

**Testimony in Favor of CO HB 1051**

Chairman and Esteemed Committee Members,

As the ninth most expensive state in the nation, many Coloradans cannot afford to live in the communities in which they work. Housing is considered “affordable” when a household spends less than 30 percent of their income on shelter and utilities; Households that spend more than this are considered cost-burdened, and are frequently forced to make difficult financial tradeoffs with other basic necessities. The state housing prices are pushing out the working citizens who contribute to Colorado society, both socially and economically.

For the last 40 years, the Federal Low Income Housing Tax Credit (LIHTC) has provided a partial solution to this affordable housing crisis. Each year, the Feds allocate each state tax credits or “LIHTCs” based on the number of citizens in a state, in the form of 9% and 4% tax credits. Developers apply to CHFA each year to receive credits to build their projects, and in return promise to maintain a certain number of lower rent units in the buildings for at least 15 years. CHFA has done a fantastic job utilizing the state credit to encourage more developer application, and as such, both the 9% and 4% state credits have more applicants than available dollars, meaning that even with \$10mm of state allocation, many worthwhile projects across the state are not able to get done each year.

With HB1051, there is a tremendous opportunity for Colorado to further increase affordable rental housing opportunities for vulnerable citizens. CO is taking little risk by extending and expanding the existing state LIHTC program. The state has actually become a model across the country of a successful state program, with a number of other states modeling their programs off of this one, including neighboring Kansas. As tax credit syndicators, meaning our company helps bring together all the parties for low income housing projects and utilize the credits, we have seen enormous institutional investor demand in Colorado. Since inception of the program, Advantage Capital has placed \$12.5MM of CO Affordable Housing Tax Credits through 12 insurance companies and 1 large c-corporation. These 13 existing investors would take more credit if we had it available and we routinely turn away other interested investors.

Maintaining a certain number of affordable units, below market rate, for such an extended period of time doesn’t pencil out on paper, so LIHTC developers and their partners rely on the ongoing stream of credits to finance these projects. Any credit stream shorter than the proposed amount in the current bill would, frankly, make all state credits for these project untenable. A 2 year sunset would gut the program.

As written, HB 1051 can help maintain and grow the success of the state affordable housing credits. With COVID exacerbating many challenges for CO citizens, the need for more affordable housing in Colorado is clear, and the investor appetite is high. We urge the committee to vote yes on this bill, and continue to invest in housing in the great state of Colorado.

Sincerely,  
Rachel Stern  
Senior Vice President, Advantage Capital



May 3, 2022

Senate Finance Committee  
Colorado General Assembly

**RE: Support HB22-1051 – Modify Affordable Housing Tax Credit**

Dear Members of the Senate Finance Committee:

My name is Kathy Smith, and I am a member of the League of Women Voters of Colorado's Legislative Action Committee. **I am writing in support of HB22-1051, on behalf of the League's Legislative Action Committee.**

The League is a nonpartisan organization that encourages informed and active participation in government and influences public policy through education and advocacy. Our membership spans the state of Colorado with 19 local leagues operating in several regions of the state.

The League supports policies to provide a decent home and a suitable living environment for every American family. Across our state, there is a severe shortage of affordable rentals. One quarter of Colorado's rental households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened households are more likely than other renters to sacrifice necessities, such as healthy food and healthcare, to pay the rent and to experience unstable housing situations.

This bipartisan bill will extend Colorado's Affordable Housing Tax Credit through 2031. This tax credit has been one of the most effective tools to create affordable housing. These modifications will help CHFA address our state's housing needs across Colorado.

We urge the committee members to vote YES on HB22-1051. Thank you for your consideration of this important bill.

Respectfully,  
Kathy Smith, Volunteer Lobbyist  
League of Women Voters of Colorado Legislative Action Committee  
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