

Affordable Housing Financing Fund

Fiscal Year 2027 Funding Plan

This plan was approved by the Colorado
Office of Economic Development and
International Trade on September 1, 2026.



COLORADO
Office of Economic Development
& International Trade





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This section describes the priorities for project selection by program. Projects must meet priorities established by the statute, and, due to the limited availability of funding, projects not meeting strategic priorities will be considered less competitive.

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1. Shovel ready
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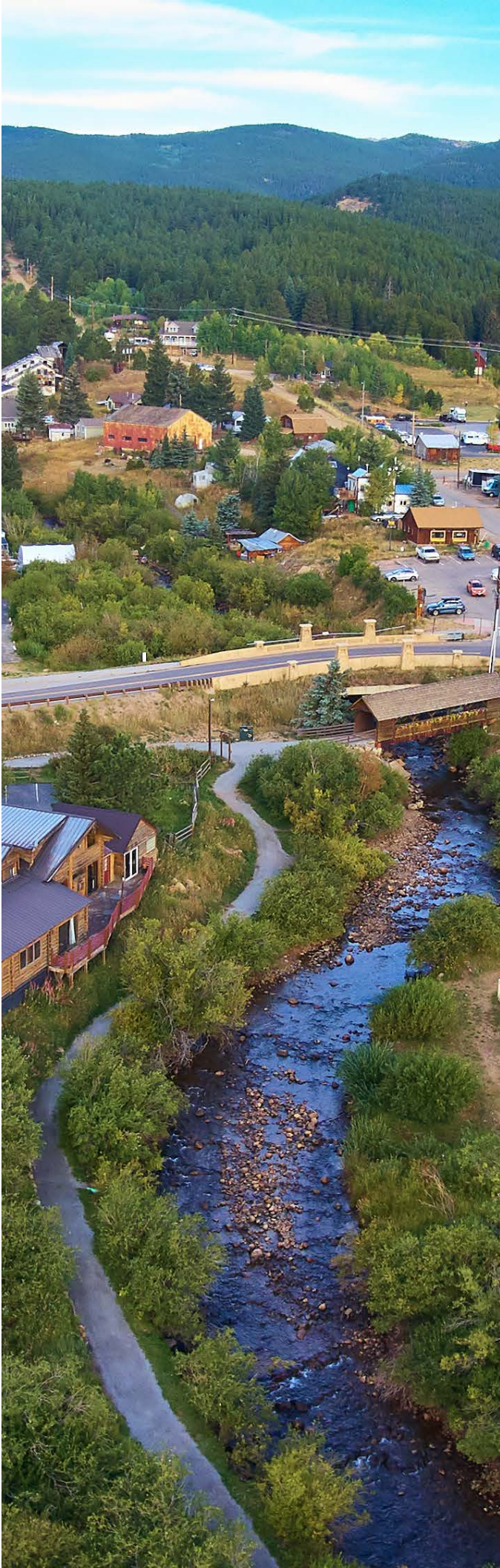
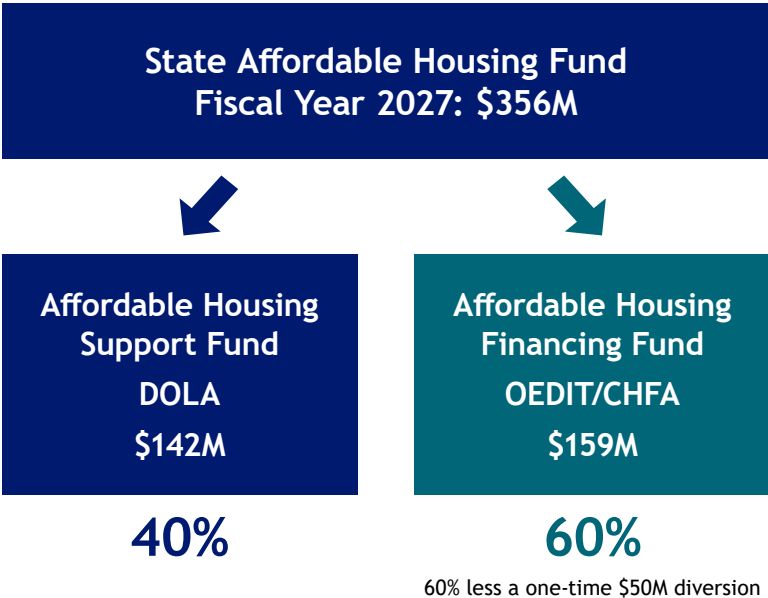
About

