

**AGENDA**  
**HOUSING, NEIGHBORHOOD SERVICES, & REDEVELOPMENT**  
**POLICY COMMITTEE**

**Wednesday, February 27, 2019**

**4:00 PM, Mt. Elbert Room, 5<sup>th</sup> Floor, Aurora Municipal Center**

Council Member Crystal Murillo, Chair

Council Member Allison Hiltz, Vice Chair

Council Member Johnny Watson

Michelle Wolfe, Deputy City Manager

George Adams, Director, Planning & Development Services

Andrea Amonick, Manager, Planning & Development Services

Malcolm Hankins, Director, Neighborhood Services Department

The Housing, Neighborhood Services, & Redevelopment Committee's Goal is to:

- Maintain high quality neighborhoods with a balanced housing stock by enforcing standards, in relation to new residential development, and considering new tools to promote sustainable infill development
- Plan for redevelopment of strategic areas, including working with developers and landowners to leverage external resources and create public-private partnerships

1. Welcome and Introductions
2. Review/Approval of Minutes – January 23, 2019
3. Announcements
4. New Items
  - Metro Mortgage Assistance Plus Program – Down Payment Assistance (10/15)  
Anita Burkhart, Manager, Community Development Division  
Michael Kerrigan, Denver Capital Planning & Programming
  - 2019 Private Activity Bond Allocation (15/10)  
Chris Davis, Community Programs Supervisor, Community Development Division  
Eric Grodahl, DBG Properties LLC
5. Miscellaneous Matters for Consideration

Next Meeting: Wednesday, March 27, 2019

***Total projected meeting time: 60 minutes***

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**Housing, Neighborhood Services and Redevelopment  
Policy Committee**

**Agenda Item Commentary**

<b>Item Title:</b> Metro Mortgage Assistance Plus Program, Down Payment Assistance Program
<b>Item Initiator:</b> Anita M. Burkhart
<b>Staff Source:</b> Anita M. Burkhart, Community Development Manager
<b>Deputy City Manager Signature:</b>
<b>Outside Speaker:</b> Michael Kerrigan, Denver Capital Planning and Programming, 720-913-5550
<b>Council Goal:</b> 4.0: Create a superior quality of life for residents making the city a desirable place to live and work--2012: 4.0-- Create a superior quality of life for residents making the city a desirable place to live and wor

**ACTIONS(S) PROPOSED** (*Check all appropriate actions*)

- Approve Item and Move Forward to Study Session
- Approve Item and Move Forward to Regular Meeting
- Information Only

**HISTORY** (*Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.*)

**ITEM SUMMARY** (*Brief description of item, discussion, key points, recommendations, etc.*)

During 2018 there were 15 loans originated in Aurora with total loan balances of \$4,363,266, the Metro Mortgage Assistance Plus Program (MMA+) was able to provide \$174,530 of down payment assistance for those 15 loans.

Denver's City Council has approved the refreshed down payment assistance program and they are rolling out the refreshed program on February 1st.

Highlights of the refreshed program:

- Since inception to now, they have provided a grant of up to 4% for the down payment assistance. Due to secondary mortgage market pricing the loans coupled with a grant no longer generate sufficient value to provide the down payment assistance at a competitive rate for the borrowers.
- They are now moving to provide the down payment assistance via a no interest 2nd loan that is forgivable after 36 months. Assistance levels will be up to 5%.
- The City of Denver does not use any bond capacity to fund the assistance for the program. The down payment assistance is provided by the value generated by the loans in the secondary mortgage market.

- In exchange for obtaining the down payment assistance, the borrowers accept a slightly higher interest rate than they would in absence of the assistance.
- There is no cost to the City of Aurora for participation in the program.
- They will be changing the marketing name of the program to "metro DPA" however, all of the legal documents still reference MMA+.

**QUESTIONS FOR Committee**

MMA+ is looking for Aurora's continued participation in this program.

Does the Committee agree to move this request forward to Study Session?

