Affordable Housing Financing Fund

Fiscal Year 2026 Funding Plan

This plan was approved by the Colorado Office of Economic Development and International Trade on June 5, 2025.

COLORADO
Office of Economic Development
& International Trade

chfa

Table of Contents

About

In November 2022, Colorado voters passed Proposition 123, a ballot measure authorizing the state to retain money from existing state income tax revenue to support affordable housing investment. These funds are split between the Office of Economic Development and International Trade (OEDIT) and the Department of Local Affairs (DOLA).

Sixty percent of Proposition 123 funds are allocated to the Affordable Housing Finance Fund (AHFF), which is managed by OEDIT and administered by Colorado Housing and Finance Authority (CHFA). This fund includes three programmatic areas: Land Banking, Equity, and Concessionary Debt. Additional information is available at **coloradoaffordablehousingfinancingfund.com**.

Forty percent of Proposition 123 funds are allocated to the Affordable Housing Support Fund, which is managed by DOLA through its Division of Housing (DOH) and Division of Local Government (DLG). The Affordable Housing Support Fund includes three programmatic areas: Affordable Homeownership, Serving Persons Experiencing Homelessness, and Local Planning Capacity Development. Additional information is available at **cdola.colorado.gov/prop123**.

For Fiscal Year 2026, a projected total of $196,200,000* will be available to support the AHFF.

*Based upon forecasts provided by Legislative Council Services as of March 31, 2025. Amounts listed below are estimates. The final funding total will be confirmed in July 2025.

State Affordable Housing Fund
Fiscal Year 2026: $327M

Affordable Housing Support Fund

DOLA

$130M

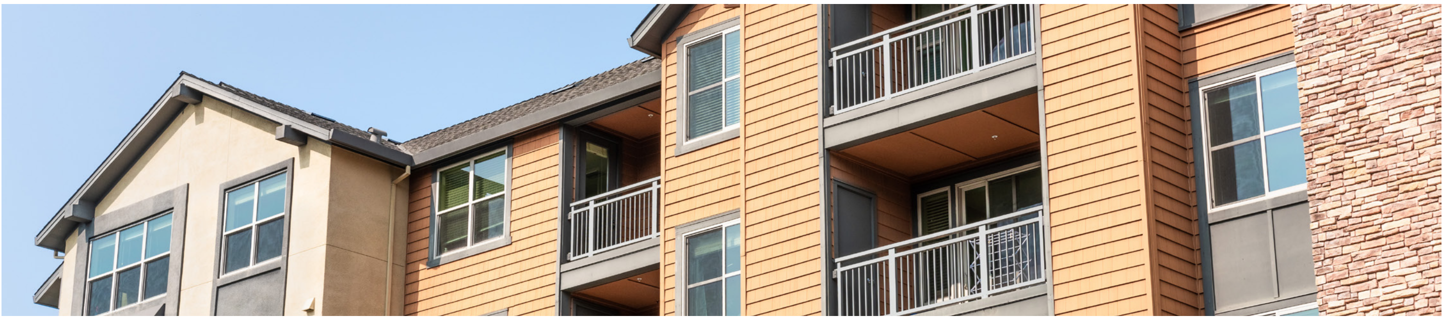
40%

Affordable Housing Financing Fund

OEDIT/CHFA

$196M

60%



Program Funding and Timelines

Funding amounts shown are estimates based on current projections and are subject to change. Any funding not awarded in a particular award round may be reallocated to a future round or used to fund another AHFF program. Up to $15M may be set aside to support Middle-Income Housing Authority (MIHA) projects.

Timelines: 2025-2026 Total AHFF Funding (subject to change)

1. Concessionary Debt – 35% allocation

LIHTC Gap (9% Competitive Round), Multifamily Finance, and LIHTC Predevelopment - **$20M**
Applications Open: November 2025

LIHTC Gap (4% Round), Multifamily Finance, and LIHTC Predevelopment - **$35M**
Applications Open: May 2026

Modular and Factory-built - **$12M** (plus $8.5M from the Innovative Housing Incentive Program)
LOIs Open: June 2025
Applications Open: July 2025

2. Equity – 40% allocation

Round 1 - **$20M**
Applications Open: August 2025

Round 2 - **$57M**
Applications Open: January 2026

3. Land Banking – 25% allocation

Rural and Rural Resort* Only - **$24M**
Rolling applications accepted between July 1, 2025 and December 31, 2025

Open Round - **$24M** plus balance of rolling application round, if any
LOIs Open: January 2026
Applications Open: March 2026

Projects located in communities that do not meet their Proposition 123 Commitment Goal are still eligible for any previously committed funding.

