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TOWN COUNCIL CONSENT AGENDA COMMUNICATIONS

AGENDA DATE: July 15, 2024

SUBJECT: Resolution No. 2024-33 Approving Declaring the Intent of the Town of Johnstown, Colorado to Issue Revenue Bonds in Connection with Financing Residential Facilities for Low- & Middle- Income

ATTACHMENTS:

1. Resolution No. 2024-33
2. PAB Johnstown Allocation Letter 2024
3. 2024 Johnstown Carryforward PAB Certificate

PRESENTED BY: Sarah Crosthwaite, Economic Development Manager

AGENDA ITEM DESCRIPTION:

Enclosed for your review and consideration is Resolution No. 2024-33 Declaring the Intent of the Town of Johnstown, Colorado to Issue Revenue Bonds in Connection with Financing Residential Facilities for Low- & Middle- Income Families or Persons.

For reference the Town has received the following allocations in Private Activity Bonds (PAB) from the Colorado Department of Local Affairs (DOLA):

Allocation Year	PAB Cap	Elected to Carryforward
2023	\$1,085,227	Yes, Resolution 2023-31 Adopted 08/21/23
2024	\$1,128,338	Staff is requesting to carryforward via adoption of Resolution 2024-33

The allocation amounts are determined utilizing population estimates. The Town would like to utilize the PABs for a future affordable housing project. Per Internal Revenue Code, the Town can carryforward up to three years of PAB allocations and by the 4th year issue the bonds to fund a qualifying project. The Town is assuming we will continue to receive a PAB allocation for the next 2 years.

The intent of Resolution No. 2024-33 is not to issue the allocated PABs this year but instead continue to build up a reserve while also finding additional capital to fund an affordable housing project.

The Community that Cares

The Town met with the Housing Authority of the Town of Johnstown in 2023 to discuss the PAB allocation and a potential affordable housing project that would create 36 new multi-family units adjacent to the existing multi-family property located at 202 North Greeley Avenue, Johnstown, Colorado 80534. However, based on the proposed project and effectiveness of the PAB's, the project is too small in scale to justify the administrative and issuance costs associated with private activity bonds. The benefits of these bonds, such as lower interest rates, might be outweighed by the complexities and expenses involved in their utilization, therefore making them impractical for smaller projects.

The Town is now exploring another potential project with a development group who is considering a 175-unit affordable housing project in Johnstown. This project is still very much in the preliminary stages and the Town has not committed any of its PABs to the project or developer. However, the Town is required to identify a project or potential project when requesting to carryforward its allocation. The potential project will serve to benefit residents of the Town and provide safe, reliable, and affordable housing.

As required per DOLA, the Town has identified a firm to serve as the bond counsel. Kutak Rock LLP has reviewed the Resolution to ensure compliance with DOLA and the IRS.

STRATEGIC PLAN ALIGNMENT:

Natural & Built Environment

- *Support a broad range of housing options*

LEGAL ADVICE:

The Town Attorney and Bond Counsel Kutak Rock LLP have reviewed Resolution No. 2023-31.

FINANCIAL ADVICE:

Bond Counsel Kutak Rock LLP will file with the Internal Revenue Service in February 2025, Form 8328 as required.

RECOMMENDED ACTION:

Approve Resolution No. 2024-33.

Reviewed and Approved for Presentation,



Town Manager