



# tax force concerning tax policy

September 19, 2024

# about chfa

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CHFA was established in 1973 by the Colorado General Assembly.



**CHFA is not a state agency** and does not receive and direct appropriations.

Board of Directors: **11 Members**



**CHFA received authority to use bond proceeds** for economic development activities in 1982.



Approximate **\$35.3B** has been raised and invested in Colorado through bond proceeds.

*financing the places  
people live and*

# mission

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We strengthen Colorado by investing in affordable housing and community development.

# vision

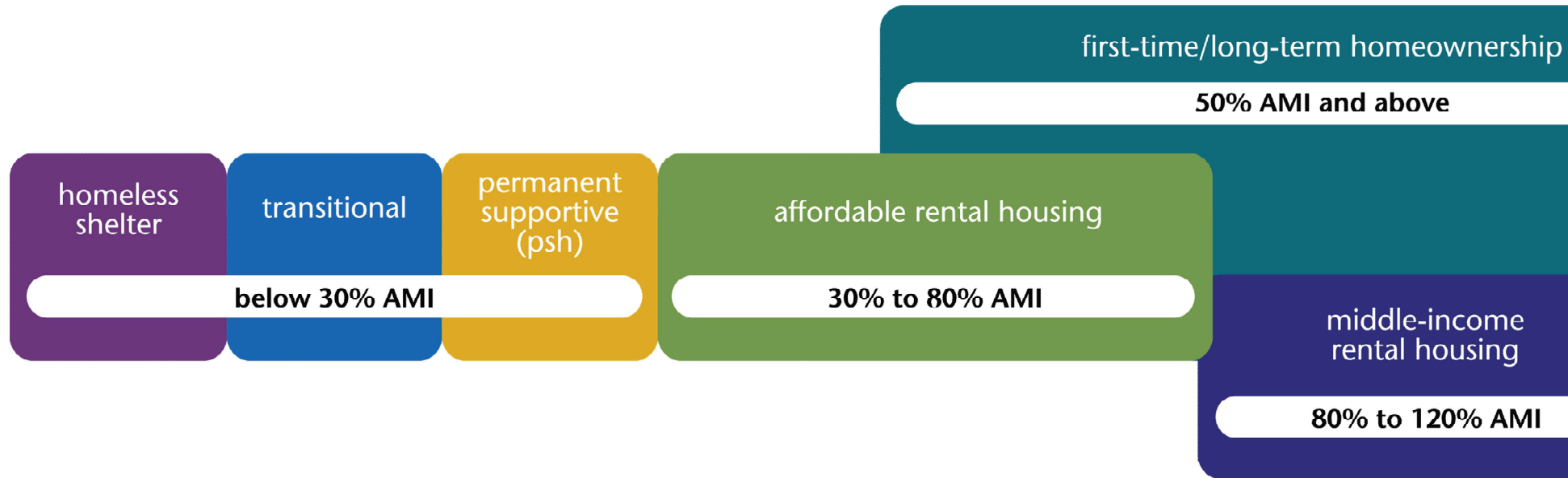
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Everyone in Colorado will have the opportunity for housing stability and economic prosperity.

# housing continuum

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# chfa's impact in communities

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## Homeownership

Single family (SF)  
mortgage loans

Down payment  
assistance

Homebuyer education



## Rental Housing

Multifamily (MF) finance

Housing Tax Credits

Compliance



## Business Lending

Small business lending

Capital-access programs



## Community Partners

Regional  
engagement

Donations  
and spons

Technical a

[www.chfainfo.com](http://www.chfainfo.com)

# chfa's work since 1974

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**\$29B**

in home finance production with **153,043 customers** served with homeownership programs

**\$4.4B**

in multifamily loan production consisting of **82,597 units** created or preserved

**83,851**

affordable rental housing units supported by Housing Tax Credits, **totaling \$759M in credits allocated**

**\$1.9B**

invested in business lending serving **8,945 businesses** and directly supporting **88,340 jobs**



As of December 31, 2023. Data accessed February 14, 2024.  
Silvercliffs, CHFA rental housing customer, Silver Cliff, Colorado

# housing tax credits

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Resident at Residences at University Hills,  
CHFA rental housing customer, Denver, Colo

# creating affordable housing

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Creating affordable housing requires an asset subsidy and/or an income subsidy

- Rent vouchers are the primary income subsidy
- Asset subsidies include housing tax credits, gap funding loans and grants, land donations and public funding (e.g. fee waivers)