*Rural counties defined by OEDIT include: Alamosa, Baca, Bent, Cheyenne, Clear Creek, Conejos, Costilla, Crowley, Custer, Delta, Dolores, Elbert, Fremont, Garfield, Gilpin, Hinsdale, Huerfano, Jackson, Kiowa, Kit Carson, Lake, Las Animas, Lincoln, Logan, Mesa, Mineral, Moffat, Montezuma, Montrose, Morgan, Otero, Park, Phillips, Prowers, Pueblo, Rio Blanco, Rio Grande, Saguache, Sedgwick, Teller, Washington, and Yuma.

Rural Resort counties defined by DOLA include: Archuleta, Chaffee, Eagle, Grand, Gunnison, La Plata, Lake, Ouray, Pitkin, Routt, San Juan, San Miguel, and Summit. The Town of Estes Park is designated as a Rural Resort Municipality.

Eligibility

Local governments, nonprofits, community land trusts, private entities, and developers are eligible for Proposition 123 funding only if the proposed project takes place within a municipality, county, or sovereign tribal land that has successfully filed a commitment with DOH. To view current commitment filings, please visit **cdola.colorado.gov/commitment-filings**.

Housing manufacturers applying for the Modular and Factory-build Finance loan program do not have to be located in a jurisdiction that has opted in.

Projects are subject to compliance with all applicable legal requirements including, but not limited to, local, state and federal laws and regulations, including relating to Fair Housing and Colorado Gubernatorial Orders.

Land Banking

The land banking program provides grants to eligible local or tribal governments and forgivable loans to eligible nonprofits with a demonstrated history of providing affordable housing. Grants and forgivable loans must be properly zoned and have a development plan within five years of receiving AHFF financing and must be permitted and funded within 10 years. Between 15 percent and 25 percent of the AHFF is allocated to the Land Banking program with the exact percentage determined annually. Please refer to the Program and Funding Timelines section for Fiscal Year 2025-2026 funding allocations.

Eligible projects include acquisition of land for the development of affordable rental and for-sale housing. Mixed-use projects are allowed if the predominant use is affordable housing. Initial land acquisitions for affordable housing will be prioritized over the refinancing or ownership transfer of land previously purchased for affordable housing.

Eligible projects must meet the following requirements:

- Rental: must be leased to households with an annual income at or below 60% of Area Median Income (AMI).
- Homeownership: must be sold to households with an annual income at or below 100% AMI.
- Higher AMIs may be permitted if the project is located in a designated Rural Resort community and the jurisdiction has successfully petitioned DOH to allow for higher AMIs.
- Commercial or mixed-use development, including non-restricted housing, is eligible provided that the predominant use (70% or more) is affordable housing. Projects proposing between 51% and 69% of the project to be utilized as affordable housing may apply with justification. The project must maintain affordability for 30 years after the final improvements are developed.

Equity

Eligible borrowers include for-profit, nonprofit, and governmental entities including housing authorities and tribal governments. Between 40 percent and 70 percent of the AHFF is allocated to the Equity program, determined annually. Please refer to the Program and Funding Timelines section for Fiscal Year 2025-2026 funding allocations.

Eligible projects include:

- 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 state or federal low-income Housing Tax Credits, but may be paired with other tax credits.

Eligible projects must meet an average of 90 percent AMI for all restricted units. Higher AMIs may be permitted if the project is located in a designated Rural Resort community and the jurisdiction has successfully petitioned DOH to allow for higher AMIs.

All projects should demonstrate a commitment to serving a variety of incomes.

Applicants for the Equity program have two options from which to choose.

- Option 1 is used for mission-driven investments in projects with lower equity return expectations in exchange for deeper affordability and lower AMI designations.
- Option 2 is intended for market-driven investments focused on delivering middle-income units with higher return expectations than Option 1 that are still below market-rate returns.

Concessionary Debt

Eligible borrowers include for-profit, nonprofit, and governmental entities including housing authorities and tribal governments. Between 15 percent and 35 percent of the AHFF is allocated to the Concessionary Debt program, determined annually. Please refer to the Program and Funding Timelines section for Fiscal Year 2025-2026 funding allocations. Concessionary Debt is administered through four sub-programs:

1. Multifamily Finance

Eligible projects include low- and middle-income multifamily affordable rental developments. Preservation of existing developments at risk of losing affordability that are not seeking state and/or federal Housing Tax Credits as part of their funding stack. Projects seeking state Middle-income Housing Tax Credits are eligible.

Eligible projects must meet the following requirements:

- 60% average AMI for all restricted units comprising the project
- Higher AMIs may be permitted if:
  - the senior funding source requires higher AMIs provided those requirements align with the program's intent to support low- and middle-income multifamily affordable rental housing; or
  - the project is located in a designated Rural Resort community and the jurisdiction has successfully petitioned DOH to allow for higher AMIs.

