

Affordable Housing Financing Fund

Contact
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 ColoradoAffordableHousingFinancingFund.com

Proposition 123: Concessionary Debt Program Multifamily Finance

The program provides debt financing to eligible for-profit and nonprofit entities, local governments including housing authorities, and tribal governments for the creation of affordable housing.



Guidelines 09-13-2023

Program Benefits	<ul style="list-style-type: none"> • Below-market interest rates • Flexible repayment terms • Senior debt or subordinate financing available
Eligible Borrowers	For-profits, nonprofits, governmental entities including housing authorities, and tribal governments
Eligible Projects	<ul style="list-style-type: none"> • Low- and middle-income multifamily affordable rental developments • Preservation of existing developments at risk of losing affordability
Program Allocation	15% to 35% of Affordable Housing Financing Fund (AHFF) allocation
Area Median Incomes (AMIs) Served	<ul style="list-style-type: none"> • 60% average AMI for all restricted units comprising the project • If debt is subordinate, the senior debt AMI requirements may be operative instead, provided those requirements demonstrate alignment to the debt program’s intent to support low- and middle-income multifamily rental housing. • Up to 25% of the development’s units may be unrestricted but would be excluded from eligible project financing • Rural resort communities may petition the Colorado Division of Housing to use more flexible income requirements.
Program Limits	Maximum loan size limited to the lesser of 90% of value or cost when considering all must-pay debt, debt service coverage ratio of 1.15 as a senior loan and 1.05 as a subordinate loan when combined with the senior debt, or \$6,000,000, whichever is less. The maximum loan limit may be reduced based on funding availability.
Minimum Debt Financing	\$400,000
Interest Rates and Fees	<ul style="list-style-type: none"> • 2.5% fixed rate • 1% origination fee • Standard loan closing costs
Priorities	<ul style="list-style-type: none"> • High-density housing • Mixed-income housing • Environmental sustainability

This is intended only to highlight certain program requirements. Loans are subject to other requirements, including the CHFA Credit Policy and applicable operating and replacement reserve requirements. Please note that the programs are subject to change.



COLORADO
 Office of Economic Development
 & International Trade



FAQs

What is the purpose of the program and how is it funded?

CHFA administers the Concessionary Debt program on behalf of the Office of Economic Development and International Trade (OEDIT). The Concessionary Debt program is a component of the Colorado Affordable Housing Financing Fund established by Proposition 123 and provides debt financing to eligible low- and middle-income rental projects, including debt financing of existing affordable housing projects for purposes of preserving the affordable rental units. Shovel-ready projects that result in the construction of new units will be prioritized during the first year of program funding.

How do I determine if my project is eligible?

A project that applies for funding from the Program must be located in the State of Colorado in a jurisdiction that has received approval through the Colorado Department of Local Affairs - Division of Housing to participate in the Financing Fund by completing a Local Government Affordable Housing Commitment. More information is available on DOLA's website at <https://engagedola.org/prop-123>. For-profit entities, nonprofit, government entities including housing authorities, and tribal governments with prior experience in developing affordable housing are eligible to apply.

Do the AMI restrictions apply if the project will be located in a rural resort community?

Yes, however, rural resort communities may petition the Colorado Division of Housing to use more flexible AMI percentages.

Can the program be utilized as a construction or a permanent loan?

Loans from the Program may be structured as construction and/or permanent financing. Permanent loans are eligible for loan terms up to 30 years unless in subordinate position and the senior lender requires a longer term. The minimum loan size is \$400,000 and maximum size varies by type of use and available program funding.

Opportunity to Serve Middle Income

The loan needs to be in the subordinate position, and one of the following must be true:

- The senior lender is serving the 80% to 120% AMI range
- The project is in a Rural Resort area that has successfully petitioned for an AMI increase from the [Colorado Division of Housing](#).

How to Apply

Concessionary Debt Process and Timeline

Applications will be posted on the Affordable Housing Financing Fund website when available.

Application Timeline

September 18, 2023	CHFA will begin accepting applications.
October 9, 2023	Application submission period will end at 11:59pm MT.
January 2024	CHFA will announce projects selected to receive Concessionary Debt funds.

Contacts

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