Golden Pointe, CHFA rental housing customer, Golden, Colorado



# low income housing tax credits (lihtc)

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*Incentivizing  
public-private  
partnership*



Tax Reform Act  
of 1986



3.7 million units created  
or preserved nationwide



Admin  
by Trea



Over 83  
impacted

# two types of federal housing tax credits

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## 9% Housing Tax Credit

70% present value credit

- Competitive award process
- Population-based allocation
- Deep subsidy
- As of 2024, can be paired with State competitive credits for additional subsidy

## 4% Housing Tax Credit

30% present value credit

- Shallower subsidy
- Must be paired with Private Activity Bonds (PAB)
- Can be paired with State competitive credits for additional subsidy

# colorado's state housing tax credit programs

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- Offset against Colorado income tax and insurance premium
- Allocated through a competitive process
- Established in 2001 and renewed or expanded in 2014, 2016, 2018, 2019, and 2024
- New tax credits created in 2024 legislative session



Residents at Crisman Apartments, CHFA rental housing customer, Longmont

# *standard* state affordable housing tax credit

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- Current authorization timeframe: 2024-2031
- \$10M annual allocation
- 6-year credit paired with federal Housing Tax Credit
- Historically paired with 4 percent federal credit
- Ratably claimed over 6 years



# state housing tax credit 2015-2023 impact

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**10,782**