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 (AHSF), 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 2027, the Colorado General Assembly has elected to divert \$130M of the AHFF allocation to cover budget shortfalls via HB26-1360. HB26-1313 will advance \$80M to the fund in late 2026 to lower the impact, resulting in a net reduction of \$50M available for FY 2027 AHFF programs. The \$80M will be paid back to the State Affordable Housing Fund in FY 2028 and 2029, resulting in a \$40M reduction to those FY allocations to the AHFF. As of August 1, 2026, a projected total of \$159M will be available to support AHFF programs in FY 2027. These adjustments do not impact transfers to DOLA's AHSF.



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. HB26-1360 waived statutorily mandated allocations for FY 2027 in favor of prioritizing funding to expand federal Housing Tax Credit awards. The following timelines and allocations are reflective of that prioritization and the stakeholder feedback received and were developed in coordination with other funding resources available to support the diverse housing needs across Colorado.

Timelines: 2026-2027 Total AHFF Funding (subject to change)

1. Concessionary Debt - \$64M allocation

Open Rounds - \$20M

Applications Open: October 2026; February 2027

Applications will be accepted for the LIHTC Predevelopment, LIHTC Gap, and Multifamily Finance loan options in October and February. These two rounds will operate independently of the competitive Housing Tax Credit allocation process.

Housing Tax Credit Coordinated Funding

\$44M will be allocated to the Concessionary Debt LIHTC Gap loan option to support gap financing for Housing Tax Credit developments applying in competitive allocation rounds as described in the 2027-2028 Qualified Allocation Plan (QAP). Up to \$25M will be allocated to developments applying in 2027 Round One and up to \$19M in 2027 Round Two. Applicants will be evaluated as a part of the competitive Housing Tax Credit allocation process, and all applicants must confirm their desire for funding.

2. Equity - \$63M allocation

Round One - \$20M

Applications Open: November 2026

Round One will be a Strategic Investment Round; specific strategic investment objectives to be announced at least one month before applications open.

Round Two - \$43M

Applications Open: April/May 2027

3. Land Banking - \$32M allocation

Rural and Rural Resort* Only - \$16M

Rolling applications accepted between September 15, 2026 and December 31, 2026

Open Round - \$16M plus balance of Rural/Rural Resort round, if any

Applications Open: January 2027

*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, Hinsdale, La Plata, Lake, Ouray, Pitkin, Routt, San Juan, San Miguel, and Summit. The Town of Estes Park is designated as a Rural Resort Municipality. Please see additional information at <https://cdola.colorado.gov/colorado-community-classification>.

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.

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 Executive Orders.

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



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. Please refer to the Program and Funding Timelines section for Fiscal Year 2026-2027 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 120% 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. Please refer to the Program and Funding Timelines section for Fiscal Year 2026-2027 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. Please refer to the Program and Funding Timelines section for Fiscal Year 2026-2027 funding allocations. Concessionary Debt is administered through four loan options/sub-programs.