**EXHIBITS ATTACHED:**

Downpayment Assistance Program- SAFEHOUSE Committee 12-19-18 Final.pdf

MMA Plus - Housing Redevelopment and Neighborhood Services Committee Memo.docx

# MEMORANDUM



City of Aurora

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**TO:** Housing, Redevelopment and Neighborhood Services Committee

**Through:** Jason Batchelor, Deputy City Manager  
Malcolm Hankins, Director of Neighborhood Services Department

**FROM:** Anita M. Burkhart, Manager of Community Development

**DATE:** February 12, 2019

**SUBJECT:** Denver's Metro Mortgage Assistance Program

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The city of Aurora has been asked to continue our partnership with Denver's Metro Mortgage Assistance (MMA+) program. During 2018, there were 15 loans originated in Aurora with total loan balances of \$4,363,266, the program was able to provide \$174,530 of down payment assistant for these loans through the MMA+ program.

Community Development Division operates a federally funded down payment/closing cost assistance program to eligible homebuyers. Unfortunately, due to the high values of homes on the market it has been difficult for clients at or below 80% of the Area Median Income to qualify for mortgage loans at or above \$300,000.

Benefits to continuing the partnership with the MMA+ program:

- No cost to the City of Aurora to participate in the program
- Allows eligible buyers to purchase homes in Aurora
- No additional city staff time required
- Community Development Division is a HUD-approved Counseling Agency, and already provides free homebuyer seminars (English and Spanish)
- Higher qualifying income guidelines (up to 150% of Denver Area Median Income)
- Lower qualifying FICO scores

A presentation on the MMA+ program will be provided by Michael Kerrigan, Financial Analyst Specialist for the City and County of Denver at the February 27, 2019 HoRNS meeting.

Does the committee support moving this request forward to City Council Study Session?

# Down Payment Assistance Program

Department of Finance  
Capital Planning and Programming Division



# City Council Requested Action

Bill #s: 18-1501 & 18-1502

## Action and Recommendation:

18-1501: Approve project cost center change.

18-1502: Authorize and approve program documents to update the down payment assistance program.

# Existing MMA+ Program Review



- 1,450 Households helped
- ~\$320 Million in mortgages originated
- ~\$12.8 Million in down payment assistance provided





# Program Update



- Innovations
- Efficiencies
- Enhancements
- Strong borrower focus



# Program Update

- Change DPA from grant to a 0% interest forgivable 2nd mortgage
- Provision of a cash subsidy by Freddie Mac, \$1,500 for borrowers up to 80% AMI, \$2,500 for borrowers up to 50% AMI
- Update program documentation including agreements between partners
  
- Increase lender base (regional banks and credit unions)
- Evaluate potential for additional subsidy support from City for Denver loans and from other partners in their jurisdictions.

# Updated Program Details



- 2<sup>nd</sup> loan is repaid on pro rata basis if home is sold or refinanced





# Numerical Example of Using DPA

## Housing Cost Comparison after 1st Year\*

Housing Cost Type	Using City DPA Program		Not Using City DPA Program	
	Applicable %	\$ Amount Equivalent	Applicable %	\$ Amount Equivalent
Down Payment	3.5%	\$10,500	3.5%	\$10,500
Estimated Closing Costs	1%	\$2,895	1%	\$2,895
MMA+ Down Payment Assistance	4%	(\$11,580)	0%	\$0
1st Year of Mortgage Payments (Principal and Interest)	@ 6.125% Interest Rate	\$21,108	@ 5.125% Interest Rate	\$18,915
<b>Total 1st Year of Housing Costs</b>		<b>\$22,923</b>		<b>\$32,310</b>

