



legislative oversight committee on taxation

August 30, 2023



about chfa

CHFA was established in 1973 by the Colorado General Assembly.

financing the places where people live and work[®]



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.



Approximately **\$32.5B** has been raised and invested in Colorado to date.

mission



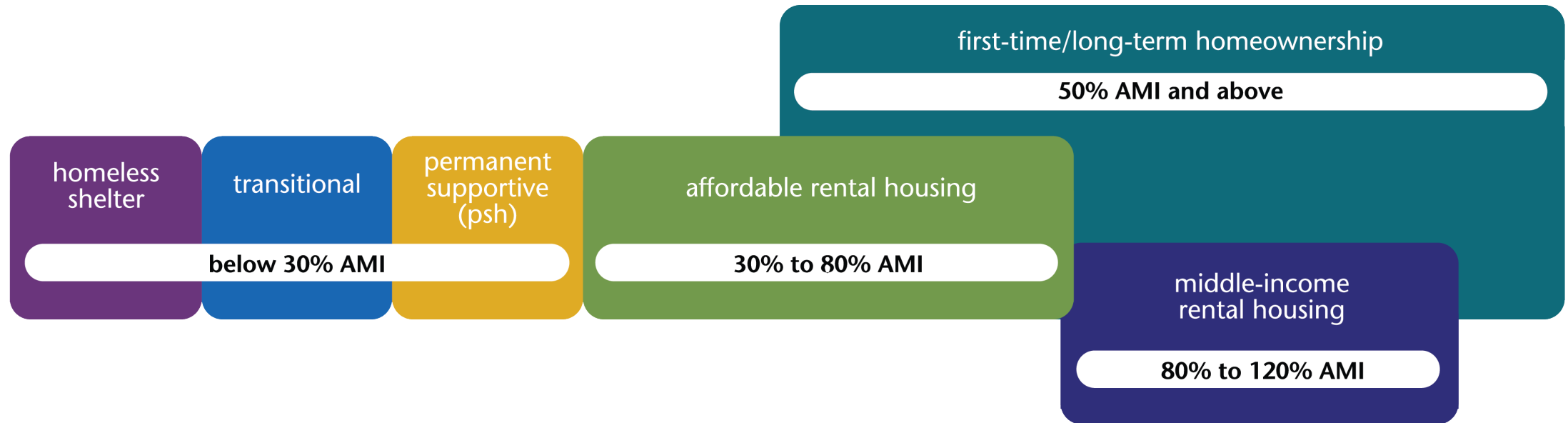
We strengthen Colorado by investing in affordable housing and community development.

vision



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

housing continuum



chfa's impact in communities



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 Partnerships

Regional community
engagement

Donations, grants,
and sponsorships

Technical assistance

chfa's work since 1973

\$27B

in home finance production with **147,372 customers** served with homeownership programs

\$3.9B

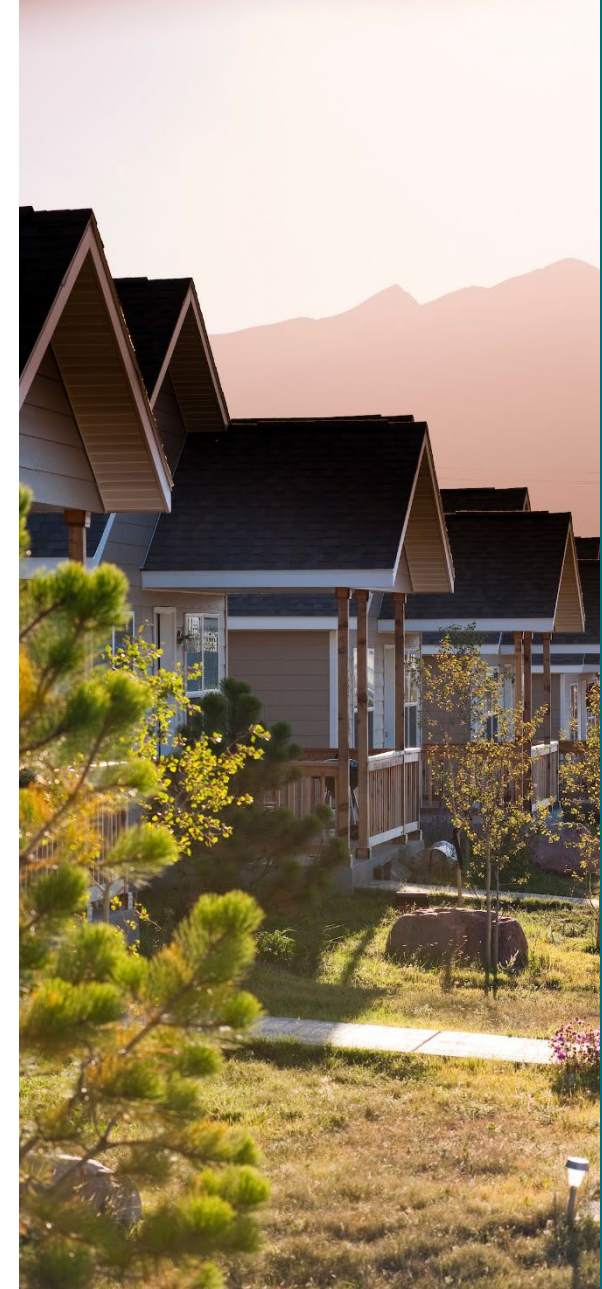
in multifamily loan production consisting of **79,265 units** created or preserved

