancement secured, tax credits reserved.
- Financially sound - income/expense estimates reasonable, good underwriting ratios, sources & uses balance.
- Development team experience, capacity.

- **Typical bond issue size is \$6 - \$30 million**

- For rental, TDC of \$12MM - \$60MM, or 50 - 200 units



2021 Statewide Balance Requests/Awards

Date	Project / Applicant	Requested	Awarded
08/2021	City of Trinidad / Western Apartments	\$4,800,000	\$4,800,000
08/2021	Aurora Hsg Authority / Geenleaf and Villa Verde	\$8,000,000	\$7,800,000
12/2021	City of Colorado Springs / Draper Commons	\$3,600,000	\$4,500,000
12/2021	Maiker Housing Partners / Overlook at Thornton	\$9,500,000	\$9,000,000
12/2021	Montezuma County / Sleeping Ute	\$3,500,000	\$2,050,279
12/2021	Boulder Housing Partners / 2727 29th Street	\$23,000,000	\$8,500,000
12/2021	Logan County / Northeast Plaza	\$2,410,000	\$1,214,420
12/2021	City and County of Denver / Denver Pipeline	\$47,500,000	\$6,814,851
Totals		\$102,310,000	\$44,679,550



2022 Statewide Balance Requests/Awards

Date	Project / Applicant	Requested	Awarded
08/2021	Commerce City Housing Authority / 7001 Colorado Blvd	\$6,150,000	\$6,150,000
08/2021	Arvada Housing Authority / Arvada House	\$5,000,000	\$4,500,000
Totals		\$11,150,000	\$10,650,000



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