Housing Units Directly  
Supported

**\$130.7M**

Federal 4 Percent Housing  
Tax Credit Leveraged

**\$1.7B**

New Private-sector  
Investment Raised

**36,357**

Jobs Supported

**\$5.5B**

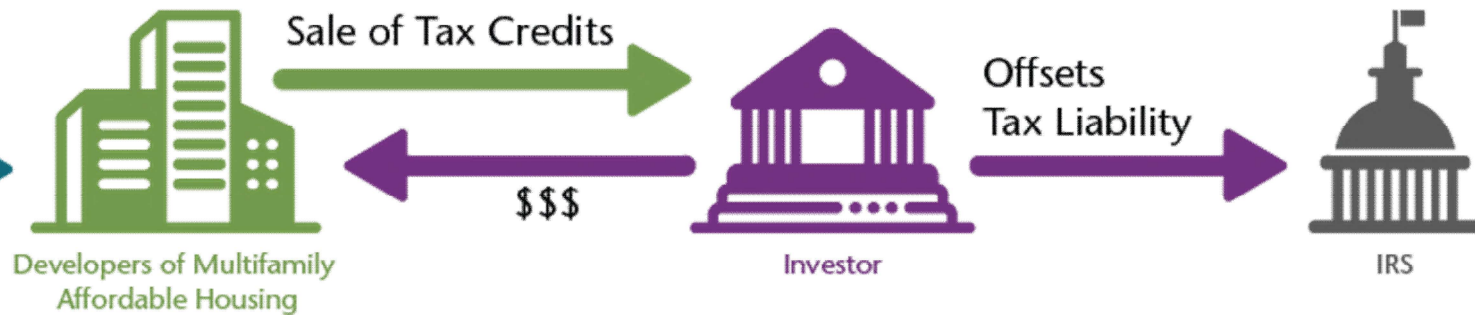
Economic Impact

As of December 31, 2023

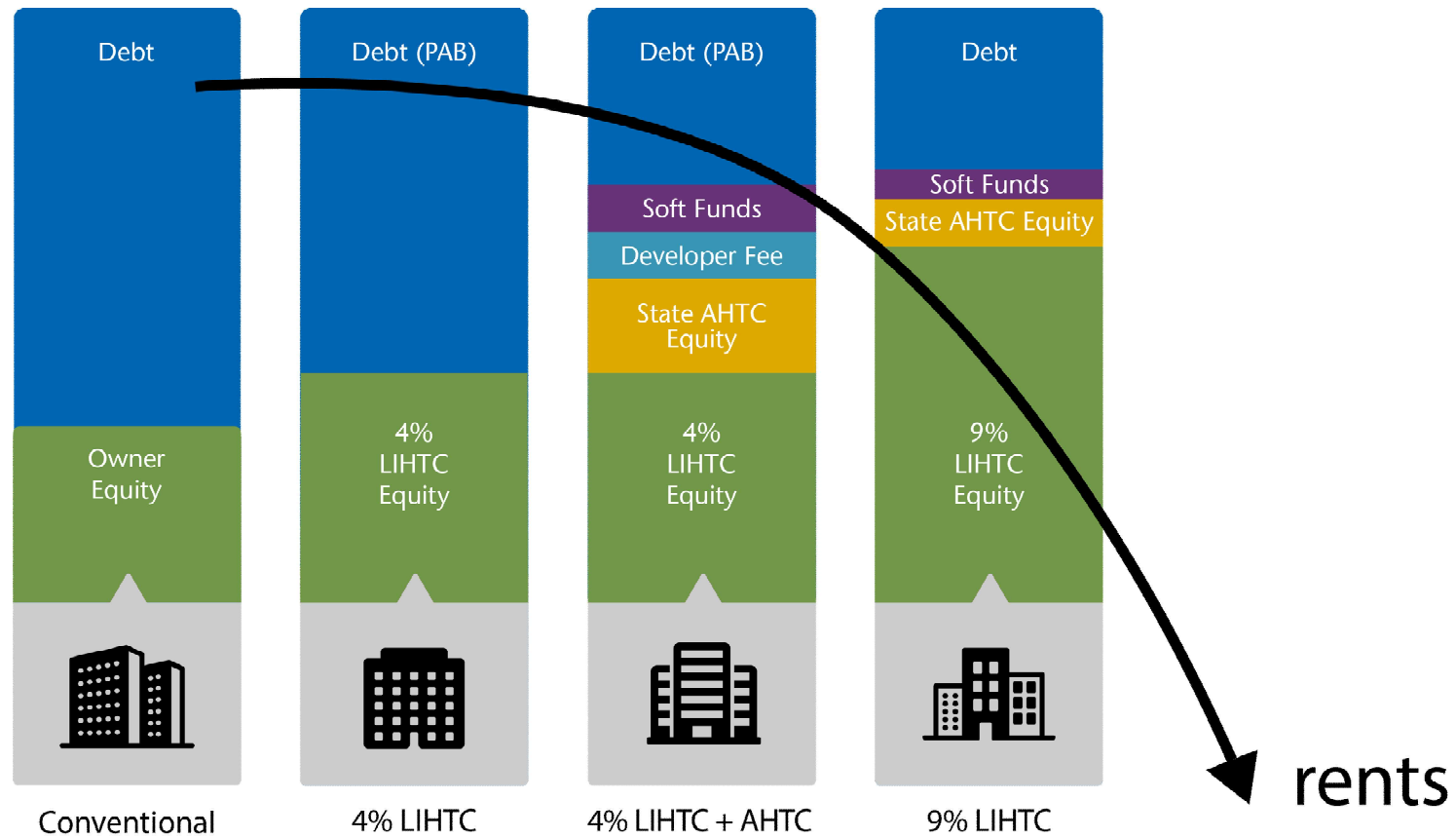


Allocates  
Tax Credits

# supporting affordable rental housing: state and federal tax credit programs



# comparing housing tax credits



As of September 2024

# impact of housing tax credits

## 9% lihtc example

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Sources of Funds	Percent
Permanent Lender	23%
Permanent Lender, second position	1%
Soft Funds	10%
City	1%
Deferred Developer Fee	3%
Federal Tax Credit Equity	63%
<b>Total</b>	<b>100%</b>

Uses of Funds
Land
Construction
Professional Fees
Finance Costs
Soft Costs
Developer Fees
Project Reserves
<b>Total</b>

Federal 9% Housing Tax Credit Development • 60-unit development in rural Colorado • \$19.8M



# impact of housing tax credits state and 4% example



Sources of Funds	Percent
Permanent Lender	38%
City	3%
Soft Funds	6%
Owner Equity	1%
Deferred Developer Fee	7%
State Tax Credit Equity	15%
Federal Tax Credit Equity	31%
<b>Total</b>	<b>100%</b>

Uses of Funds
Land
Construction
Professional Fees
Finance Costs
Soft Costs
Developer Fees
Project Reserves
<b>Total</b>

State and federal 4% Housing Tax Credit Development • 72-unit development in Metro Denver • \$31M

# why the housing tax credit program works

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The developer agrees to long-term affordability