\*All else equal

**1st Year of Housing Cost Savings from  
Utilizing the MMA+ DPA Program:**

**\$9,387**

# City Council Schedule



## Schedule:

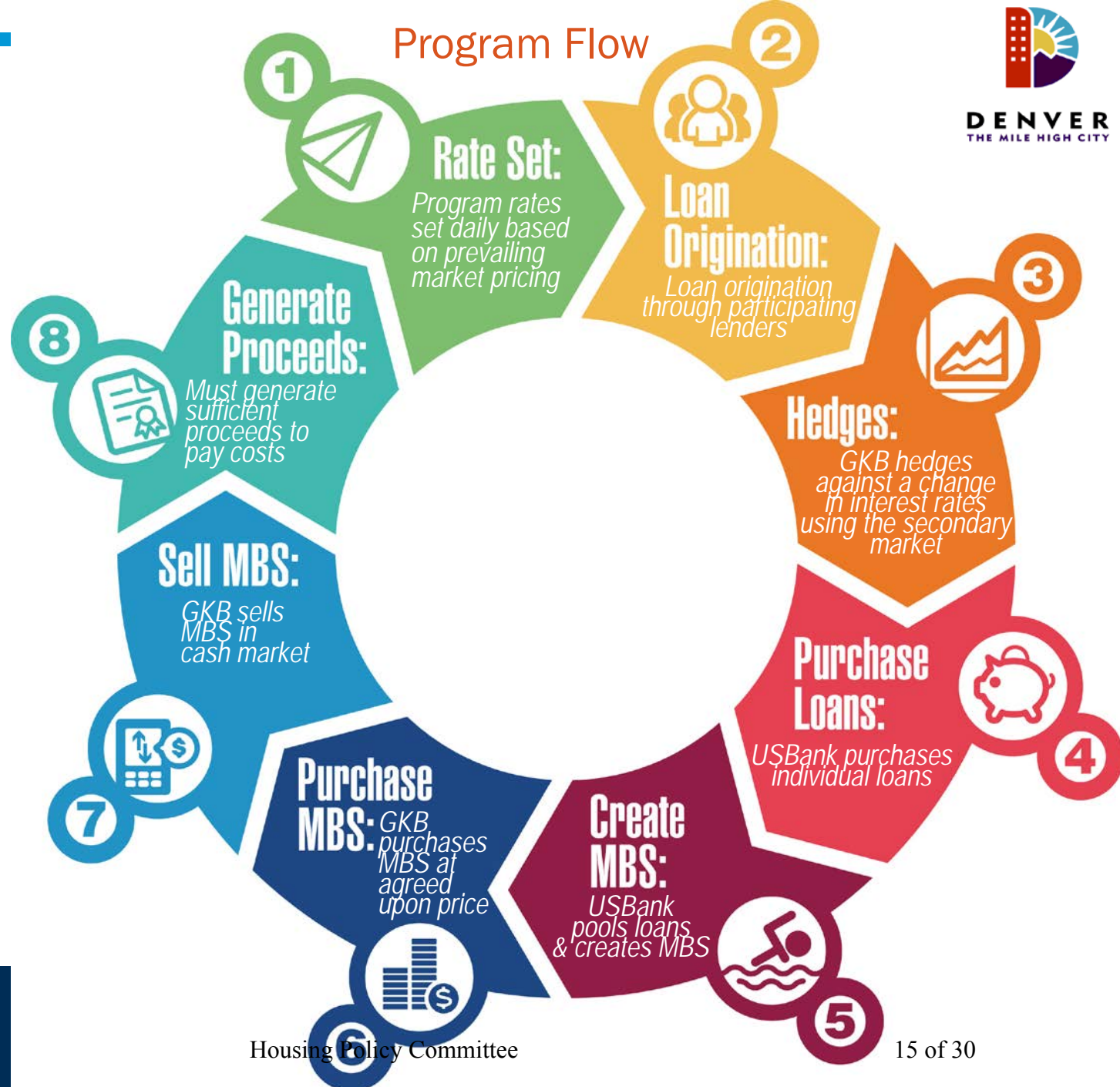
- Dec. 19<sup>th</sup> - SAFEHOUSE Committee Presentation
- Dec. 25<sup>th</sup> - Mayor Council Canceled, proceed on consent
- Jan. 7<sup>th</sup> - 1<sup>st</sup> Reading
- Jan. 14<sup>th</sup> - 2<sup>nd</sup> Reading
- Jan. 18<sup>th</sup> - Ordinance Effective



# APPENDIX



## Program Flow



1. **Program rates** set daily based on prevailing pricing in the market. Rates & guidelines posted on eHousingplus website.

