



Proposition 123: Land Banking Program

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COLORADO
Office of Economic Development
& International Trade





Welcome!

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Office of Economic Development
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Affordable Housing Financing Fund: Overview

Affordable Housing
Financing Fund 



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Proposition 123

State Affordable Housing Fund

\$160M FY22-23

\$318M FY23-24



Affordable Housing
Support Fund

DOH (\$127.2M)

40%

Affordable Housing
Financing Fund
OEDIT/CHFA (\$190.8M)

60%



Affordable Housing Financing Fund



**Land Banking
Program**



**Equity
Program**



**Concessionary Debt
Program**



First Step!

DOLA's local government opt-in

OEDIT-CHFA programs rely
on DOLA's Opt-In and
Petition Process

(except Modular Factory financing)

engagedola.org/prop-123



Land Banking

Affordable Housing
Financing Fund



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Funds Available Fiscal Year 2022-2023

\$14.4M-\$24M

Range:

- 15% to 25% of the Financing Fund

Proposition 123: Land Banking Program

The program provides grants to eligible local or tribal governments and forgivable loans to eligible nonprofits to acquire and preserve land for the development of affordable housing.



Eligible Projects	<ul style="list-style-type: none">Acquisition and preservation of land for the development of affordable housing. Mixed use may be allowed so long as the “predominate” use is affordable housing
Program Benefits	<ul style="list-style-type: none">Grants to local governments, tribal governments, including public housing authoritiesForgivable loans to nonprofits if certain milestones are achieved
Program Size	<ul style="list-style-type: none">15% to 25% of Affordable Housing Financing Fund (AHFF) allocation
Forgivable Loan Terms	<ul style="list-style-type: none">Proper zoning and development plan within 5 yearsPermitted and funded within 10 years
Forgivable Loan Conditions	<ul style="list-style-type: none">If milestones are not achieved by 5 and 10 years, the forgivable loan plus interest must be repaid within 6 months or can transition to a recoverable grant if conveyed to another entity for affordable housing
AMIs Served	<ul style="list-style-type: none">Rental: 60% AMI and belowHomeownership: 100% AMI and belowHUD rent and income limits as adjusted by county and household sizeRural resort communities may petition DOH for more flexible AMI requirements
Priorities	<ul style="list-style-type: none">High-density housingMixed-income housingEnvironmental sustainability



Benefits

- Provide grants to eligible local governments, tribal governments, including public housing authorities
- Provide forgivable loans to eligible nonprofit organizations with a demonstrated history of providing affordable housing
- Mixed-use development is allowable if the “**predominate**” use is affordable housing
 - Minimum 70% affordable
 - 51% to 69% allowed with waiver



Additional Eligibility Requirements

- Site must be located in Colorado
- Jurisdiction must have received approval from DOLA to participate in the fund
- Title to the subject may be transferred with prior approval from CHFA
- Pre-existing improvements cannot be financed - just the land



Proposition 123: Land Banking Program

Forgivable Loan Conditions

- If specified milestones are not achieved by 5 and 10 years, the forgivable loan must be repaid (with interest) within six months or can transition to a recoverable grant if conveyed to another entity for affordable housing.
- Upon repayment of the loan plus deferred interest, the property may be developed for any purpose.
- Non-performance could impact future awards.

Grant Conditions

- If specified milestones are not achieved by 5 and 10 years, the grant must be repaid within 6 months.
- Upon repayment of the grant, the property may be developed for any purpose.
- Non-performance could impact future awards.



Grant/Loan Amounts, Rates, Terms, Fees

- \$5,000,000 maximum loan or grant
- Forgivable loans will have 2% interest deferred (no payments are required unless milestones are not met)
- 5-year initial loan term will be automatically renewed for 5 years if milestone is met
- Unsecured - title insurance will be required
- Good faith efforts may be considered for extensions of milestones

AMIs Served

- Homeownership: 100%
- Rental: 60%
- Any income average units would be included under 30% mixed use
- Rural resort communities may petition DOH for more **flexible AMIs**





Proposition 123: Land Banking Program

Covenants

- Regulatory Agreement by CHFA for 10 years at the time of loan/grant funding
- Pre-existing improvements must conform with AMI restrictions at the time of milestone completion
- 40-year covenant required on final development
- Waiver allowed for down to 20 years with analysis

Geographic Distribution

- LOI process to ensure equitable distribution of funds statewide
- Multiple projects in the same jurisdiction considered
 - **Borrowers are encouraged to work together to prioritize a specific site**

Awardee Reporting Requirements

- Project Name
- Project Street Address
- City and County Location
- Housing Type
(homeownership and/or rental)
- Unit Count for Deed-Restricted Units
- Unit Count and Bedroom Count for Market-rate Units
- Proposed Units in each AMI average AMI of the project
- Proposed Percentage of Mixed Use
- Indicate whether the project is a Transit-Oriented Development site or Walkable Neighborhood
- Statutory Priority Satisfied by the Project – high density, mixed-income, and/or environmental sustainability
- **Other requirements TBD***

Letter of Intent and Application Process

Letter of Intent to
Apply (LOI) required
prior to application!

- LOI window July 18th to August 21st
- Competitive award process may be necessary based on demand - week of September 5th
- Recipients limited to one project/site award per State fiscal year
- Future fiscal years may not have the same LOI requirements
- September 11th: Based on demand LOI respondents will be notified of competitive or rolling application process and application next steps
- Applications require appraisal, Phase I (over \$750K), project narrative, and statement on how project addresses priorities
- November 15th: Applications Due
- Awards announced December/January, pending volume received
- 12-month commitment period

Priorities

- High-density housing
- Mixed-income housing
- Environmental sustainability
 - MF projects see CHFA QAP
 - Homeownership governed by local code
- Applicant will need to select priorities*
 - *Narrative must describe how the project will address these priorities
- New money transactions prioritized over refinances or gaps



How to apply



Letter of Intent (LOI)

- Download LOI and view program guidelines at:
www.ColoradoAffordableHousingFinancingFund.com
- DOLA Prop 123 site:
<https://engagedola.org/prop-123>
- Email to: landbanking@chfainfo.com
Secure Procorem site



Applications

Application document and checklist emailed will be mailed out at close of LOI window:

- Recipient resume
- Audited financial statements for the most recent three years for borrower/grantee/sponsor
- Project Narrative
- Appraisal (if available)
- Phase I Environmental Report for transactions \$750,000.00
- Purchase and Sale Agreement (if available)

ColoradoAffordableHousingFinancingFund.com



Land Banking

Grants and forgivable loans to acquire and preserve land for affordable housing development

[Learn more](#)

Equity

Equity investment to support the creation or preservation of low- and middle-income multifamily rental development

[Learn more](#)

Concessionary Debt

Loans to support the creation and preservation of affordable rental housing

[Learn more](#)

Modular and Factory-build Finance

Loans to support the creation or preservation of modular and factory build manufacturers

This program is currently in development; more information coming soon.



Questions?



Thank you!

Contacts

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