

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 07-01-2025

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 predominant 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 governmentsForgivable loans to eligible nonprofitsGood 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 or CHFA's concluded appraised value
Forgivable Loan Terms	<ul style="list-style-type: none">Proper zoning and development plan within 5 yearsPermitted 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% AMIHomeownership: Households with an annual income at or below 100% AMIRural resort communities may petition the Colorado Division of Housing to use more flexible income requirementsCommercial 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 applicationBased 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 housingMixed-income housingEnvironmental sustainabilityShovel-ready projects that result in new unitsUse of Modular/offsite construction if cost competitiveInclusion of home-based child care units or commercial child care facilities
Commitments	Commitments will be valid for 60 days

Application Process and Distribution

Prior to submitting an application, a Letter of Intent to Apply (LOI) for a Proposition 123 Land Banking grant or loan must be sent to CHFA to determine eligibility, including the status of local government opt-in, and available funding. LOIs must include a Purchase and Sale Agreement (or option to buy), zoning and entitlement status, the project location/address, size of the parcel (if known), and estimated loan or grant request. Fully complete LOIs will be reviewed on a first-come first-serve basis.

CHFA will begin accepting complete LOIs on July 1, 2025, and will continue to accept LOIs until funds are exhausted for rural and rural resort projects only*. Please see coloradoaffordablehousingfinancingfund.com/land-banking for details. As stated in the Affordable Housing Financing Fund Fiscal Year 2026 Funding Plan, an LOI round open to all projects including those not located in Rural or Rural Resort counties will begin in January 2026. If the LOI is approved, and pending consideration of the strategic policy priority for geographic distribution of available funds, prospective applicants will be contacted to proceed with an application.

Once a complete LOI is received and eligibility and funding availability is determined, Borrowers will be sent an invitation to complete the Proposition 123 Land Banking Application via a secured email system. Once an applicant is notified, they will have 60 days to submit a completed application.

In addition to completion of the Proposition 123 Land Banking Application, the following information will be required to be submitted to CHFA:

- Nonprofit organizations are encouraged to provide letters of support from local governments.
- Borrower resume and list of previous developed projects
- Project Narrative, describing the proposed use of the project, including a breakdown of the proposed AML percentages and any commercial use, if known at the time of application, alternative funding sources if Land Banking funds are not received, and how the project will address the priorities of density, mixed-income, and environmental sustainability in the market area.

- Appraisal
- Phase I Environmental Report for transactions over \$750,000.00
- Purchase and sale agreement
- Rural resort waiver, if applicable

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. If a commitment is not signed and returned to CHFA within 60 days, the award may be forfeited and made available to the next qualifying project in the order in which an approved LOI or application was received.**

Please note that the program guidelines and procedures outlined herein may be modified at any time, with or without notice.

*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.

Contacts

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