2. **Loan origination** through participating lenders. Borrowers use approved lenders.

3. GKB **hedges** against a change in interest rates using the secondary market

4. Master Servicer (USBank) **purchases loans**

5. Master Servicer pools loans & **creates MBS**

6. GKB **purchases MBS** at agreed upon price, CSG monitors the program

7. GKB **sells MBS** in cash market

8. Must **generate** sufficient **proceeds** to pay costs



**DENVER**  
THE MILE HIGH CITY

# Program Partners



**George K. Baum & Company**  
INVESTMENT BANKERS SINCE 1928



**CSG** | advisors



**DENVER**  
THE MILE HIGH CITY





**Housing, Neighborhood Services and Redevelopment  
Policy Committee**

**Agenda Item Commentary**

<b>Item Title:</b> 2019 Private Activity Bond Allocation
<b>Item Initiator:</b> Anita Burkhart
<b>Staff Source:</b> Chris Davis, CD Planner
<b>Deputy City Manager Signature:</b>
<b>Outside Speaker:</b> Eric Grodahl, DBG Properties, LLC
<b>Council Goal:</b> 4.0: Create a superior quality of life for residents making the city a desirable place to live and work--2012: 4.0-- Create a superior quality of life for residents making the city a desirable place to live and wor

**ACTIONS(S) PROPOSED** *(Check all appropriate actions)*

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**HISTORY** *(Dates reviewed by City council, Policy Committees, Boards and Commissions, or Staff. Summarize pertinent comments. ATTACH MINUTES OF COUNCIL MEETINGS, POLICY COMMITTEES AND BOARDS AND COMMISSIONS.)*

**ITEM SUMMARY** *(Brief description of item, discussion, key points, recommendations, etc.)*

The city of Aurora has received a request from DBG Properties, LLC for the assignment of the 2019 Private Activity Bond ("PAB") allocation (\$19,145,385). The proposed use of the PAB is to develop approximately 220 units in a new Low Income Tax Credit project, Range View Apartments, located at the northwest corner of Sable Blvd and Montview Blvd. DBG Properties, LLC is requesting the full allocation that we are allotted by the State of Colorado in 2019. The total PAB financing will then be coupled with other sources, such as 4% Non-Competitive Tax Credits, to meet the overall needs of the project.

**QUESTIONS FOR Committee**

Can we move this request forward to City Council Study Session?

Should the City of Aurora assign its 2019 Private Activity Bond allocation (\$19,145,385) to DBG Properties, LLC for the development of Range View Apartments located at the northwest corner of Sable Blvd. and Montview Blvd.?

**EXHIBITS ATTACHED:**

- 2019 PAB - Housing Redevelopment and Neighborhood Services Committee Memo.pdf
- 2019 PAB Direct Allocations.pdf
- 2019 PAB Request Letter Range View.pdf
- 2019 Private Activity Bond Presentation.pptx

# MEMORANDUM



City of Aurora

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**TO:** Housing, Redevelopment and Neighborhood Services Committee

**Through:** Jason Batchelor, Deputy City Manager  
Malcolm Hankins, Director of Neighborhood Services Department

**Cc:** Hanosky Dened Hernandez Perez, Assistant City Attorney  
Terri Velazquez, Director of Finance

**FROM:** Anita M. Burkhart, Manager of Community Development

**DATE:** February 12, 2019

**SUBJECT:** 2019 Private Activity Bond Assignment

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The city of Aurora has received a request from DBG Properties, LLC for the assignment of the 2019 Private Activity Bond (“PAB”) allocation (\$19,145,385). The proposed use of the funds is to develop approximately 220 units of affordable rental housing in a new Low Income Housing Tax Credit project located at the corner of Sable Blvd and Montview Blvd.

