

City of Arvada Private Activity Bond Policy

The Private Activity Bond program funds privately developed projects. The bonds are tax-exempt and the amount of the bonds issued is limited by the IRS. Underwriters use investor money called “bond proceeds” to make a loan to a project. The project then pays back the loan and the investors are repaid plus interest.

Municipalities or housing authorities issue the bonds, but have no obligation to repay the investors. Investors purchase the bonds.

Eligible activities include:

- New construction or acquisition/rehabilitation of housing for low- to moderate-income people
- Single-family mortgage revenue bonds (SFMRB) sold by local and state agencies for mortgages low- and moderate-income people
- Mortgage Credit Certificates (MCC) which is a bond allocation for qualified homebuyers
- Manufacturing "small issue" industrial development bonds (not to exceed \$10,000,000) for construction of manufacturing facilities that produce goods.
- Qualified redevelopment bonds for acquiring property in blighted areas, prepare land for redevelopment, and relocate occupants of structures on the acquired property.
- Exempt facility bonds for hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass commuting facilities, local district heating and cooling facilities, local electric energy or gas facilities and multifamily housing bonds.
- Qualified 501(c) (3) bonds for use by non-profit hospitals and private universities.

The City of Arvada annually receives a PAB allocation from the Colorado Department of Local Affairs that allows tax exempt bond financing for a variety of economic development and/or affordable housing projects. The City's 2021 PAB allocation is \$6,699,853.

The City of Arvada is accepting applications for the City's 2021 Private Activity Bond allocation. Applications will be accepted for the development or preservation of affordable housing in Arvada.

SCHEDULE OF PAB ACTIVITIES

1. Announce Request for Applications April 15– May 15,2021
2. Application Submission Deadline – May 15, 2021

Submit application and all supporting documentation electronically to:

Carrie Espinosa
Manager of Housing Preservation and Resources
City of Arvada
caespinosa@arvada.org

3. City staff to review PAB applications- June 2021

4. City staff to present recommendation to City Council; City Council evaluates options and approves recommendation for PAB – August 2021.

Written proposals for Arvada's annual PAB allocation are due to the Manager of Housing Preservation and Resources by May 15, 2021. The City will only consider requests to assign the PAB. Please contact Carrie Espinosa at 720-898-7475 or by email at caespinosa@arvada.org with any questions.

Review Process

Applications will be reviewed by a committee of at least 3 people. Members will include at least one representative each from Finance, Community and Economic Development. Representatives from other departments, such as the City Manager's Office will be added as needed.

The following factors should be considered by the PAB Committee when making a recommendation:

- How well the project applied for meets the land use, economic development and/or affordable housing goals of the City of Arvada
- Project feasibility and timing
- Leverage of other investment into the project
- Maintenance of or increase in local tax base
- Competing uses for the City's allocation
- Whether the City's allocation should be used in multiple projects
- Whether the application should be considered by any City Board or commission
- Leveraging of equity sources such as 4% Low Income Housing Tax Credits and State Housing Tax Credits
- The impact of the PAB-financed project or program on a demographic or economic need
- Indicators of need may include: low housing vacancy rates, increasing gap between housing costs and local wages, high unemployment, or economically distressed areas
- Proposed projects should align with the City of Arvada Comprehensive Plan priorities (housing strategy once finalized)

The PAB Committee will decide on a recommendation no later than August 1. City Council shall approve all PAB assignments or direct awards. The PAB Committee shall submit their recommendations to the City Council no later than September 15.