

Private Activity Bonds Process Policy

The Private Activity Bond program funds privately developed projects, and projects eventually pay back the loan and the investors with interest. Because this tool is becoming more popular, the City is moving from a first come first served process to an application process for the assignment or issuance of this tax exempt bond capacity. Please be advised that an award for a certain amount may not be granted subject to the number of requests made for PABs, and staff's recommendation to City Council will prioritize projects that meet the goals of Council, City Manager's Office, Economic Development, Public Works, and Community Development

Applications for PAB allocation shall include the following elements:

- Request letter describing project and providing applicant's contact information
- Demonstrated financing gap, supported by a project pro forma. This pro forma will be reviewed by a third party, and review costs will be passed to the applicant.
- Bond counsel contact information
- Description of applicant's local projects and history of operations
- Number of years doing business in the State of Colorado
- Description of assets to be purchased or constructed
- Explanation of how the project aligns with City objectives
- Explanation of how the City's participation is a critical funding source for the development project
- Number of housing units and target demographics (if applicable)
- Demonstration the project or development is market feasible
- Statement from bond council that project is eligible for Private Activity Bonds

Deadline Submission and Review Schedule:

Completed applications are due to the City by April 1, and applicants must be available to answer staff questions within two weeks of the submittal. During a City Council meeting, staff will present and make recommendations regarding all annual PAB requests to the Council. The formal allocation will not occur until September of that year.

Per the Colorado Department of Local Affairs. PABs may only be used for projects that meet the following criteria:

- 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.