The site is an irregular shape wrapping around to the west, north, and east of an existing affordable Section 8 apartment community that has Montview Boulevard frontage. A 3-story, 220-unit apartment community is proposed for construction on the site. There will be 100 one bedroom units, 78 two bedroom units and 42 three bedroom units. The property will have a small clubhouse building with a management office, and an indoor and outdoor community amenity spaces. The property will have garages and open parking spaces. The apartment buildings will have ample storage closets along the breezeways. The project is proposed to operate with restrictions on rents and occupancy by individuals or families whose income is 60% or less of the area median income (AMI) for all 220 units.

DBG Properties, LLC is requesting the full allocation that city of Aurora has been allotted by the State of Colorado in 2019. The total PAB financing will then be coupled with other sources, such as 4% Non-competitive Tax Credits, to meet the overall needs of the project.

To address a few general questions:

- PABs are tax exempt bonds that can be issued by eligible authorities for eligible projects. These project include affordable housing, small-issue industrial revenue bonds and redevelopment projects. They are allocated by the federal government to the State who then allocates portions of that total to eligible jurisdictions.

- In cases where an eligible jurisdiction assigns their PAB allocation to another eligible entity (such as DBG), this is no risk and no debt incurred.
- If the City assigns its allocation to DBG and subsequently has need of additional allocation for another project, the City is free and encouraged to apply to the state for additional PAB allocation. In recent years, much of the state's PAB allocation has gone unused based on low commercial financing rates.
- The project is subject to all planning and development reviews and approval processes, including agreements for the improvement of adjacent public streets.
- PAB allocations from any given year may be carried forward into the subsequent year and combined with future allocations if directly assigned to a specific project, as is the case with this proposal.
- There are no other known projects requesting the assignment of the City's PAB allocation this year. PAB funding unallocated or otherwise unused by September 15<sup>th</sup> automatically reverts to the state-wide pool.

Staff will be available to address any questions the Committee may have.

***Question:***

***Should the City of Aurora assign its 2019 Private Activity Bond allocation (\$19,145,385) to DBG Properties, LLC for the development of 220 units of affordable housing?***

***Can we move this request forward to City Council Study Session?***

**2019  
Colorado Private Activity Bond  
Direct Allocations**



**COLORADO**  
Department of Local Affairs

<b>Statewide Pop.</b> 5,695,564	<b>PAB Cap Available</b> \$598,034,220.00
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Local Issuers	Population	PAB Cap	Local Issuers	Population	PAB Cap
Denver County	715,530	\$37,565,325	La Plata County	56,398	\$2,960,895
Colorado Springs	473,648	\$24,866,520	Pueblo County	55,756	\$2,927,190
<b>Aurora*</b>	<b>364,674</b>	<b>\$19,145,385</b>	Parker	55,610	\$2,919,525
Douglas County	219,961	\$11,547,953	Eagle County	55,427	\$2,909,918
Jefferson County	209,005	\$10,972,763	Fremont County	48,186	\$2,529,765
El Paso County	207,284	\$10,882,410	Littleton*	47,588	\$2,498,370
Fort Collins	167,117	\$8,773,643	Brighton*	39,947	\$2,097,218
Lakewood	156,596	\$8,221,290	Northglenn*	38,694	\$2,031,435
Weld County	147,305	\$7,733,513	Englewood	34,763	\$1,825,058
Arapahoe County	137,871	\$7,238,228	Wheat Ridge	31,766	\$1,667,715
Thornton*	137,302	\$7,208,355	Delta County	31,006	\$1,627,815
Arvada*	119,136	\$6,254,640	Summit County	30,983	\$1,626,608
Adams County	115,598	\$6,068,895	Fountain	30,169	\$1,583,873
Westminster*	112,874	\$5,925,885	Lafayette	28,939	\$1,519,298
Pueblo, City of	112,542	\$5,908,455	Morgan County	28,468	\$1,494,570
Centennial	111,863	\$5,872,808	Montezuma County	26,439	\$1,388,048
Boulder, City of	108,472	\$5,694,780	Windsor	26,319	\$1,381,748
Greeley	106,416	\$5,586,840	Elbert County	25,952	\$1,362,480
Larimer County	96,537	\$5,068,193	Routt County	25,530	\$1,340,325
Longmont*	94,191	\$4,945,028	Teller County	24,970	\$1,310,925
Mesa County	87,890	\$4,614,225	Erie*	23,940	\$1,256,850
Loveland	77,872	\$4,088,280	Montrose County	22,675	\$1,190,438
Broomfield	69,123	\$3,628,958	Logan County	22,200	\$1,165,500
Grand Junction	66,137	\$3,472,193	Louisville	21,450	\$1,126,125
Castle Rock	63,635	\$3,340,838	Evans	21,269	\$1,116,623
Boulder County	62,452	\$3,278,730	Golden	21,136	\$1,109,640
Garfield County	59,995	\$3,149,738	Chaffee County	19,898	\$1,044,645
Commerce City	56,641	\$2,973,653	Montrose	19,673	\$1,032,833
<b>Total Local Issuers:</b>			<b>\$282,072,957.00</b>		

