



AGENDA ITEM SUMMARY

City Council

STAFF

Sue Beck-Ferkiss, Social Policy and Housing Programs Manager
Vanessa Fenley, Senior Housing Manager
Jacob Castillo, Chief Sustainability Officer

SUBJECT

Resolution 2025-066 Authorizing the Assignment of the City's 2025 Private Activity Bond Allocation to Housing Catalyst to Finance the Construction and Rehabilitation of Affordable Housing Units.

EXECUTIVE SUMMARY

The purpose of this item is to support the rehabilitation and new construction of affordable housing at CARE Communities Windtrail Apartments and elsewhere in the City by assigning the City's 2025 Allocation of Private Activity Bond (PAB) capacity to Housing Catalyst, a qualified issuer. PAB capacity is required for development projects using 4% Low-Income Housing Tax Credit financing.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Background and History: The State of Colorado Private Activity Bond (PAB) allocation program is established by the Colorado Private Activity Bond Ceiling Allocation Act, Colorado Revised Statutes Section 24-32-1707, et seq., (the Allocation Act). PABs are tax-exempt bonds that can be issued by eligible authorities. The proceeds of the sale of the bonds must be used for specific purposes as determined by the federal Internal Revenue Service. Permitted purposes include, but are not limited to, affordable housing development and rehabilitation, which is the City's prioritized use. Historically, PAB financing has also been used by the City for economic and industrial development purposes.

In 2025, the total PAB capacity amount available statewide is \$767,174,070. Fifty percent of the state ceiling is allocated directly to statewide authorities and the other half is allocated directly to local governments based on population size. The City has been notified that, pursuant to Section 24-32-1706 of the Allocation Act, its allocation from the state for 2025 is \$11,184,752 (**Attachment 1**).

PAB capacity is merely the authority to take on tax exempt debt and is not an allocation of funding. The City will not incur debt by assigning this allocation and this will not affect the City's credit rating. If a local government does not issue bonds or assign the bond cap to an eligible entity for a local project or projects by September 15 annually, the City allocation automatically reverts to the state's pool of available bond capacity.

The Colorado Housing and Finance Authority (CHFA) offers a 4% Low Income Tax Credit Program which is a financing mechanism for the development and rehabilitation of affordable housing. CHFA requires

these types of financing deals to include private activity bonds. Historically, Fort Collins had assigned its annual allocation on a first-come, first-served basis. From 2009 through 2012, the Fort Collins allocation was not used locally and therefore reverted to the state's pool of available bond capacity. Since 2013, the City has assigned its full allocation to Housing Catalyst, the Fort Collins Housing Authority, and/or to CHFA for the rehabilitation or construction of affordable rental housing units. Both of these entities are qualified bond issuers.

In 2018, the City implemented an application process for requesting the City's annual allocation of PAB. The guidelines are set forth in the City's General Financial Policies. Applications are due annually by March 15 and are reviewed by the City PAB committee. The finance policy states that the following factors be considered when making a recommendation for allocating PAB capacity:

- How well the project meets the land use, economic development and/or affordable housing goals of the City.
- 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; and
- Whether the application should be considered by any City board or commission.

Current requests: This year the City received two (2) requests **(attached)** for twice as much available PAB capacity which are summarized as follows:

Applicants	Project	Location	Amount requested
CARE Communities	Windtrail Rehab	Fort Collins	\$9,000,000
Related Affordable, LLC	Dawson Square	Thornton/Denver	\$11,184,752
Total Requests			\$20,184,752
Available PAB Cap			\$11,184,752

CARE Communities is seeking \$9,000,000 million in PAB Capacity for the rehabilitation of 50 apartment homes at the Windtrail Park community, located at 2120 Bridgefield Lane, Fort Collins, CO 80526 **(Location Map)**. The project requires at least \$9,000,000 in PAB capacity. The bond issuer for this project is Housing Catalyst. The City may assign more than the requested amount of PAB and prefers to assign PAB capacity and not act as bond issuer. It is Housing Catalyst's mission to provide affordable rental homes to the City's residents. In addition to being an issuer for others, Housing Catalyst has several projects in the planning stages that will require PAB for financing. Once allocated to Housing Catalyst, the PAB cap can be carried over for up to three (3) years. Often PAB capacity must be built up over several years to meet the needs of the local pipeline of projects.

Related Affordable, LLC is seeking \$11,184,752 in PAB capacity for the acquisition and renovation of Dawson Square, a 36-unit income and age restricted community in Thornton, Colorado at 8710 Dawson Street. **(Location Map)** They require \$12,000,000 in PAB capacity for this project. Please note that Related's request lists Exhibit B – Statement from bond council that project is eligible for Private Activity Bonds, however this exhibit was not provided.

City PAB Committee's Considerations

The City's PAB committee, made up of staff representatives from Social Sustainability, Economic Health and Finance departments, met and considered the following:

- The committee decided that local projects are a City priority.
- The Committee considered using the 2025 allocation in multiple projects.
- The Committee considered project feasibility and timing.
- The Committee considered the completeness of the information provided.
- Lastly the Committee decided to bring recommendations to the Affordable Housing Board.

City PAB Committee's Recommendations

Of the two applications received by the City, one application was complete, submitted before the deadline and is for a Fort Collins location. The other application was incomplete and was submitted after the deadline. Further the project location in the second application is outside the City of Fort Collins.

Therefore, based on the criteria listed in the Finance Policy and the City's affordable housing goals, the Committee recommends approving CARE Communities' application and allocating the City's 2025 PAB capacity to Housing Catalyst for the construction and rehabilitation of affordable housing in Fort Collins including the Windtrail Park rehabilitation project.

City Council must adopt a resolution assigning the 2025 PAB Allocation to Housing Catalyst to allow Housing Catalyst to issue bonds for qualifying projects. Additionally, the City will enter into an Assignment of Allocation Agreement with Housing Catalyst to complete the transaction.

CITY FINANCIAL IMPACTS

The City will not issue Private Activity Bonds and the bonds will not be the obligations of the City. The debt service on the bonds will be repaid from revenue generated by the housing developments and does not constitute a debt of the City. This action will not affect the City's credit rating. The renovation project will require goods and labor which will benefit the local economy.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

The Affordable Housing Board considered this request at their May 2025 meeting and supports the PAB Committee's recommendation.

PUBLIC OUTREACH

The Affordable Housing Board heard this matter at their hybrid May meeting which was open to the public. The process to request PAB capacity is detailed on the Social Sustainability Department's web page and the guidelines are set forth in the City's General Financial Policies.

ATTACHMENTS

1. Allocation Letter
2. CARE Communities request
3. Related Affordable, LLC request
4. Windtrail Location Map
5. Dawson Square Location Map
6. May 2025 Affordable Housing Board Minutes (DRAFT)
7. Resolution 2025-066