Private sector assumes risk for project success



Competitiveness generates strong projects



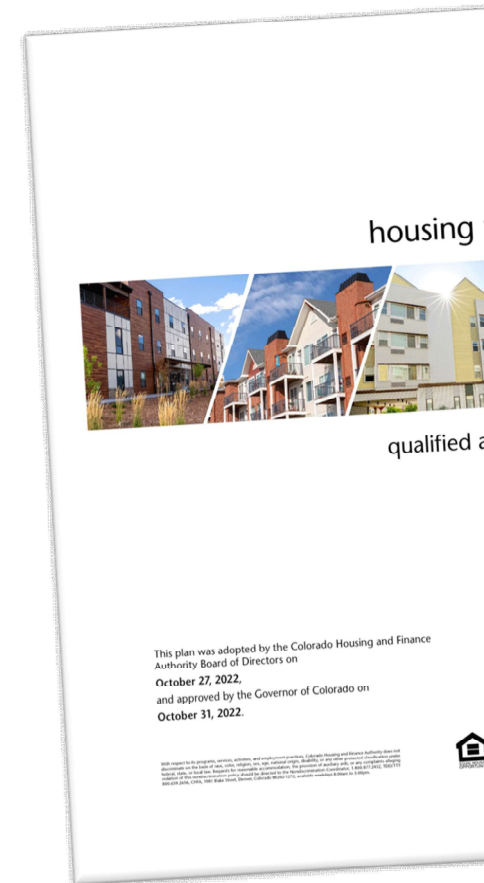
Each state customizes its program through a qualified allocation plan



# qap criteria for approval

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- Market Conditions
- Project Readiness
- Financial Feasibility and Viability
- Experience and Track Record of Development, Management Team
- Proximity to other Tax Credit developments
- Site Suitability
- Project Costs



# qap guiding principles and priorities

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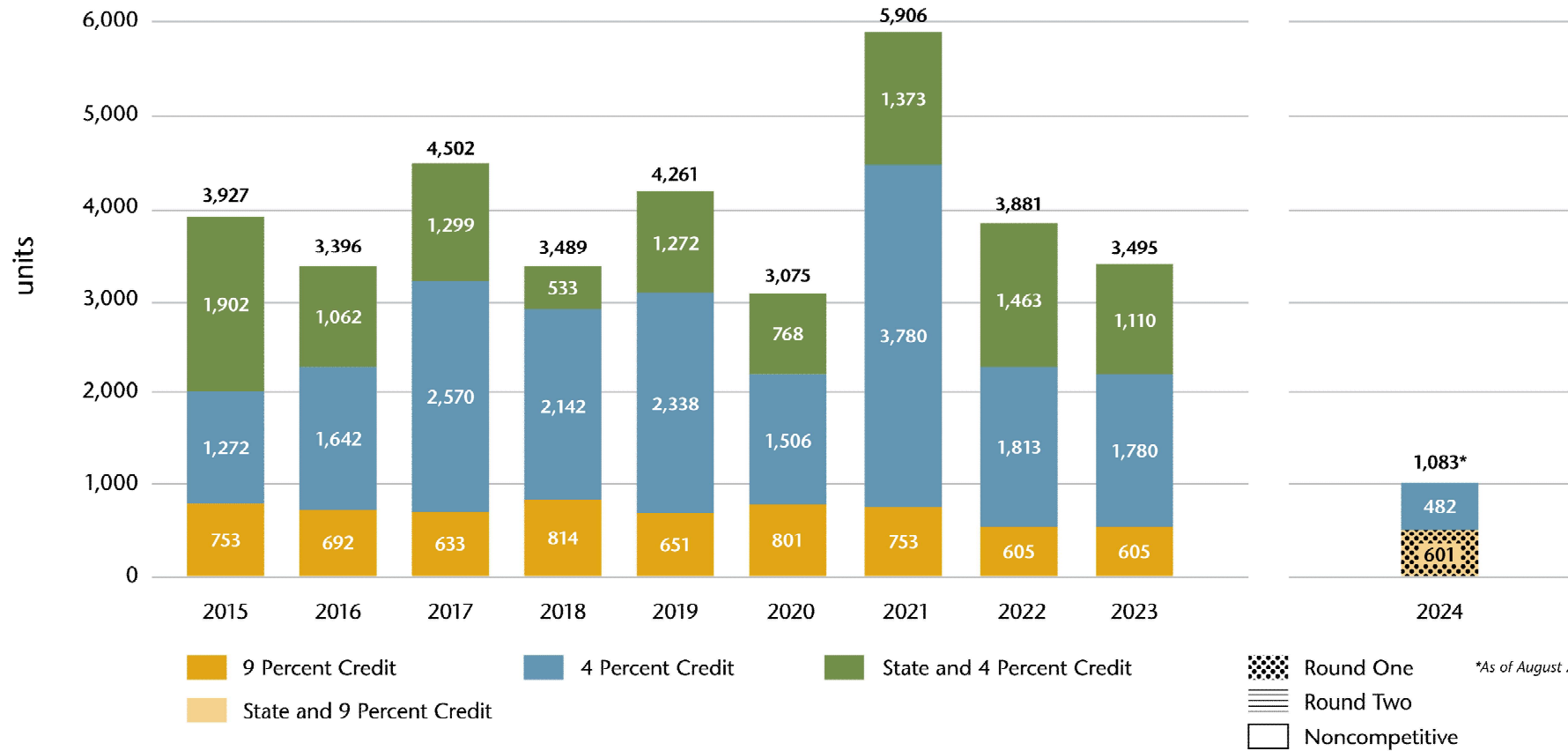
Help meet the diverse affordable housing needs throughout Colorado