80,783

affordable rental housing units supported by Housing Tax Credits, totaling **\$681.1M in credits allocated**

\$1.7B

invested in business lending serving **8,411 businesses** and directly supporting **85,301 jobs**



housing tax credits



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

creating affordable housing

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)



low income housing tax credits (lihtc)

*Incentivizing
public-private
partnership*



Tax Reform Act
of 1986



Administered
by Treasury (IRS)



3.7 million units created
or preserved nationwide



Over 80,000 units
impacted in Colorado

two types of federal housing tax credits

9% Housing Tax Credit

70% present value credit

- Competitive award process
- Population-based allocation
- Deep subsidy

4% Housing Tax Credit

30% present value credit

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

colorado's affordable housing tax credit (ahtc)

- Offset against Colorado income tax
- Paired with federal 4% credits
- Allocated through a competitive process
- \$10 million allocation, authorized through 2031



state housing tax credit 2015-2022 impact



9,669

Housing Units Directly
Supported

\$108.8M

Federal 4 Percent Housing
Tax Credit Leveraged

\$1.4B

New Private-sector
Investment Raised

31,241

Jobs Supported

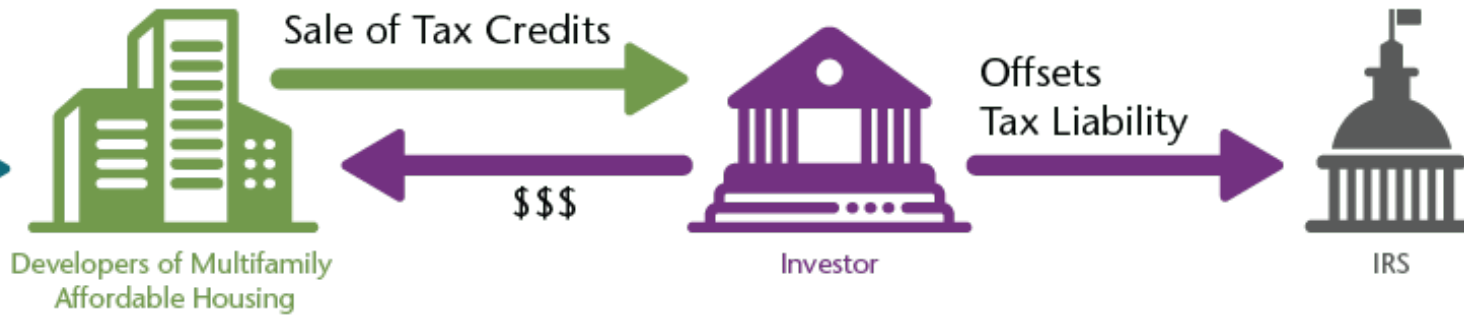
