



Affordable Housing Financing Fund

In November 2022, Colorado voters passed Proposition 123, a ballot measure authorizing the state to retain money from existing state tax revenue to support affordable housing investment. These funds are split 60/40 between the Office of Economic Development and International Trade (OEDIT) and the Department of Local Affairs (DOLA) through its Division of Housing (DOH), respectively. OEDIT manages the **Affordable Housing Financing Fund**, described below, in partnership with Colorado Housing and Finance Authority (CHFA), which serves as Contract Administrator. DOH manages the Affordable Housing Support Fund.

60%

Sixty percent of Proposition 123 funds are allocated to the **Affordable Housing Finance Fund**, which is managed by OEDIT and administered by CHFA. This fund includes three programmatic areas: Land Banking, Equity, and Concessionary Debt. Local and tribal governments must complete a Local Government Affordable Housing Commitment as required by Proposition 123, unless otherwise noted, in order for projects within their jurisdiction to be eligible for funding.

Land banking

The goal of this program is to provide funding for acquisition and preservation of land for the development of affordable housing. To qualify, housing must serve residents at 60 percent of Area Median Income (AMI) or below for rental housing and 100 percent of AMI or below for homeownership*. Funding is provided in the form of **grants to eligible local governments, including housing authorities, tribal governments, and forgivable loans to eligible nonprofits** with a demonstrated history of providing affordable housing.

Equity

The Equity program provides **below-market-rate equity investments** in low and middle income multifamily rental developments or existing affordable housing. Developments that receive equity financing must have a Tenant Equity Vehicle (TEV). Supported developments must serve an average of 90% of Area Median Income*.

Concessionary debt

This program provides debt financing in **four ways** to support affordable housing investment, three of which are subject to a requirement to serve an average of 60 percent AMI or below*, unless a secondary source of financing is used:

- Debt financing for low and middle income multifamily rental developments
- Gap financing in the form of subordinate debt and predevelopment loans for LIHTC projects
- Debt financing to preserve existing affordable multifamily rental housing units
- Debt financing for modular and factory-built housing manufacturers (not subject to AMI or Local Government Affordable Housing Commitment requirement)



*Higher AMI's will be allowed for Rural Resort Local Governments who have been approved through a Petition Process.

Local and tribal government resources and requirements

Commitment filing site ➔

bit.ly/co-123-commit



Baseline assistance tool ➔

bit.ly/co-123-baseline