2. LIHTC Gap Financing

Eligible projects include developments that have received an award of federal Low Income Housing Tax Credits but that have not yet converted to permanent financing.

3. LIHTC Predevelopment Finance

Eligible projects include developments that qualify for federal Low Income Housing Tax Credits.

4. Modular and Factory-built Finance

Eligible projects include innovative housing manufacturing facilities in Colorado that will produce affordable housing units using innovative technologies such as modular, panelized, and 3D printing. Applicants may be for-profit or nonprofit organizations. Out-of-state applicants are eligible to apply if the facility being funded is located in Colorado.

Innovative housing manufacturers may request funds for new or existing innovative housing manufacturing facilities located in Colorado. The end-product must be attached to a permanent foundation onsite. The Modular and Factory-built Finance component of the Concessionary Debt program is deployed based on funding availability and may not be available during every funding cycle.

Priorities

All AHFF projects must meet the three statutory priorities listed below, including each of the environmental sustainability guidelines, in order to apply. Projects will be further prioritized based on their alignment with the strategic policy priorities listed on the next page.

Statutory Priorities

1. High Density – Project is high density and/or meets the maximum allowable density as informed by local definitions of high density, and what is feasible based on local conditions.
2. Mixed Income – Project serves three or more income levels within the program-specific funding guidelines.
3. Environmental Sustainability – Project meets the environmental criteria below:*
   a. Certification from one of the following:
      i. Enterprise Green Communities Certification Plus
      ii. Enterprise Green Communities
      iii. Zero Energy Ready Homes
      iv. Energy Star NextGen Certification
      v. National Green Building Standards
   b. 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.
   c. Projects within Transit-oriented Communities (TOC) as defined by HB24-1313 and indicated by the Transit Area Maps found at **dlg.colorado.gov/transit-oriented-communities**. Projects not located in a TOC but located within one half mile of a regularly scheduled transit stop or a community center where jobs and services are located may also be prioritized.
   d. All projects must have water efficient design inside and outside. Full guidance can be found at **coloradowaterwise.org**.
   e. All projects must monetize eligible federal and/or state energy efficiency tax credits and rebates. Visit **chfainfo.com/rental-housing/colorado-multifamily-electrification-hub** to determine which funding source fits your project.
   f. Projects must report utility costs and performance to the Energy Star Portfolio Manager system at **portfoliomanager.energystar.gov**.

*Waiver: If a project cannot meet one or more of the Environmental Sustainability requirements described above, it may present an alternative standard or request a waiver. The waiver will need to be justified with documentation demonstrating the following: increased cost, lack of contractor knowledge (rural), limited location options (rural), or other barriers.

Strategic Policy Priorities

Priorities are subject to change based on relevant gubernatorial Executive Orders.

1. Shovel Ready – Projects that demonstrate they will begin construction quickly based on their status in the project timeline and factors such as compliance with zoning, entitlements, and construction plans, among other factors. Additionally, projects applying for funding must be in a position that, if awarded, they would be able to close within the following timelines:
   a. Land Banking
      Grants and loans should be prepared to close within three to six months of notice of award.
   b. Concessionary Debt
      i. Multifamily Finance loans should be prepared to close within 12 months of notice of award.
      ii. LIHTC Gap* loans should be prepared to close within nine months of notice of award.
      iii. LIHTC Predevelopment loans should be prepared to close within three to six months of notice of award.
   c. Equity
      Investments should be prepared to close within 12 months of notice of award.
2. Use of off-site building technology – Projects that use manufactured modular/off-site building technology that is reasonably cost-competitive compared to traditional construction methods. Colorado based production will be prioritized over out of state produced units.
3. Inclusion of child care – Projects that include home-based child care units or commercial child care facilities.** Visit **cdola.colorado.gov/child-care-facility-development-toolkit** for resources.
4. Geographic diversity – Projects across the state that present geographically diverse funding opportunities, enabling the AHFF to fund a wide array of projects located in larger urban areas, smaller cities and towns, and rural, rural resort, and tribal areas.

*LIHTC Gap loans that are awarded prior to construction closing, but do not anticipate funding until permanent loan closing/conversion are exempt from this closing timeline.

**Please note that commercial facilities are generally not eligible for AHFF financing, although limited exceptions exist for commercial and mixed-use development within affordable housing projects that meet program-specific criteria. Please contact CHFA for additional information.

Affordable Housing
Financing Fund

ColoradoAffordableHousingFinancingFund.com

Contact

CHFA Community Development
AHFF@chfainfo.com

COLORADO
Office of Economic Development
& International Trade

chfa