\$4.6B

Economic Impact

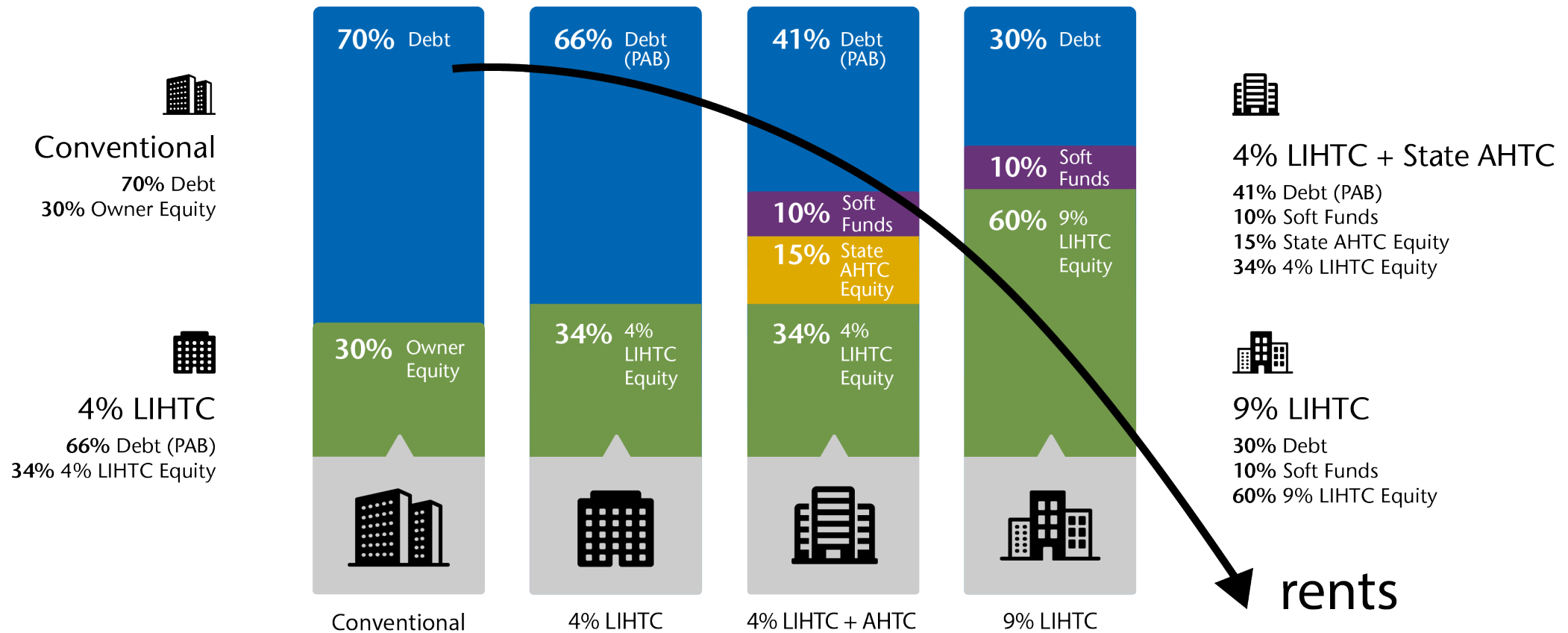


Allocates
Tax Credits

supporting affordable rental housing: state and federal tax credit programs



comparing housing tax credits



As of September 2021

impact of housing tax credits

9% LIHTC example



Sources of Funds	Amount	Percent
Permanent Lender	\$4,450,000	23%
Permanent Lender, second position	\$215,000	1%
DOH	\$1,890,000	10%
City	\$235,645	1%
Deferred Developer Fee	\$547,862	3%
Federal Tax Credit Equity	\$12,417,039	63%
Total	\$19,755,546	100%

Uses of Funds	Amount	Percent
Land	\$385,000	2%
Construction	\$15,250,730	77%
Professional Fees	\$458,067	2%
Finance Costs	\$1,080,577	5%
Soft Costs	\$274,700	1%
Developer Fees	\$2,030,000	10%
Project Reserves	\$276,472	1%
Total	\$19,755,546	100%

impact of housing tax credits state and 4% example



Sources of Funds	Amount	Percent
Permanent Lender	\$11,815,000	38%
City	\$840,000	3%
DOH	\$1,800,000	6%
Owner Equity	\$330,142	1%
Deferred Developer Fee	\$2,070,000	7%
State Tax Credit Equity	\$4,500,000	15%
Federal Tax Credit Equity	\$9,597,867	31%
Total	\$30,953,009	100%

Uses of Funds	Amount	Percent
Land	\$1,864,931	6%
Construction	\$21,733,476	70%
Professional Fees	\$842,350	3%
Finance Costs	\$2,471,030	8%
Soft Costs	\$422,247	1%
Developer Fees	\$3,075,872	10%
Project Reserves	\$543,103	2%
Total	\$30,953,009	100%

