



**Background Paper for Proposed
ORDINANCE**

COUNCIL MEETING DATE: June 27, 2022

TO: President Heather Graham and Members of City Council
CC: Nicholas A. Gradisar, Mayor
VIA: Marisa Stoller, City Clerk
FROM: Bryan Gallagher, Director of Housing and Citizen Services
SUBJECT: AN ORDINANCE AUTHORIZING ASSIGNMENT OF A PRIVATE ACTIVITY BOND ALLOCATION FROM THE CITY OF PUEBLO TO THE COLORADO HOUSING AND FINANCE AUTHORITY PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT

SUMMARY:

This Ordinance will allow the City of Pueblo to assign to the Colorado Housing and Finance Authority (CHFA) \$6,185,143.00 in Private Activity Bonds, previously awarded to the City pursuant to the Colorado Private Activity Bond Ceiling Allocation Act, C.R.S. 24-32-1701 et seq. These funds will be used to finance multi-family or single-family mortgage loans for low- and moderate-income persons and families within Pueblo County and throughout the state.

PREVIOUS COUNCIL ACTION:

Not applicable to this Ordinance.

BACKGROUND:

The Ordinance assigns to the Colorado Housing Finance Authority (CHFA) the City's Private Activity Bond (PAB) allocation for use in multi-family and single-family Mortgage Revenue Bonds (MRB). The allocation is to be reserved for multi-family projects in the city for the next 12-months. If no project is identified within that timeframe, the allocation will revert to single-family mortgage capital for use in the city. Last year CHFA provided capital for 166 First Step loans in the city for a total of \$34,871,036.00. The household median income of the loans was \$55,838.00, or approximately 85% of area median income.

FINANCIAL IMPLICATIONS:

The Private Activity Bond is "private" in nature and not for governmental use, so there is no cost associated with assigning the bond to CHFA. Financial benefits come to the City through sales tax derived from material sales on PAB construction projects, by increased economic activity in the real estate employment sector, and in retail sales from furnishings and other end user activity associated with a new home purchase.

BOARD/COMMISSION RECOMMENDATION:

Not applicable for this Ordinance.

STAKEHOLDER PROCESS:

Not applicable for this Ordinance.

ALTERNATIVES:

If the Ordinance is not approved, the funds will not be assigned to CHFA and the allocation will revert to the State of Colorado on September 15, 2022.

RECOMMENDATION:

The Department of Housing and Citizen Services recommends approval of the Ordinance.

ATTACHMENTS:

Proposed Ordinance

2022 Assignment of Allocation

2022 Private Activity Bond Attorney Certification

2022 Private Activity Bond Allocation notification from the State of Colorado

ORDINANCE NO. 10216

AN ORDINANCE AUTHORIZING ASSIGNMENT OF A PRIVATE ACTIVITY BOND ALLOCATION FROM THE CITY OF PUEBLO TO THE COLORADO HOUSING AND FINANCE AUTHORITY PURSUANT TO THE COLORADO PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT

WHEREAS, the City of Pueblo is authorized and empowered under the laws of the State of Colorado (the "State") to issue revenue bonds for the purpose of financing qualified residential rental projects for low- and moderate-income persons and families; and

WHEREAS, the City of Pueblo is authorized and empowered under the laws of the State to issue revenue bonds for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families; 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 mortgage 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 the Colorado Housing and Finance Authority (the "Authority") and other governmental units in the State, and further providing for the assignment of such allocations from such other governmental units to the Authority; and

WHEREAS, pursuant to an allocation under Section 24-32-1706 of the Allocation Act, the City of Pueblo has an allocation of the 2022 State Ceiling for the issuance of a specified principal amount of Private Activity Bonds prior to September 15, 2022 (the "2022 Allocation"); and

WHEREAS, the City of Pueblo 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 Pueblo and elsewhere in the State, it is necessary or desirable to provide for the utilization of all or a portion of the 2022 Allocation; and

WHEREAS, the City of Pueblo has determined that the 2022 Allocation, or a portion thereof, can be utilized most efficiently by assigning it to the Authority to issue Private Activity Bonds for the purpose of financing one or more multi-family rental housing projects for low- and moderate-income persons and families, or for the purpose of providing single-family mortgage loans to low- and moderate-income persons and families ("Revenue Bonds") or for the issuance of mortgage credit certificates; and

WHEREAS, the City Council of the City of Pueblo has determined to assign \$6,185,143.00 of its 2022 Allocation to the Authority, which assignment is to be evidenced by an Assignment of Allocation between the City of Pueblo and the Authority (the "Assignment of Allocation"); Now, Therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF PUEBLO, that:

SECTION 1

The Assignment of Allocation, a copy of which is attached hereto and made a part hereof by reference, by and between the City of Pueblo, a Municipal Corporation, and the Colorado Housing and Finance Authority, after having been approved as to form by the City Attorney, is hereby accepted and approved; provided, however, that the Mayor is hereby authorized to make such technical variations, additions or deletions in or to such Assignment of Allocation as he shall deem necessary or appropriate and not inconsistent with the approval thereof by this Ordinance.

SECTION 2

The Mayor of the City of Pueblo is hereby authorized to execute and deliver the Assignment of Allocation on behalf of the City of Pueblo and to take such other steps or actions as may be necessary, useful, or convenient to affect the aforesaid assignment in accordance with the intent of this Ordinance, and any execution by electronic signature is hereby attributable to the Mayor and the City of Pueblo.

SECTION 3

The assignment to the Authority of \$6,185,143.00 of the City of Pueblo's 2022 Allocation be and hereby is approved.

SECTION 4

If any section, paragraph, clause, or provision of this Ordinance 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 Ordinance.

SECTION 5

The officers and staff of the City are authorized to perform any and all acts consistent with the intent of this Ordinance and the Assignment of Allocation to implement the transactions described therein, including but not limited to the City Attorney's signature of the 2022 Private Activity Bond Attorney Certification.

SECTION 6

This Ordinance shall become effective on the date of final action by the Mayor and City Council.

Action by City Council:

Introduced and initial adoption of Ordinance by City Council on June 27, 2022.

Final adoption of Ordinance by City Council on July 11, 2022.



President of City Council

Action by the Mayor:

Approved on July 13, 2022.

Disapproved on _____ based on the following objections:



Mayor

Action by City Council After Disapproval by the Mayor:

Council did not act to override the Mayor's veto.

Ordinance re-adopted on a vote of _____, on _____

Council action on _____ failed to override the Mayor's veto.

President of City Council

ATTEST



City Clerk