4,457,667

915,151

	Population	PAB Cap
<b>Total Local Issuers:</b>	5,372,818	<b>282,072,957</b>
<b>Statewide Authorities:</b>		
CHFA		\$289,017,110.00
CADA		\$10,000,000
<b>Total Authorities</b>		<b>\$299,017,110</b>
<b>Statewide Balance</b>	322,746	<b>\$16,944,153</b>
<b>TOTAL PAB</b>	5,695,564	<b>\$598,034,220</b>
	5,695,564	\$598,034,220
	TRUE	TRUE

Minimum 19,048 \$1,000,000

47%

\* denotes multi-county place

48%

2%

3%

100%



Anita M. Burkhart  
Manager Community Development Division  
City of Aurora  
9898 E. Colfax Ave., Second Floor  
Aurora, CO 80010

Dear Ms. Burkhart,

Thank you for meeting with us on June 13<sup>th</sup> to discuss a proposed workforce affordable housing Low Income Housing Tax Credit (LIHTC) and Private Activity Bond (PAB) project in Aurora at Montview Blvd. and Sable Blvd.

As suggested, this letter is to formally request that the City of Aurora consider assigning some or all of the City's State of Colorado 2019 PAB direct allocation for a 220 unit family affordable project to be developed by DBG Properties LLC, in an area of Aurora in need of affordable housing.

Right now, we estimate that the total PAB cap allocation needed to complete the project to be approximately \$26 million. Any available bond cap would be greatly appreciated.

Sincerely,

Walter Grodahl

DBG Properties LLC

# 2019 Private Activity Bond



Range View  
Apartments

# Background

A Private Activity Bond (PAB) is a special class of tax-exempt bond that benefits (non-governmental borrowers) that can be used by states, local governments or housing authorities.

These “state or local issues” are bound by very specific restrictions as to the use of the bonds and the compliance requirements related to those bonds.

It is important to recognize that the allocation of volume cap to a state or local issuer is only an authorization to issue bonds and has no cash value.

# 2017 and 2018 PAB Allocations

## 2017 - \$17,867,000

- ▶ \$17,867,000 assigned to Gardner Capital Development Colorado, LLC for the development of the property known as Alameda View Apartments, located at 15501 E. Alameda Parkway, Aurora, CO 80017

## 2018 - \$19,003,268

- ▶ \$19,003,268 assigned to The Housing Authority of the City of Aurora for the development of:
  - ▶ The property known as Peoria Crossing, located at 3002 N. Peoria, Aurora, CO 80011
  - ▶ Updating the property known as Connections at 6<sup>th</sup> Avenue, located at 601 Potomac St., Aurora, CO 80011



# 2019 PAB Allocation

The City of Aurora's 2019 PAB allocation is \$19,145,385.

Neighborhood Services Department, Community Development Division is requesting that the City of Aurora assign the 2019 PAB to CHFA with a support of assignment to DBG Properties, LLC for:

- The development of approximately 220 units of affordable rental housing in the property known as Range View Apartments at the northwest corner of Sable Boulevard and Montview Boulevard.

CHFA uses its best efforts to utilize a local issuer's PAB in their community.

# Questions?





## Range View Apartments



# Range View Apartments

COMMUNITY MEETING



# Range View Apartments



## Range View Apartments