why the housing tax credit program works



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



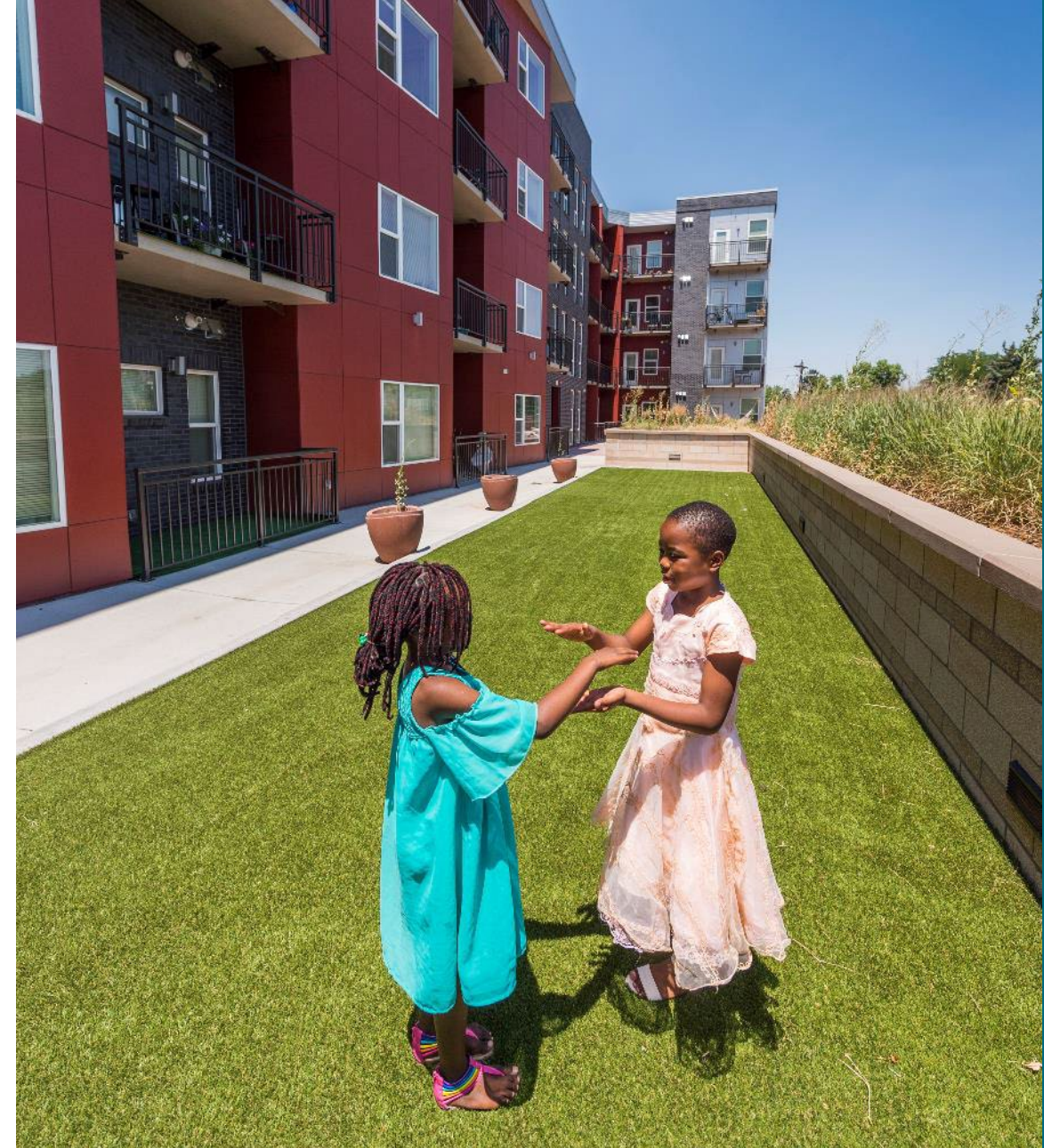
chfa's qualified allocation plan (qap)

