

# loan programs for innovative housing manufacturers

Colorado Housing and Finance Authority (CHFA) and  
Office of Economic Development & International Trade (OEDIT)

July 20, 2023



**COLORADO**

Office of Economic Development  
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# innovative housing incentive program



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# background

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Established by House Bill 22-1282 in Spring 2022

\$40M in grant and loan funding for “innovative housing businesses”

Grant program launched in December 2022

Loan program will provide up to \$20M in funds

CHFA will administer the program for OEDIT

# eligible projects

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## Innovative Housing Incentive Program (IHIP)

New or existing innovative housing manufacturers, including panelized, tiny homes, kit homes, and potentially 3D printed (if there's an off-site component).

The end innovative unit that is produced must be attached to a permanent foundation.

Out-of-state applicants who are proposing a Colorado facility are also eligible to apply.

For existing innovative housing manufacturers, the IHIP loan funds must be utilized to expand existing facilities.



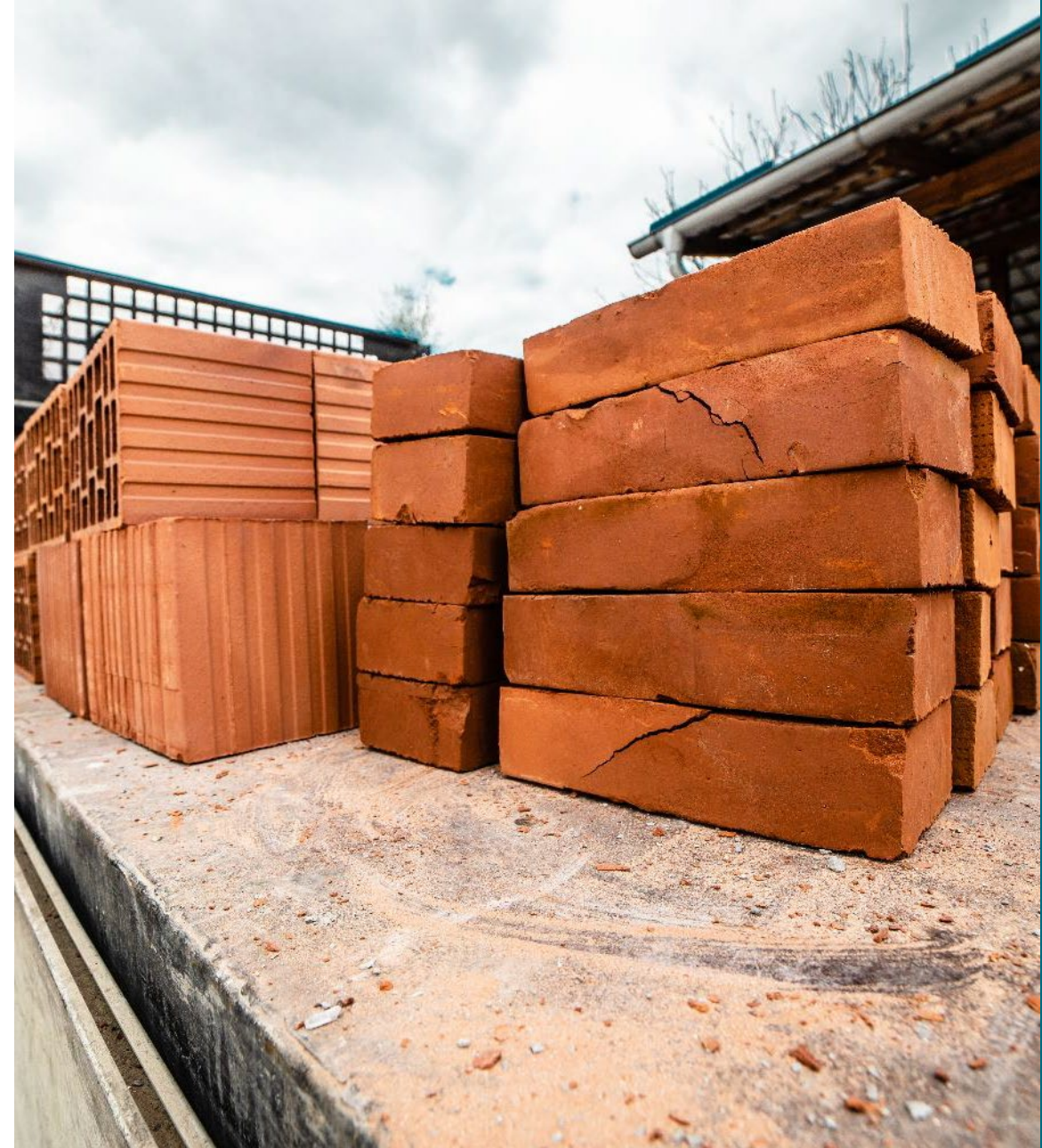
# benefits

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Below-market interest rates

Flexible financing terms,  
including traditional loans  
and/or Cash Collateral Support

