

Proposition 123: Equity Program

The Equity program provides below-market-rate equity investments to eligible for-profit and nonprofit entities for the construction or preservation of low- and middle-income multifamily rental developments. A Tenant Equity Vehicle (TEV), funded through Proposition 123 program earnings, will be established by OEDIT, CHFA and a third-party administrator to benefit the residents of developments that receive Equity financing.



Guidelines 07-25-2024

Program Benefits	<ul style="list-style-type: none"> • Flexible source of capital with below-market return expectations • Structured with equity returns based on available cash flow
Eligible Project Sponsors	For-profits, nonprofits, governmental entities including housing authorities, and tribal governments
Eligible Projects	<ul style="list-style-type: none"> • Low-income multifamily affordable rental developments • Middle-income multifamily affordable rental developments • Preservation of existing developments at risk of losing affordability • This equity cannot be paired with federal or state Housing Tax Credit equity <p>Note: To be eligible, a project must be located in a jurisdiction that has completed a Local Government Affordable Housing Commitment with the Colorado Department of Local Affairs – Division of Housing.</p>
Program Allocation	40% to 70% of Affordable Housing Financing Fund (AHFF) allocation
AMIs Served	Not to exceed 90% average AMI for all restricted units
Maximum Investment	The maximum Program Investment amount is \$15,000,000. Investment size will be based on a comprehensive evaluation of the project’s financials, supporting documentation, and available program funding.
Minimum Investment	\$1,500,000
Investment Returns	Below-market returns based on available annual cash flow, with any remaining capital paid in full or in part at a capital event. The Program Investment term is up to 30 years.
Eligible Uses	Eligible project costs include acquisition, construction hard costs, professional fees, financing costs, soft costs, and reserves.
Fees	<ul style="list-style-type: none"> • 1% investment placement fee • Standard placement costs
Affordability Requirements	A Regulatory Agreement ensuring affordability for 30 years will be required, which must include a two-year notice to local government.
Priorities	<ul style="list-style-type: none"> • High-density housing • Mixed-income housing • Environmental sustainability
Strategic Investment Round Criteria (August 2-August 9, 2024)	<ul style="list-style-type: none"> • Developments that need to close prior to December 31, 2024 • Applications that demonstrate unique and extraordinary state and/or regional economic benefit • Applications supporting developments that will leverage other statewide investment

This is intended only to highlight certain program requirements. Investments are subject to other requirements including the CHFA Credit Policy and applicable operating and replacement reserve requirements.



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Environmental Sustainability Standards

Projects located in (1) jurisdictions classified by the Division of Local Government as Rural, (2) Rural Resort jurisdictions with fewer than 20 units, or (3) Urban jurisdictions with fewer than 30 units are exempt from the Environmental Sustainability standards detailed below.

Each of the following is required to meet the Environmental Sustainability Standard.

1. Certification from one of the following:
 - a. 2020 Enterprise Green Communities (EGC)
 - b. Leadership in Energy and Environmental Design LEED v.4.1 (LEED)
 - c. National Green Building Standards NGBS ICC-700-2020 (NGBS)
 - d. Zero Energy Ready Homes standard (US DOE)
2. All-electric building using high efficiency electric appliances such as heat pumps and heat pump water heaters, or a mixed-fuel building that includes pre-wiring for efficient electric heating and appliances and includes pre-wiring to enable future installation of EV charging station(s) for at least 10% of parking spots or greater if required under local codes.

*Developments that achieve all-electric construction with high-efficiency electric appliances may opt-out of a formal green building certification.
3. Utilize water-efficient design inside and outside. Full guidance can be found at coloradowaterwise.org.
4. Developments should be located within a half-mile of existing or planned transit corridors.
5. Applicants will need to detail plans to monetize federal tax credits (179D and 45L) through the Inflation Reduction Act and state incentives/tax credits such as the 10% state tax credit for heat pumps in their plans. Applicants that fail to demonstrate their use or evaluation of these public incentives will not be prioritized for funding.
6. **Optional:** If applicant has information regarding utility bills and the associated code and energy efficiency measures to achieve lower utility bills, including a commitment to estimated utility bill disclosure to prospective residents, please provide. Otherwise, this is not required.

How to Apply

Equity Strategic Investment Round

Starting Friday, August 2nd, and continuing until 5:00pm MT on August 9th, applications and available supporting materials for the Proposition 123 Equity program, will be accepted for a Strategic Investment Round to support applications that meet the Equity program guidelines as well as the following criteria:

- Developments that need to close prior to December 31, 2024
- Applications that demonstrate unique and extraordinary state and/or regional economic benefit
- Applications supporting developments that will leverage other statewide investment

The Strategic Investment Round will allocate up to \$20 million in available funding to support developments meeting the criteria described above. There will be additional opportunities to apply for Equity program funding in late 2024 or early 2025.

Application Timeline

Applications for the Strategic Investment Round will be posted on the Affordable Housing Financing Fund website when available.

August 2, 2024	CHFA will begin accepting applications.
August 9, 2024	Application submission period will end at 5:00pm MT.
September 2024	CHFA will announce project sponsors selected to receive Equity funds during the Strategic Investment Round.

Contacts

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