Gap-filling Grants & Private Activity Bonds (PAB)

Colorado NAHRO
May 13, 2015
CDOH Grants & Loans

- CDOH funds are GAP-filling.
- Competitive, monthly applications.
- Contact your Housing Development Specialist BEFORE applying.
- Local $ support, market, cost per unit, & overall feasibility.
- Rentals below 60% AMI, prefer 50% AMI & lower.
- Grants available only to Non-Profits & Housing Authorities - loans available to For-Profits.
CDOH Grants & Loans

- HOME
- CDBG
- Housing Development Grant (HDG)
- Housing Development Loan Fund (HDLF)
- Colorado Housing Investment Fund (CHIF)
- Neighborhood Stabilization Program (NSP)
- CDBG Disaster Recovery (CDBG-DR)
HOME & CDBG

• Federal $ given to state & local gov’ts. In HUD’s FY15, CO rec’d:
  o $4.1MM HOME
  o $2.7MM CDBG (Housing’s 1/3 share)

• State CDBG available only if local gov’t does not get its own allocation (non-entitlement areas)

• CDBG - Local gov’t is Applicant, & may either grant or loan the funds to the project

• Long-term monitoring required for HOME

• HUD Environmental Clearance, Davis-Bacon, Section 3, Affirmative Marketing & other cross-cutting federal regulations.
Housing Development Grant (HDG) & Housing Development Loan Fund (HDLF)

- State General Fund $
  - $8.2 HDG
  - $HDLF - balance varies

- HDG is for grants, especially for:
  - Very low-income rentals
  - Permanent Supportive Housing
  - Rural - statewide

- HDLF is only for short-term, secured loans.
Colorado Housing Investment Fund (CHIF)

- State Attorney General’s mortgage settlement custodial funds
  - $13.2MM awarded in first round
  - $23MM recently made available
- Revolving Loan Pool
- Low interest, short-term (up to 7 years)
- 30% can convert to long-term debt (up to 17 years), or more if project serves special needs
- $3 million max per loan
Neighborhood Stabilization Program (NSP)

- Federal $ given to state & some local gov’ts
  - DOH rec’d $44.4MM (inc. Colorado Springs’ allocation)
  - Generated $8MM in Program Income, $2MM currently available
- Funds may continue to be recycled semi-indefinitely within the State until exhausted.
- Blends regulations of CDBG/HOME
- Multi-family rental projects with minimum of 25% of tenants 50% AMI or below, remainder may go up to 120% AMI.
- Properties must be abandoned, foreclosed or vacant, and zoned residential to use funds.
CDBG Disaster Recovery (CDBG-DR)

- Federal $ given to state - DOH rec’d:
  - $57.4MM for housing construction
  - $49.6MM for housing programs (rental assistance, rehab, etc.)
- 18 Presidentially declared flood & fire-impacted counties
- 80% of funds in Boulder, Larimer & Weld Counties
- 2 years to spend $$ (staggered start dates - April 2014, November 2014 and probably June 2015)
- Coordinated application review with CHFA - see State Housing Board packet at: [http://go.usa.gov/3km2j](http://go.usa.gov/3km2j)
- For general information: [http://dola.colorado.gov/cdbg-dr/](http://dola.colorado.gov/cdbg-dr/)
What are Private Activity Bonds?

- Tax-exempt bonds issued for privately developed projects.
- IRS allows a limited amount, also known as PAB “Cap” or Capacity.
- Municipalities (or Authorities) issue the bonds, but have no obligation to repay investors.
- Investors buy the bonds.
- Underwriters use the investors’ $$, or “bond proceeds,” to make a loan to the project.
- The project pays back the loan & investors get repaid + interest.
- PABs make rental housing projects eligible for 4% LIHTC.
Initial PAB Allocation Process

$100 per person in the state = the “Volume Capacity”

$526,836,700 in 2014, $535,586,600 in 2015

50% of Allocation

Statewide Authorities
- Colorado Housing and Finance Authority (CHFA)
- CO Agriculture Development Authority (CADA)

50% of Allocation

Local Governments
- 20,000 Persons or more
- $50 per capita

Statewide Balance
Remaining cap administered by CO - DOLA/DOH
January 2014 PAB Allocation

- **CHFA**: 48% (257,793,300)
- **Locals**: 46% ($247,865,800)
- **CADA**: 2% (10,000,000)
- **SWB**: 4% (19,927,500)

- 51 Local Issuers - $247,865,800
- CHFA - $257,793,300
- CADA - $10,000,000
- SWB - $19,927,500

- Receive allocation by January 15th
- Establish priorities & act by Sept. 15th
- List of locals available at: [http://go.usa.gov/tCZF](http://go.usa.gov/tCZF)
September 2014 PAB Allocation

- El Paso Co - $32,308,000
- Denver - $31,730,950
- 9 Other Locals - $46,338,950
- CHFA - $174,009,850
- CADA - $1,094,000
- SWB - $241,354,950
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