



City of Loveland Private Activity Bond Allocation Process

Background & History

Private Activity Bonds are tax-exempt bonds that can be issued for specific purposes defined by the U.S. tax code including industrial development, rental housing development and single-family mortgages. The federal government grants limited annual allocations of private activity bonding authority to states under the Tax Reform Act of 1986. The State of Colorado allocates 50% of state private activity bond ceiling to local governments on a per capita basis. If a local government does not issue bonds or assign the bond cap to an entity for a local project, the cap reverts back to the state's pool. The state makes the unused bond cap available for statewide projects.

Since 1986, Loveland has received a direct allocation of private activity bond authority from the state. The bond cap has been utilized as follows:

Year	Bond Cap Amount	Project / Purpose	Bond Type
1986 - 1987	\$2,800,000	Vander Meer manufacturing facility	Industrial development
1988 –1992	\$2,500,000	Grannan Company facility construction	Industrial development
1993– 1994	\$2,000,000	Unused bond cap relinquished to statewide balance	
1995	\$1,015,700	Colorado Housing and Finance Authority	Single family mortgage revenue bonds
1996	\$1,045,050		
1997	\$1,081,750		
1998	\$1,111,675		
1999	\$1,144,625	Trammell Crow--The Reserve Apartments	Qualified rental housing
2000	\$1,178,750	City of Ft Collins--Assisted Living Facility	Qualified rental housing
2001	\$1,514,094	Waterford Place Apartments	Qualified rental housing
	\$1,178,750	FC bond cap returned – Waterford Place	Qualified rental housing
2002	\$1,897,800	Waterford Place Apartments	Qualified rental housing
2003	\$2,000,438	Unused bond cap relinquished to statewide balance	
2004	\$2,100,000		
2005	\$2,200,000		
2006	\$2,300,000		
2007	\$2,494,368		
2008	\$2,566,703	Colorado Housing and Finance Authority	Single family mortgage revenue bonds
2009	\$2,887,470	Colorado Housing and Finance Authority	Industrial Revenue Bonds
2010	\$2,962,080	Unused bond cap relinquished to statewide balance	
2011	\$3,141,270		
2012	\$3,186,443		
2013	\$3,235,035		

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Purpose:

1. To establish an orderly and equitable process of allocating tax-exempt private activity bonds.
2. To encourage private investment in job creation and housing.
3. To encourage development in areas of the city where jobs and housing are most needed.
4. To encourage the increase or maintenance of the local tax base.
5. To maximize the use of the state's private activity bond ceiling amount.

Process:

1. **Applications** for City of Loveland Private Activity Bond Cap will be accepted as follows:

Round One: Fall, 2013 through January 15, 2014 in order to allow applicants apply in the first round of state application process (deadline 3/1/2014). Projects receive higher consideration for bond financing by the state if local bond cap has been assigned.

Round Two: January 16, 2014 – June 1, 2014 if the city's 2014 bond cap has not yet been assigned to a project. State deadline for round two is September, 15, 2014.

2. A \$750 original **application fee** shall be paid to the city by every applicant for private activity bonds. This original application fee shall be payable one time only and shall be non-refundable.
3. A **fee of ¼ of 1 percent** of the principal amount of the bond issue shall be charged to any entity receiving city's bond cap assignment at time of bond closing.
4. The City's PAB Committee will review all applications. Each committee member will take the following application elements into consideration:
 - How well the application meets the land use, economic development and/or affordable housing goals of the City of Loveland
 - Project feasibility and timing
 - Leverage of other investment into the project
 - Maintenance of or increase in local tax base

Committee makes annual recommendation to city council on appropriation of bond cap. Schedule to complement statewide balance application process.