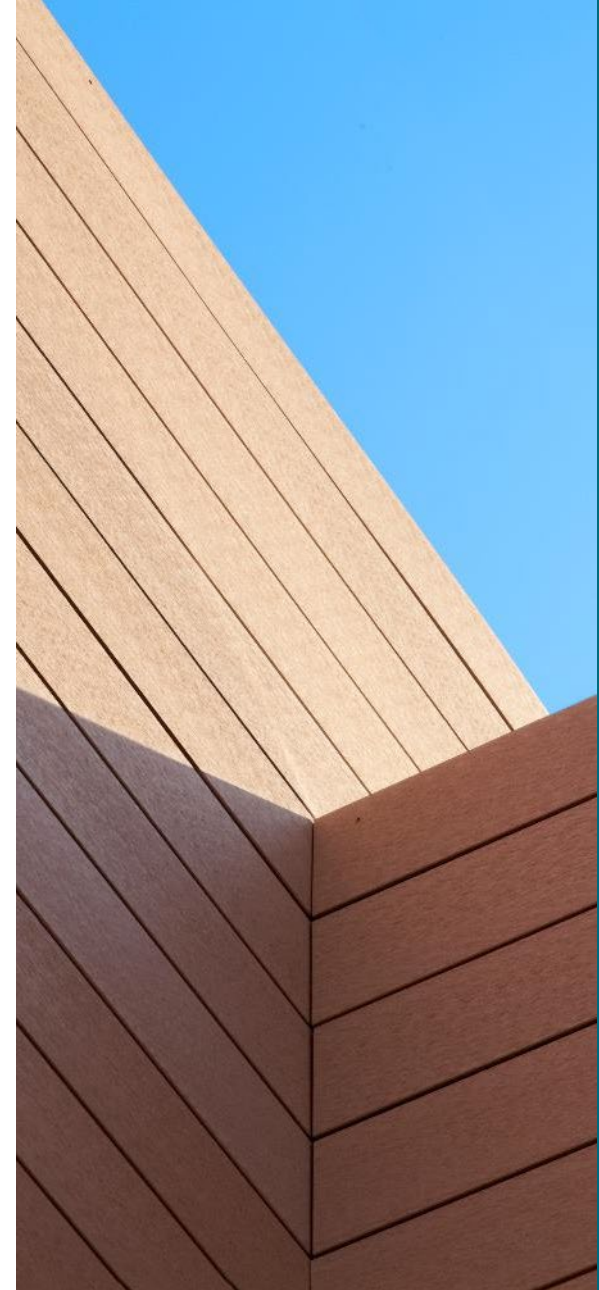
Use of funds includes but is not  
limited to working capital,  
equipment, and real estate  
improvements



# borrower-determined terms

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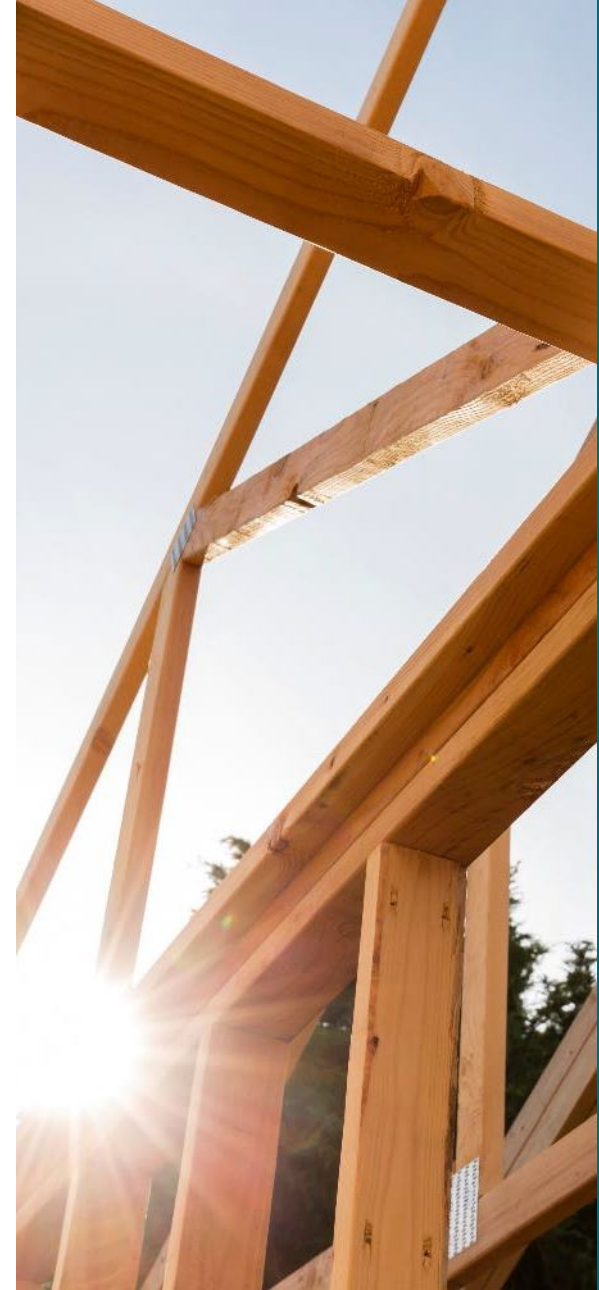
- Borrowers will propose an interest rate, term, and lien position
- Loan Limit: \$10M
- Program Limit: Not to exceed 10 years or the length of program term
- Evaluation criteria:
  - Number of innovative units produced
  - Percentage of affordable modular units produced
  - Economic impact/jobs created
  - Level of economic distress in the community
  - Sustainability and energy efficiency of units produced
  - Financial assistance needed for existing facilities



