

Affordable Housing Financing Fund

Contact
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 ColoradoAffordableHousingFinancingFund.com

Proposition 123: Concessionary Debt Program LIHTC Predevelopment Finance

The program provides predevelopment loans to eligible for-profit and nonprofit entities, local governments including housing authorities, and tribal governments to finance feasibility expenses of affordable multifamily rental housing developed with federal Low Income Housing Tax Credits.



Guidelines 08-21-2024

Eligible Projects	Developments that utilize Low Income Housing Tax Credits
Program Benefits	<ul style="list-style-type: none"> • Predevelopment loans available for projects that qualify for federal Housing Tax Credits • Below market interest rates
Program Allocation	Program funding is 15% to 35% of total Financing Fund allocation
Eligible Borrowers	For-profit, nonprofit, governmental entities including housing authorities, and tribal governments
Program Limits	Maximum predevelopment loan to a project is \$750,000
Minimum Debt Financing	No minimum
Loan Repayment	<ul style="list-style-type: none"> • Interest-only payments • Principal due at earlier of close of construction loan or stated maturity date • Terms up to 36 months
AMIs Served	60% average AMI for all restricted units
Collateral	Predevelopment loans will be unsecured with recourse guaranties required from the borrower
Interest Rates and Fees	<ul style="list-style-type: none"> • 2.5% fixed rate • Standard loan closing costs
Affordability Restrictions	None in addition to LIHTC requirements
Priorities	<p>Statutory Priorities:</p> <ul style="list-style-type: none"> • High-density housing • Mixed-income housing • Environmental sustainability <p>Strategic Policy Priorities:</p> <ul style="list-style-type: none"> • Projects that construct new units • Use of Colorado manufactured modular/offsite building technology if reasonably cost-competitive with traditional construction methods • Inclusion of home-based or commercial child care facilities • Geographic diversity

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 predevelopment loans for projects supported by federal Low Income Housing Tax Credits. Funding for predevelopment will be limited for the FY 2024-2025 program year.

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 completed and received approval of a Proposition 123 Local Government Affordable Housing Commitment with the Colorado Department of Local Affairs - Division of Housing. More information is available on DOLA's website at <https://engagedola.org/prop-123>. For-profit entities, nonprofit entities, government entities including housing authorities, and tribal governments with prior experience in developing affordable housing are eligible to apply. Underwriting will focus on project feasibility, sponsor's experience, and sponsor's financial strength.

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.

What are some eligible uses for loan funds?

Eligible uses include environmental reports, market studies, appraisals, architect and engineering costs, surveys, application fees, permit costs, and land preparation costs prior to applying for Low Income Housing Tax Credits.

How to Apply

Concessionary Debt Process and Timeline

Starting September 16, 2024, and continuing until 5:00pm MT on October 15, 2024, applications will be accepted for Concessionary Debt Multifamily Finance and Concessionary Debt LIHTC Predevelopment loan options. Applications will be available for download beginning September 9, 2024. A total of \$53.8 million will be available during this funding round, \$20 million of which will be reserved for projects built with modular or innovative technologies.

Please note that applications for Concessionary Debt LIHTC Gap Finance and Concessionary Debt Modular Finance will not be accepted during this round. A total of \$13.5 million will be set aside for Concessionary Debt LIHTC Gap Finance and Concessionary Debt Modular Finance for an application round to be held in early to mid-2025. Please sign up for the [Proposition 123 Affordable Housing Financing Fund eNews](#) at coloradoaffordablehousingfinancingfund.com to be alerted to future funding opportunities.

Application Timeline

September 9, 2024	Applications will be available on the Affordable Housing Financing Fund website.
September 16, 2024	Application submission period begins for Concessionary Debt Multifamily Finance and Concessionary Debt LIHTC Predevelopment.
October 15, 2024	Application submission period will end at 5:00pm MT.
January 2025	Funding selections will be announced.

Contacts

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