- **Diversity:** geographic, resident population, applicants, new construction and preservation
- **Impact:** maximum units, minimum credit necessary, economic mobility, community needs
- **Policy:** transit, energy performance, density

Projects are not required to meet a receive an award of credits

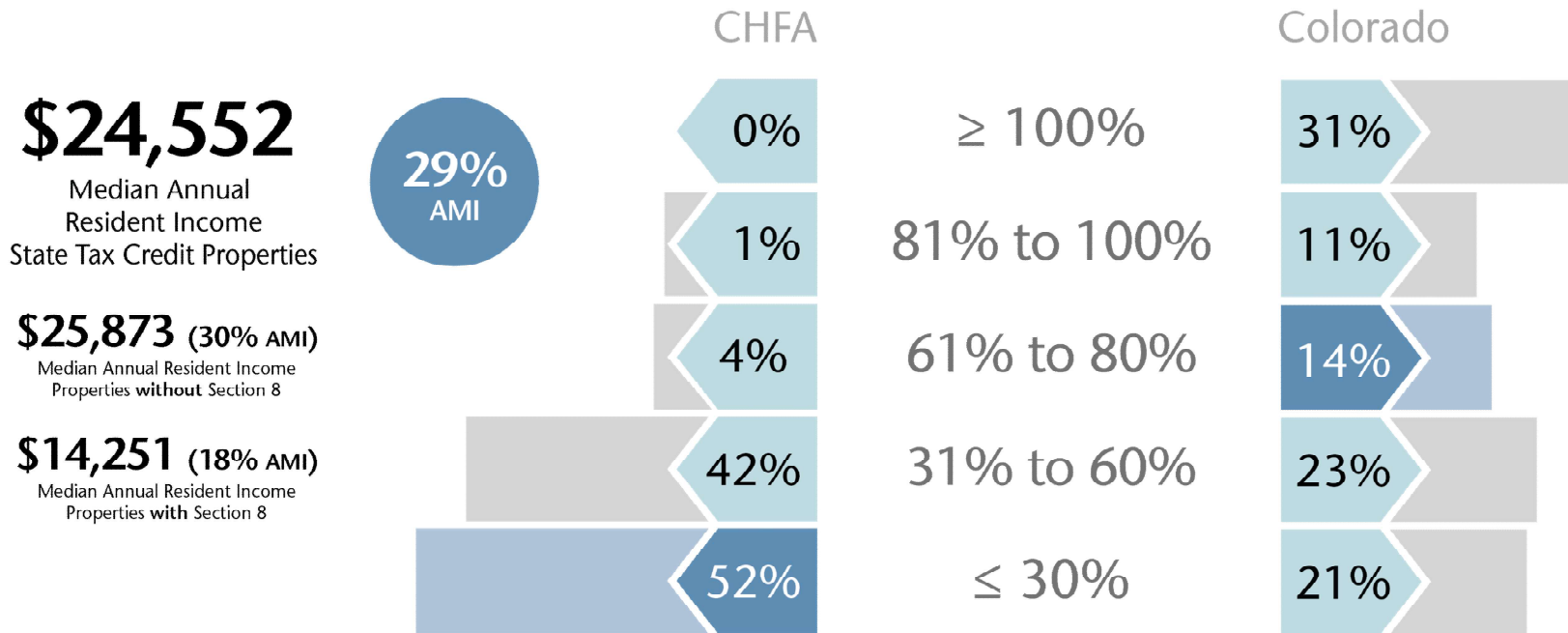
- Projects serving Persons exiting homelessness
- Projects serving Special Populations
- Projects in counties with <100,000 in population

