

Affordable Housing Financing Fund

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ColoradoAffordableHousingFinancingFund.com

Proposition 123: Land Banking Program

The program provides grants to eligible local or tribal governments and forgivable loans to eligible nonprofits with a demonstrated history of providing affordable housing.



Program Guidelines 08-21-2024

Eligible Projects	<ul style="list-style-type: none"> Acquisition of land for the development of affordable rental and for-sale housing. Mixed use is allowed if the predominate use is affordable housing. New money transactions will be prioritized over a refinance or addressing financing gaps on existing projects.
Program Benefits	<ul style="list-style-type: none"> Grants to eligible local and tribal governments Forgivable loans to eligible nonprofits Good faith efforts may be used for consideration of extensions.
Program Allocation	Program funding is 15% to 25% of total Financing Fund allocation
Maximum Amount	Lesser of \$5 million or appraised value
Forgivable Loan Terms	<ul style="list-style-type: none"> Proper zoning and development plan within 5 years Permitted and funded within 10 years
Forgivable Loan Conditions	<ul style="list-style-type: none"> If specified milestones are not achieved by 5 and 10 years, the forgivable loan plus interest must be repaid within 6 months unless the land is conveyed to a state agency or other entity for the development of affordable housing with the approval of CHFA. Non-performance could impact future awards. Upon repayment of the loan plus deferred interest, the property may be developed for any purpose.
Grant Conditions	If specified milestones are not achieved by 5 and 10 years, the grant must be repaid within 6 months
Interest Rates and Fees	<ul style="list-style-type: none"> Forgivable loans bear a deferred interest rate of 2.0%. No interest is due if milestones are achieved. Standard loan and grant closing costs apply. Environmental Report required for transactions over \$750,000
AMIs Served	<ul style="list-style-type: none"> Rental: Households with an annual income at or below 60% AMI Homeownership: Households with an annual income at or below 100% AMI Rural resort communities may petition the Colorado Division of Housing to use more flexible income requirements Commercial or mixed-use development, including non-restricted housing is eligible provided that the predominant use (70%) is affordable. Projects proposing between 51% and 69% of the project to be utilized as affordable may apply with justification.
Geographic Distribution	Letters of Intent and/or applications will be reviewed to ensure equitable distribution of funds statewide to both rural and metro areas.
Reporting	Loan and grant recipients will annually report on development progress.
Funding Process and Distribution	<ul style="list-style-type: none"> Letters of intent will be required prior to submission of an application Based on anticipated demand, applications may be reviewed through a competitive funding round
Affordability Covenants	<ul style="list-style-type: none"> All projects must have a Regulatory Agreement at the time of program funding which will cover the milestone period. Final development must include a covenant maintaining affordability of rental housing units for at least 30 years after the final improvements are developed. Homeownership developments shall remain affordable for at least 30 years through a ground lease or similar structure. Projects may request a waiver to 20 years with a market analysis.
Priorities	<ul style="list-style-type: none"> High-density housing Mixed-income housing Environmental sustainability Shovel-ready projects that result in new units Use of Modular/offsite construction if cost competitive Inclusion of home-based child care units or commercial child care facilities
Commitments	Commitments will be valid for 60 days

Statutory Priorities

All applications will be evaluated with an emphasis placed on the following criteria:

- High density: Informed by local density definitions and maximum allowable density based on local conditions.
- Mixed Income: Commitment to serving a broad range of income levels within the development. (may need to reference the allowable percentage of Restricted affordable vs other)
- The Environmental Sustainability of the proposed project as defined below.

Applicants should be prepared to design future projects under the Environmental Sustainability Standards and local codes in place at the time of development planning.

Each of the following is required to meet the Environmental Sustainability standard:

1. Certification from one of the following*:
 - a. Enterprise Green Communities Certification Plus
 - b. Enterprise Green Communities
 - c. Zero Energy Ready Homes
 - d. Energy Star NextGen Certification
 - e. National Green Building Standards
2. Projects located in jurisdictions that have not adopted the 2021 or higher International Energy Conservation Code may opt out of the certification if they commit to using the 2021 or higher IECC and State Model Energy and Solar Ready codes when they develop the units. **Note:** Per SB24-214 on or after January 1, 2025 all State funded projects with new units are required to use Energy Star appliances.
3. All projects must be located within half mile of a regularly scheduled transit stop or community center where jobs and services are located.
4. All projects must utilize water efficient design inside and outside. Full guidance can be found at coloradowaterwise.org.

**Waiver: If a project cannot meet any of the Environmental Sustainability requirements listed above, it may present an alternative standard or request a waiver. The waiver will need to be justified with documentation demonstrating increased cost, lack of contractor knowledge (rural), limited location options (rural), no transit system (rural).*

In addition to the Statutory Prioritization above, for Fiscal Year 2024-2025, applications will also be evaluated based on the following:

1. Readiness to proceed (shovel ready)
2. Development Plan status
3. Geographic distribution
4. Requested award amount per unit
5. Financial feasibility
6. Density
7. Leverage of other sources of funds

How to Apply

Starting September 16, 2024, Letters of Intent (LOIs) will be accepted for the Land Banking program. LOIs will be accepted until funds are exhausted. LOI forms will be posted to the [Affordable Housing Financing Fund website](#) beginning **September 9, 2024**.

Prospective applicants whose LOIs are approved will be invited to complete a full application and will have 60 days to complete it. Once an application is approved, CHFA will provide the applicant with a loan commitment, along with a list of any due diligence items to be collected. The commitment will be valid for 60 days and must be signed and returned to CHFA prior to the expiration of the commitment. Please see the Land Banking Program Guidelines for more details.

Please note: A total of \$48 million will be available to support the Land Banking program during this funding round. Of that total, \$12 million (25%) of the program allocation will be reserved for Land Banking projects within a Transit Area or Walkshed designated on the Department of Local Affairs (DOLA) map to be published September 30, 2024. The intent of this set-aside is to incentivize and align developers with HB24-1313 land use priorities and secure land in Transit Areas.

Application and Award Timeline

September 9, 2024	LOI forms will be available on the Affordable Housing Financing Fund website.
September 16, 2024	LOIs will be accepted until funds are exhausted.

Completion of the Proposition 123 Local Government Affordable Housing Commitment is not required for LOI submission. Proof of Commitment submission will be required at time of application, with acceptance by DOH required to be deemed an eligible applicant.

Contacts

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