Describes the process for application and allocation of housing tax credits

Revised through stakeholder and public input

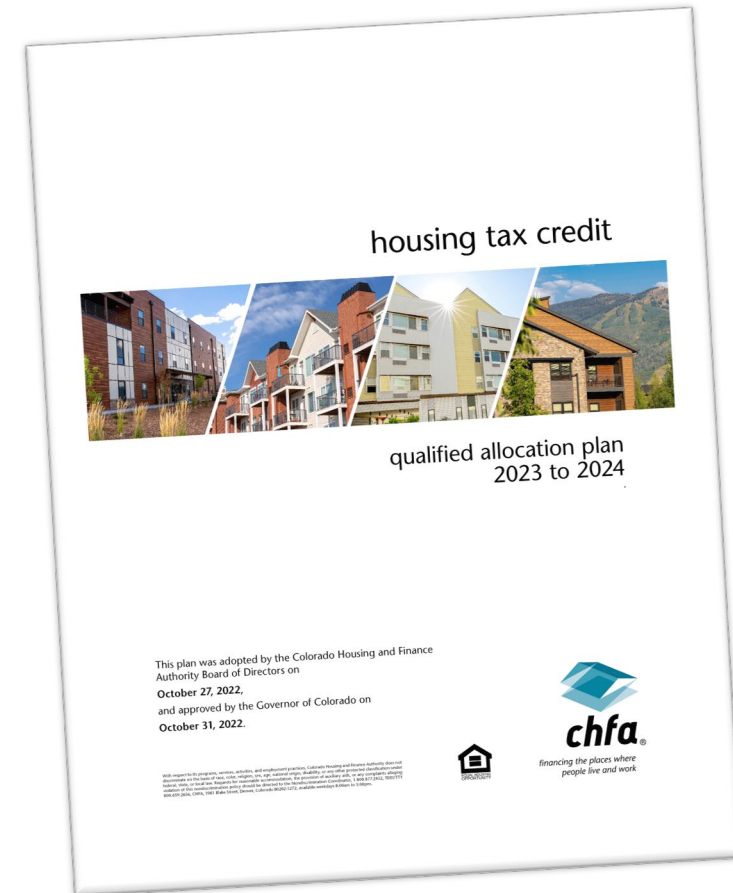
Reviewed and Approved by CHFA Board

Signed by the Governor



qap criteria for approval

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



qap guiding principles and priorities

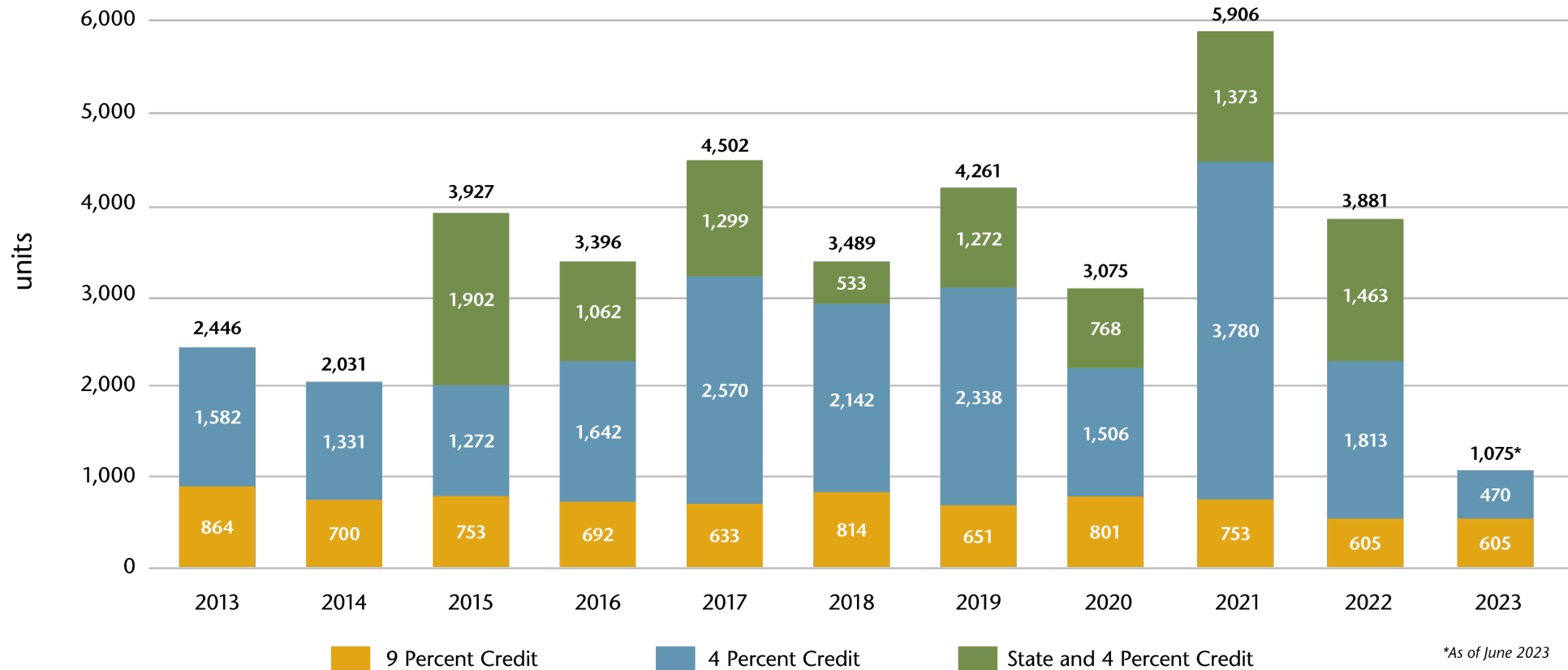
Help meet the diverse affordable housing needs throughout Colorado

- 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 priority to receive an award of credits

- Projects serving Persons exiting homelessness
- Projects serving Special Populations
- Projects in counties with <180,000 in population