# units supported with housing tax credits



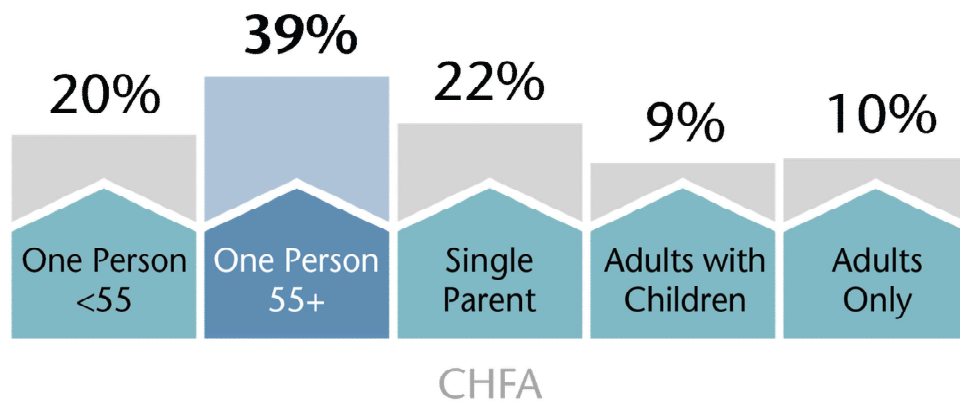
As of August 2024

# area median income (ami)



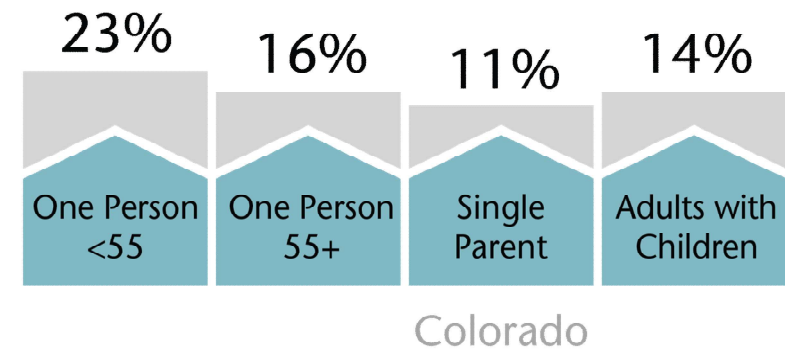
Data as of December 31, 2023. Data accessed September 2024. \*Percent of two-person household statewide AMI. \*\*Percentages not total to exactly 100 percent due to rounding. Colorado data computed using American Community Survey 2018-2022 data.

