Affordable Housing
Financing Fund

Contact
concessionarydebt@chfainfo.com
ColoradoAffordableHousingFinancingFund.com

Proposition 123:
Concessionary Debt Program
LIHTC Gap Finance Guidelines

The program provides subordinate debt financing to eligible for-profit and nonprofit entities, local governments including housing authorities, and tribal governments for the creation of affordable multifamily rental housing developed with federal Low Income Housing Tax Credits.

Guidelines 04-22-2025

Eligible Projects	Developments that have received an award of federal Low Income Housing Tax Credits but have not yet converted to permanent financing
Program Benefits	• Subordinate gap financing • Below market interest rates • Flexible repayment terms
Program Allocation	Program funding 15% to 35% of total Affordable Housing Financing Fund allocation
Eligible Borrowers	For-profit, nonprofit, governmental entities including housing authorities, and tribal governments
Program Limits	Maximum gap loan size is limited to 1.05 debt service coverage when considering all must-pay debt, 10% of the total project costs, or $6,000,000, whichever is less.
Minimum Debt Financing	$400,000
Loan Repayment	Amortizing and non-amortizing loan structures available based on underwriting
AMIs Served	• 60% average AMI for all restricted units • Up to 25% of the development's units may be unrestricted but are excluded from eligible project financing
Collateral	Loans will be collateralized by the project assets
Interest Rates and Fees	• 2.5% fixed rate (inclusive of CHFA servicing fee) • 1% origination fee • Standard loan closing costs
Affordability Restrictions	A Regulatory Agreement requiring affordability for the greater of the loan term or 30 years will be required.
Priorities	• Statutory Priorities: High-density housing; Mixed-income housing; Environmental sustainability • Strategic Policy Priorities: Shovel-ready projects that result in 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

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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 gap financing for projects supported by federal Low Income Housing Tax Credits. To be eligible, projects must have received an award of credits, be able to demonstrate a financing gap, and have not yet converted to permanent financing. Shovel-ready projects that result in the construction of new units will be emphasized 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://cdola.colorado.gov/filing-a-commitment. For-profit entities, nonprofit, government entities including housing authorities, and tribal governments with prior experience in developing affordable housing are eligible to apply.

How to Apply

Concessionary Debt Process and Timeline

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

Application Timeline

May 5, 2025	CHFA will begin accepting applications.
May 23, 2025	Application submission period will end at 5:00pm MT.
June 2025	CHFA will announce projects selected to receive Concessionary Debt funds.

Contacts

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LIHTC Gap Finance Example Project

Federal 4 percent LIHTC development with large first mortgage ➔ LTV too high and debt service coverage ratio too low

Original Permanent Financing

Source of Loan	Amount of funds	Interest Rate	Term of Loan	Amortization (Years) or I/O	Annual Debt Service
First Mortgage	$19,900,000	6.50%	15	40	$1,398,070.86
Total	**$19,900,000**				**$1,398,071**

The below-market-rate subordinate debt helps reduce the annual debt service, enabling the project to take on the amount of debt necessary for the project to reach completion.

Permanent Financing with LIHTC Gap

Source of Loan	Amount of funds	Interest Rate	Term of Loan	Amortization (Years) or I/O	Annual Debt Service
First Mortgage	$17,000,000	6.50%	15	40	$1,194,331.89
Proposition 123 Subordinate Mortgage	$2,900,000	2.50%	15	I/O	$72,500.00
Total	**$19,900,000**				**$1,266,832**