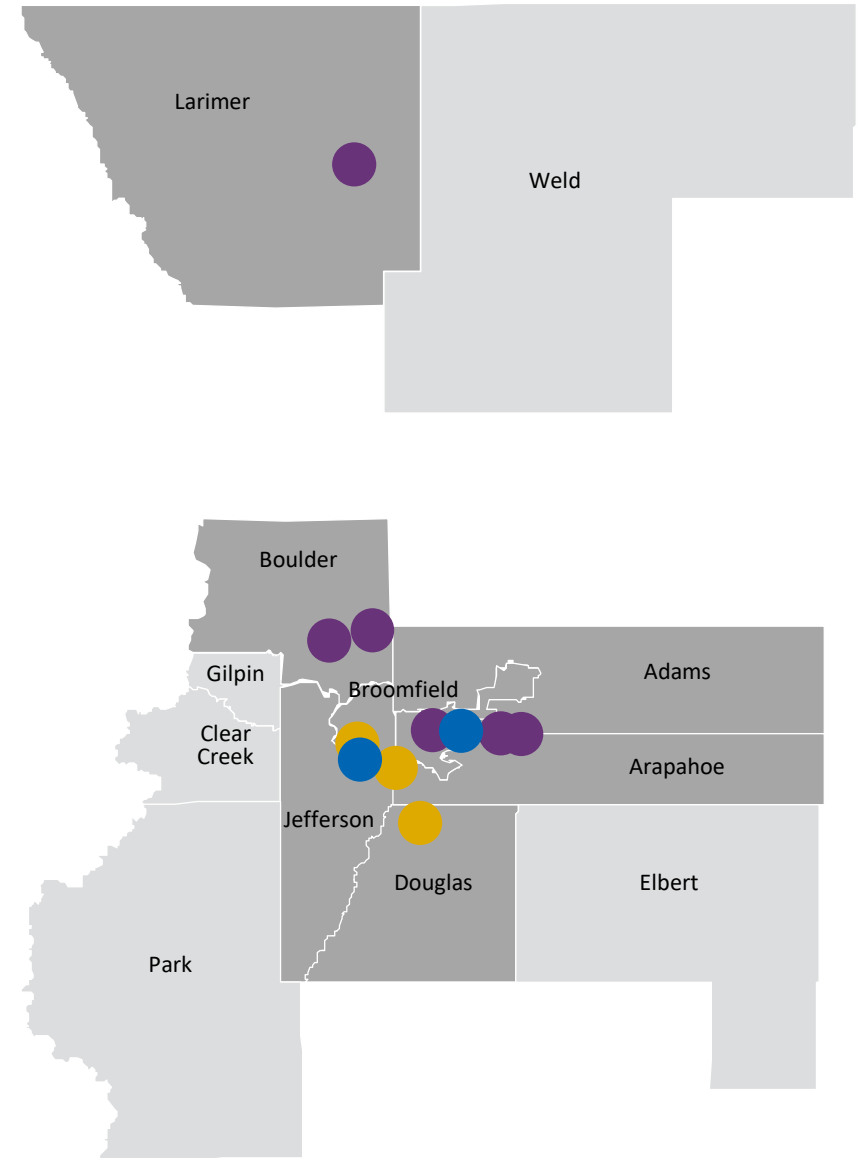
units supported with housing tax credits