# household type



CHFA

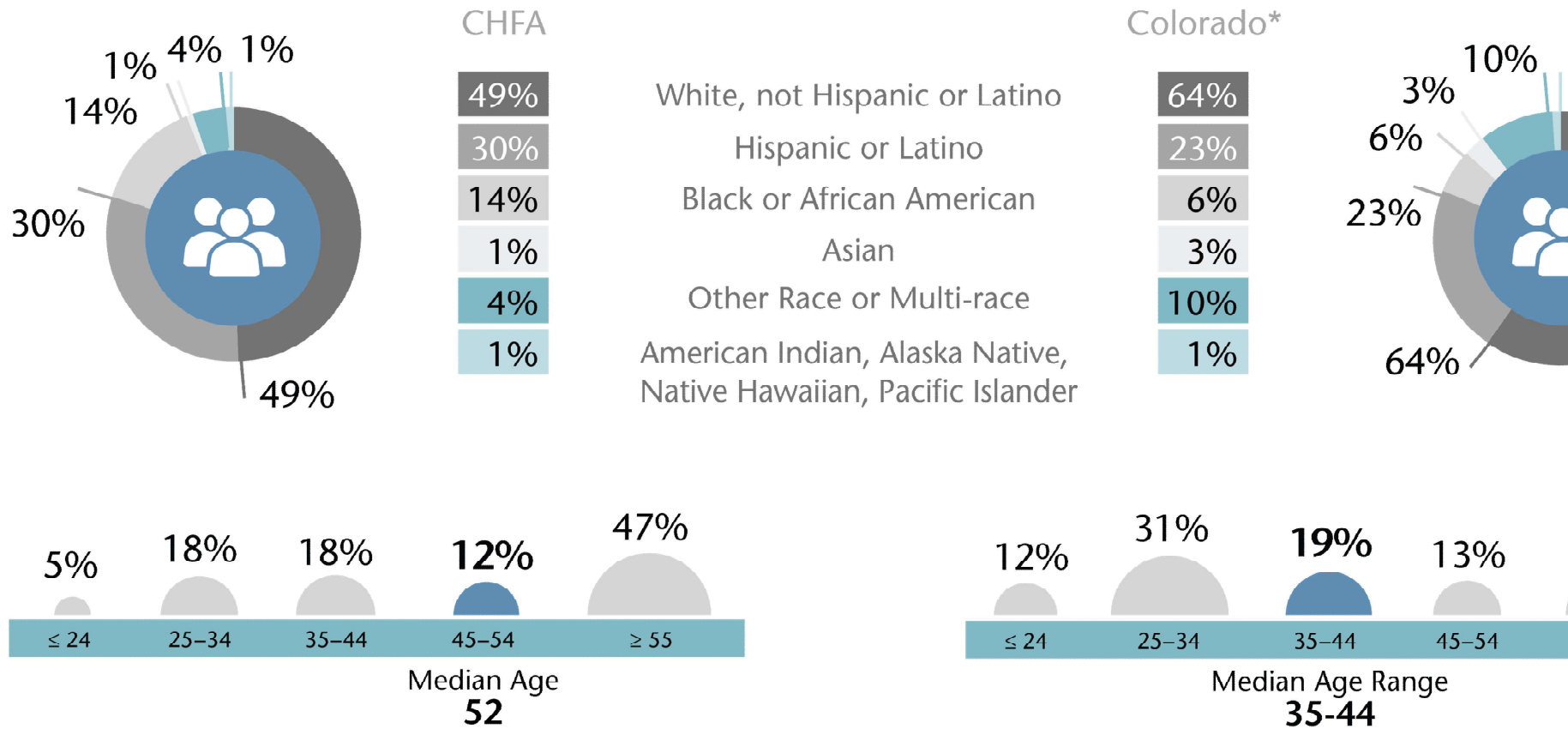
6.3% Persons with Disabilities (within all household types)



Colorado

Data as of December 31, 2023. Data accessed September 2024. Colorado data computed using American Community Survey 2018-2022 data.

# race, ethnicity, and age



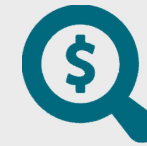
Data as of December 31, 2023. Data accessed September 2024. \*Percentages may not total to exactly 100 percent due to rounding. Colorado data computed using American Community Survey 2018-2022 data.



# residents supported

Top occupations of nonretired residents of all state tax credit properties

Occupation	Employed Residents	Median AMI	Median Income
Service-related	42%	36%	\$34,680
Professional	17%	40%	\$42,138
Construction-related	12%	39%	\$41,200
Administrative and Clerical	9%	37%	\$40,144
Sales/Retail	8%	35%	\$33,708