# program fees

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- 1% Origination Fee
- Cash Collateral Support Fee:  
3% of deposit amount  
for three years
- Standard loan closing costs
- \$40,000 outside legal counsel
- \$15,000 construction monitoring
- Environmental Report required for transactions greater than \$750K
- \$5,000 Commitment Fee







# reporting requirements

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Units produced:  
market vs. affordable

Return on investment in job  
growth for loan clients

Factory construction status (%)

A narrative description of any  
challenges loan recipients  
encountered and if these challenges  
impacted the ability to repay



# application process

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- Applications will be considered through a competitive funding round.
- Borrowers will be limited to receive funding for one project per State funding cycle.
- Please email: [innovativehousing@chfainfo.com](mailto:innovativehousing@chfainfo.com) to receive an application.

## Process

Applications and checklist items will need to be submitted to CHFA. The application timeline timeline is still being determined.

CHFA will provide approved applicants with a loan commitment, along with a list of outstanding construction and legal-related due diligence items to be collected. The commitment will be valid for 12 months and must be signed and returned to CHFA along with a \$5,000 commitment fee from the borrower or project sponsor.

# Affordable Housing Financing Fund

## proposition 123: modular loan program

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Draft program guidelines as of July 19, 2023







# Proposition 123: Modular loan program

Affordable Housing  
Financing Fund



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# Background

- Part of the Concessionary Debt Program of Proposition 123
- May have approximately \$14M-\$20M available in funds
- May have open application process for half (to address immediate industry needs) and RFP process for other half
- Program details in development





# Similarities to the Innovative Housing Incentive Program (IHIP)

## Mirrors IHIP (for the most part)

- Evaluation criteria
- Program benefits
- Fees
- Reporting requirements

## Eligible Projects

- New or existing innovative housing manufacturers, including panelized, tiny homes, kit homes, and potentially 3D printed (if there's an off-site component).
- The produced innovative unit must be attached to a permanent foundation and utilities.
- Out-of-state applicants who are proposing a Colorado facility are also eligible.

# Differences from IHIP: more flexibility

Loan funds could also be used for:

- Working Capital LOC
  - Inventory, raw materials, factory production deposits, leased-facility deposits
- Bridge credit facility for state-funded projects
- Residential project financing (for projects that utilize innovative housing units produced in CO) - low-cost capital, bridge, or gap financing
  - \$500K to \$1M limit
- Cash Collateral Support loan structure could also be utilized (same as IHIP)
  - Use to back bank or third-party lender installment or LOC
- Other uses deemed reasonable by CHFA and OEDIT





# Program in development

- We are looking for your feedback:
- Discussion after the presentation
- Additional ideas? Email [innovativehousing@chfainfo.com](mailto:innovativehousing@chfainfo.com)

**Note:** scope of program may be impacted by funds available (still TBD)



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# next steps

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Draft program guidelines as of July 19, 2023



# application information

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- IHIP application timeline is still being determined.
- Proposition 123 modular program expected to launch September 1, 2023
- Please email [innovativehousing@chfainfo.com](mailto:innovativehousing@chfainfo.com) to let us know you are interested in applying for either program and we will email you the application when available.





# questions and feedback

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