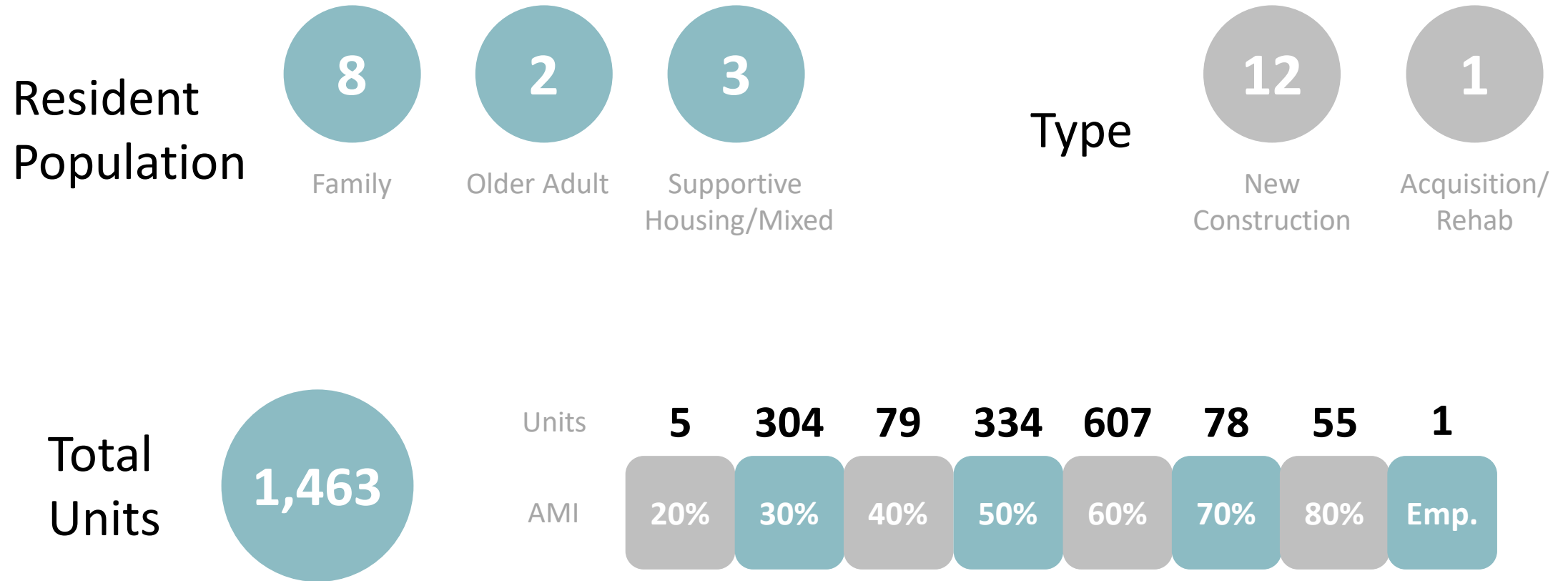
Round Two Project Type

- Family
- Senior
- Supportive Housing

2022
state and
4% round
two projects



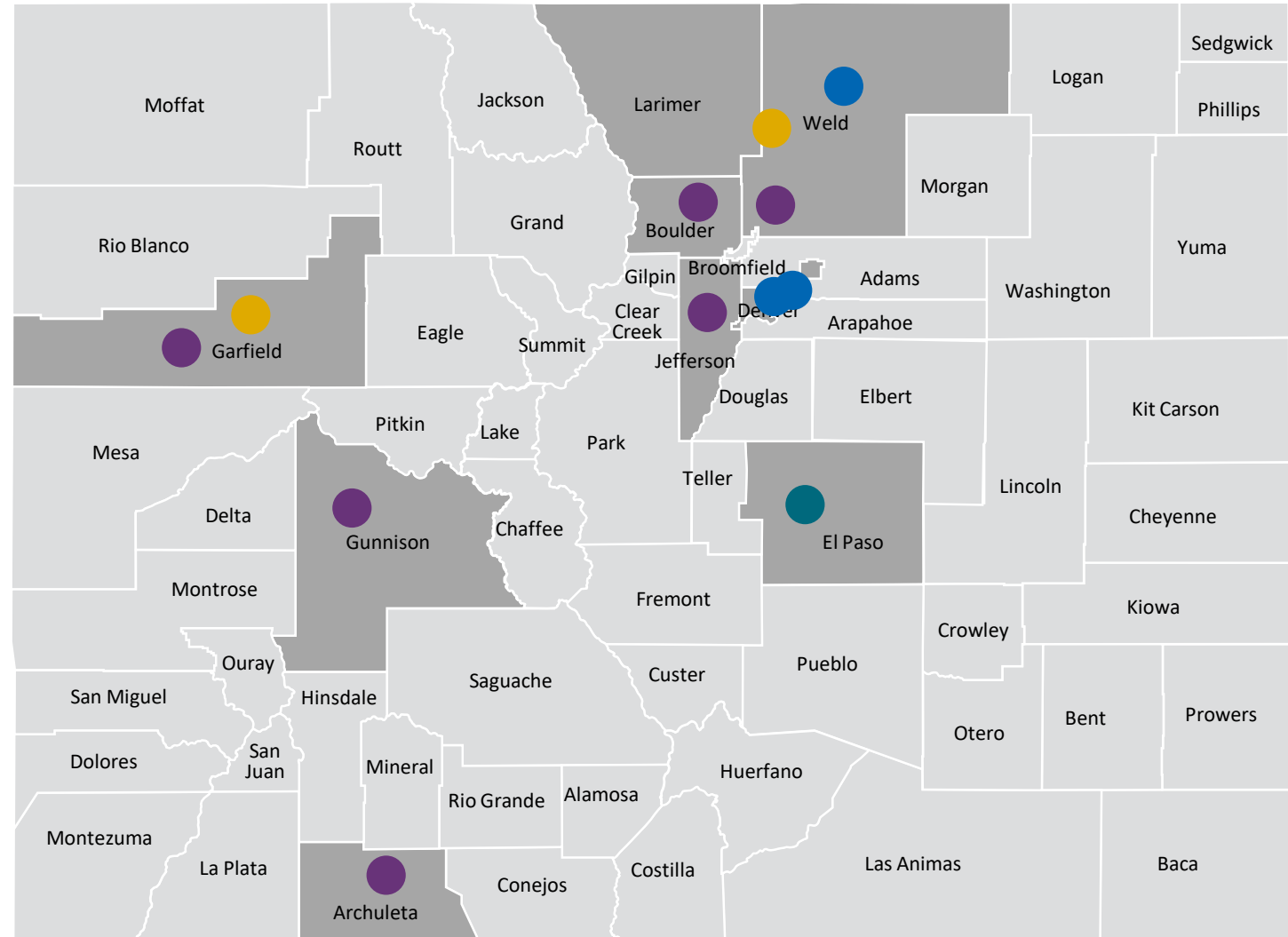
impact – 2022 round two housing tax credit awards