1. Multifamily Finance

Eligible projects include new construction and preservation of low- and middle-income multifamily affordable rental developments. Projects seeking state or federal Housing Tax Credits are not eligible, except those seeking Middle-income Housing Tax Credits, which 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

The majority of FY27 LIHTC Gap funds will be awarded as part of the competitive Housing Tax Credit application process as described in the 2027-2028 Qualified Allocation Plan. A small amount will be available in the Concessionary Debt open rounds to developments with emergency funding needs 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

Based on available funding, we do not anticipate a competitive funding opportunity for Modular and Factory-built Finance during FY27. 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 (EGC)
 - ii. Leadership in Energy and Environmental Design LEED (LEED)
 - iii. National Green Building Standards (NGBS)
 - iv. Department of Energy's DOE Efficient New Homes program (ENH)
 - v. Passive House Institute US (PHIUS) or Passive House Institute (PHI)
 - vi. Enterprise Green Communities Plus (EGC+)
 - 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. Projects that receive LIHTC Gap financing must adhere to QAP requirements.
 - 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. All Projects must be located 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 will 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.

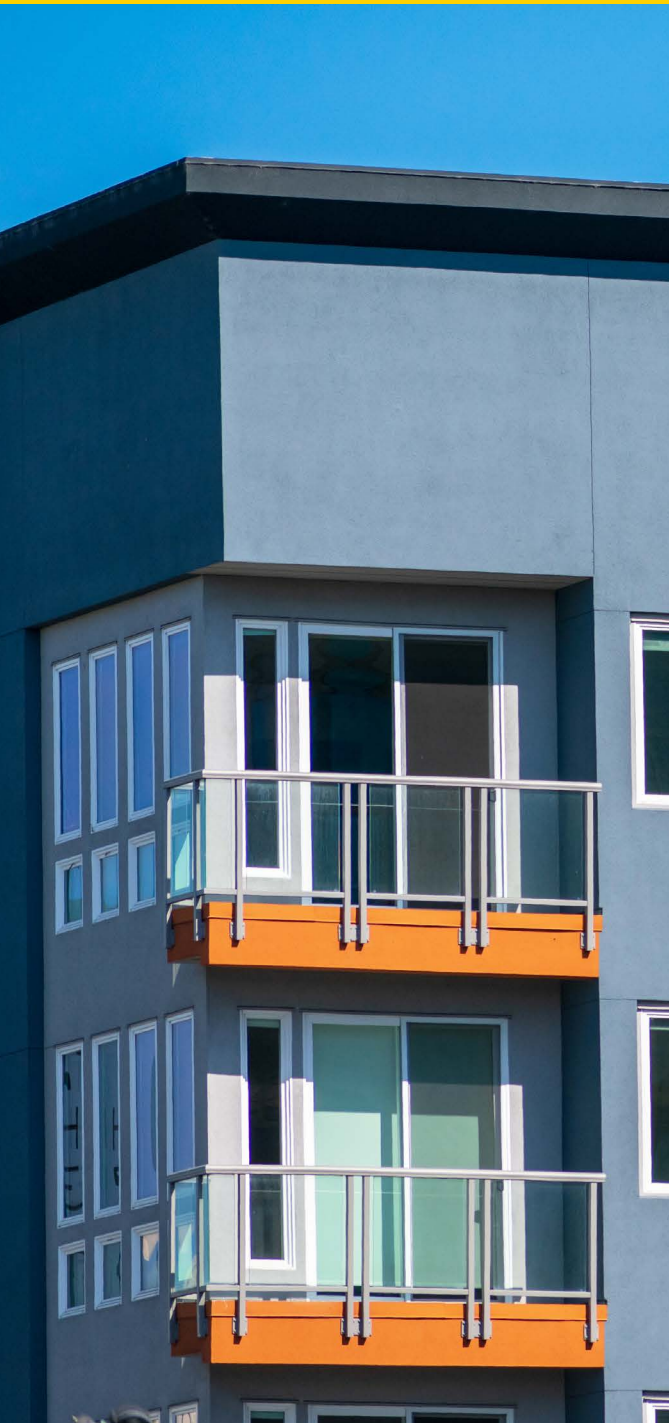
1. Shovel Ready - Shovel-ready projects that result in the construction of new units will be prioritized. This includes projects that demonstrate they will begin construction quickly based on their status in the project timeline and factors such as compliance with zoning, entitlements, and construction plans, among other factors. Additionally, projects applying for funding must be in a position that, if awarded, 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.** Please 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

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