**29%**

Median AMI

**\$24,552**

Median Income



**63%**

Female  
of Household

**47%**

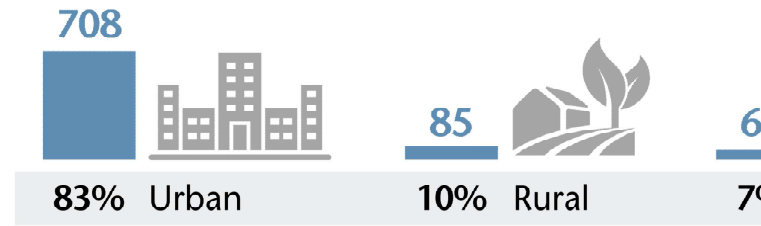
55 Years  
Old

**3,500**

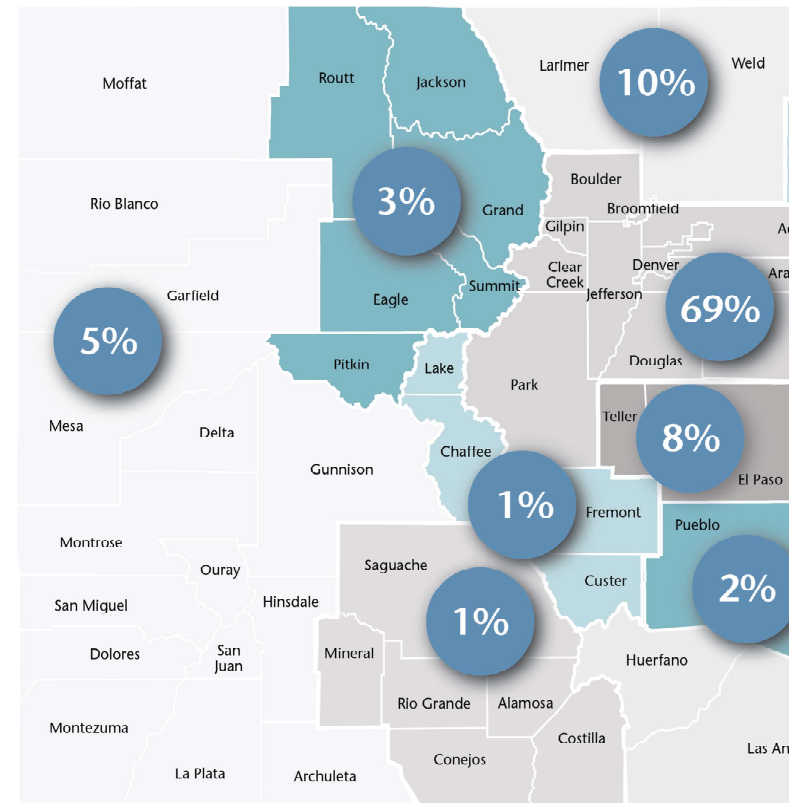
Children

As of December 31, 2023. Data accessed September 2024.

# portfolio by region



Region	CHFA Portfolio	Colorado Renters
Denver Metro	69%	61%
El Paso/Teller	8%	12%
Larimer/Weld	10%	10%
Mountain Rural/Resort	3%	2%
Northeast	1%	1%
Pueblo	2%	3%
San Luis Valley	1%	1%
Southeast	<1%	1%
Upper Arkansas Valley	1%	1%
Western Slope	5%	7%



Data as of December 31, 2023. Data accessed September 2024. \*Percentages may not total to exactly 100 percent due to rounding. Colorado data computed using American Community Survey 2018-2022 data.

# state affordable housing tax credit evaluation

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Published April 2022 by the Colorado Office of the State Auditor



- Equity generated from state tax credits awarded from 2015 to 2020 is equivalent to 14 to 19 percent of total project costs reported by project owners. When coupled with federal credit, the credits are equivalent to 50 to 58 percent of project costs.
- **Key conclusion:** “The tax credit program appears to be meeting its goal of encouraging the expansion of affordable housing in Colorado.”

Maxfield Heights, CHFA rental housing customer, Rifle, Colorado

# *accelerated* state affordable housing tax credit

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## New State Legislation – HB24-1434

- Increases CHFA's existing \$10M state AHTC authority by:
  - \$20M in 2024
  - \$16M in 2025
  - \$12M in 2026-2027
  - \$16M in 2028
  - \$20M in 2029-2031
- Accelerates the pace at which investors may claim the new state credit: 70 percent year 1; 6 percent years 2-6



# transit oriented communities tax credit

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## New State Legislation – HB24-1434

- New 5-year Housing Tax Credit for eligible projects in Transit Oriented Communities (TOC)
- Authorizes CHFA to allocate:
  - \$2M in 2025-2027
  - \$11M in 2028
  - \$13M in 2029
- Accelerated standalone credit, can be paired
- Works in conjunction with policies set forth in related land use bill (HB24-1313)



# middle-income housing tax credit pilot program

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## New State Legislation – HB24-1316

- New state Housing Tax Credit for middle-income rental housing
- Builds on the success of the state AHTC and CHFA's Middle-income Access Program (MIAP)
- Supports housing for households earning 80 to 120 percent AMI, up to 140 percent AMI in rural resort regions
- 5-year pilot program in 2025-2029
- Authorizes CHFA to allocate:
  - \$5M in 2025-2026
  - \$10M in 2027-2029
- Allocated or transferable structure



# looking ahead

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- Implementation of new state credits in 2025
  - TOC
  - MIHTC
- Navigating challenges
  - High development costs and supply chain restraint
  - High interest rate environment
  - Resource oversubscription
- Federal tax legislation





# thank you

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