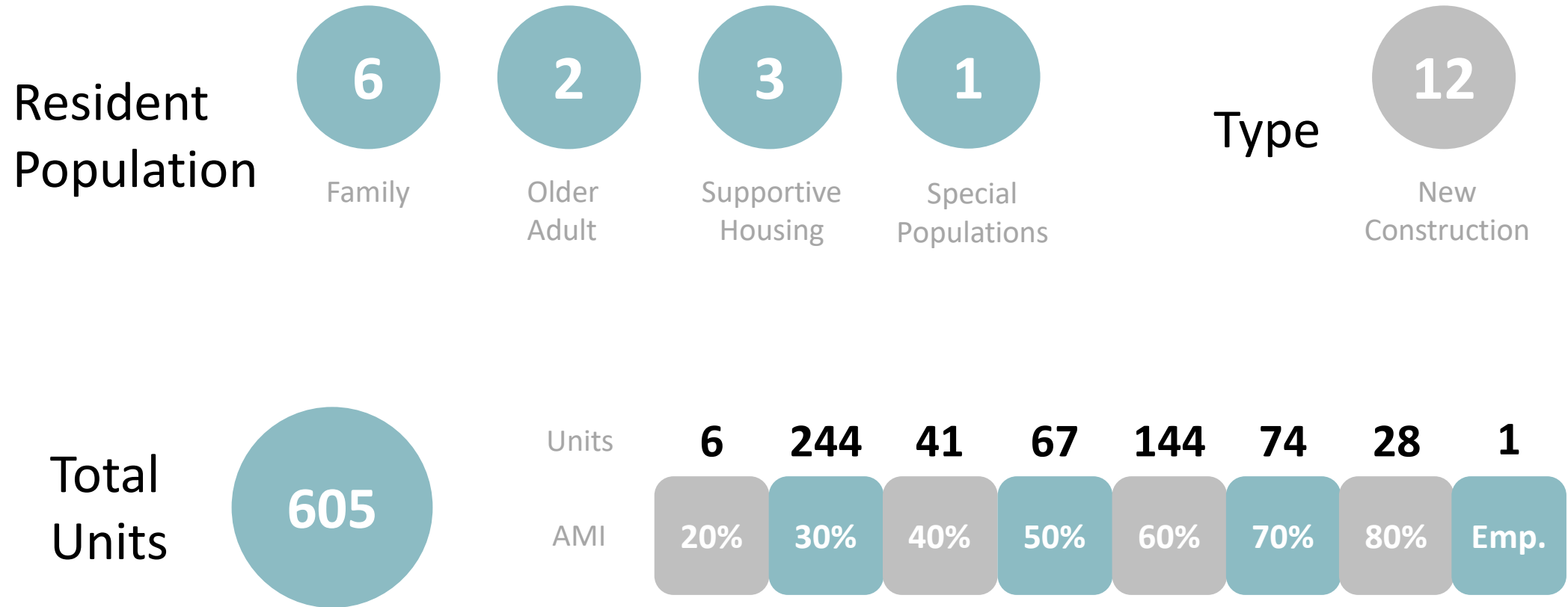
Round Two Project Type

- Family
- Older Adult
- Supportive Housing
- Special Populations

2023 9%
round one
projects



impact – 2023 round one housing tax credit awards



residents supported

Top occupations of nonretired residents of state credit properties

Occupation	Employed Residents	Median AMI	Median Income
Service-related	44%	37%	\$33,600
Professional	19%	36%	\$31,555
Construction-related	10%	39%	\$40,800
Sales/Retail	9%	37%	\$33,280
Administrative and Clerical	7%	42%	\$40,294



29%

Median AMI



\$22,572

Female Head of Household

\$22,572

Median Income

46%

55 Years and Older

3,267

Children

As of December 31, 2022

state affordable housing tax credit evaluation

Published April 2022 by the Colorado Office of the State Auditor



- Equity generated from state credits awarded from 2015 to 2020 was equivalent to 14 to 19 percent of the total project costs reported by project owners. When coupled with the federal credit, the credits were equivalent to 50 to 58 percent of project costs.
- **Key conclusion:** “The tax credit acts as a significant funding source for affordable housing development and appears to be meeting its purpose of encouraging the expansion of affordable housing in Colorado.”

Maxfield Heights, CHFA rental housing customer, Rifle, Colorado



challenges



High development
costs and supply
chain restraints



Rising interest
rates



Resource
oversubscription



Federal credit
reduction

meeting the spectrum of needs

- Middle-income Access Program
- Small-scale Housing Permanent Loan program (SHIP)
- Technical assistance and capacity building
- Proposition 123





thank you

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