

State Housing Tax Credit Expansion

Colorado Housing and Finance Authority

Advocacy

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Summary

In 2024, CHFA led advocacy efforts to advance two pieces of state legislation authorizing a historic expansion of the existing Colorado state Affordable Housing Tax Credit (AHTC) and creation of two new and innovative tax credits for affordable housing for low- and moderate-income Coloradans: the Transit-oriented Communities (TOC) credit and the Middle-income Housing Tax Credit (MIHTC). This resulted in a total new investment of \$1.17 billion for affordable rental housing in Colorado administered by CHFA that will be deployed between 2024 and 2031.

Identified Legislative Needs, Priorities, and Ramifications

Colorado's state AHTC program was established in 2001 and later renewed or expanded in the 2014, 2016, 2018, 2019, and 2022 legislative sessions in recognition of the rising housing costs and challenges for renters statewide, as well as CHFA's success in establishing and administering the program. As Colorado continues to face a statewide affordable housing crisis, demand for housing credit resources is extremely high. In 2023, CHFA received the highest number of applications for the state AHTC in its history, with 35 applications seeking more than \$37 million in state credit. Due to limited available credit for allocation, CHFA was only able to award credits to 10 of these developments.

In 2017, based on strong community feedback about the need for more housing options affordable to middle-income households, CHFA created its Middle-income Access Program (MIAP) to serve growing demand for affordable rental housing for households earning 80 percent to 120 percent of the Area Median Income (AMI). This program provided a small amount of mezzanine debt financing to help finance middle income rental housing development. In 2022, the state further supported CHFA's initial investment with \$25 million, and these funds were fully committed in 2023. MIAP helped demonstrate the demand for financing to support affordable housing to serve middle-income households who are otherwise unable to afford market rate rent without becoming cost burdened.

In addition to high demand and robust competition for resources, affordable housing developers experience an increasingly complex environment of high construction and labor costs, high interest rates, diminished or reduced gap fund resources, and a loss of the one-time State Fiscal Recovery Funds authorized through the American Rescue Plan Act which had been fully committed or spent by 2024. Colorado also faces a unique budget environment due to a provision of its state constitution which limits the amount of revenue that Colorado can retain or spend meaning the state is particularly resource constrained.

With this background, CHFA sought legislation to mitigate these challenges with new and expanded state tax credit resources that increase and preserve the stock of affordable housing in Colorado and meet the needs of its low- and moderate-income residents. At the same time, the effort aligned with the state's budgetary constraints and legislative priorities and built on the previous success of the state AHTC program which had produced 10,782 affordable rental units since the program was renewed in 2014.

Leadership and Coalition Engagement

Through dual but complementary advocacy efforts, CHFA played a critical role in the formulation, advancement, and passage of HB24-1434 to expand and strengthen the state AHTC and establish the Transit-oriented Communities (TOC) credit to encourage affordable housing development near transit areas, as well as HB24-1316 to establish the Middle-income Housing Tax Credit. Prior to the legislative

session, CHFA engaged in discussions with potential bill sponsors to share the efficacy of tax credits and the need for new and increased resources for housing. CHFA then worked with bill sponsors, legislative staff, the governor's office, and outside counsel to craft legislative language that built and expanded programs in a responsible and effective manner. Concurrently and throughout the legislative process, CHFA gained real-time input from credit investors and developers to incorporate their perspective.

When the legislative session began, CHFA led efforts to build community support that included one-on-one outreach, eNews communication, regular briefings at advocate and stakeholder meetings, testimony at the Capitol, and regular communication with bill sponsors. Through this direct outreach, CHFA garnered coalitions of diverse organizational supporters that included affordable housing advocates, investors and finance partners, municipalities, developers, local housing authorities, chambers of commerce, and more.

Ongoing engagement with this target audience ensured that the bills were priorities in the affordable housing community and legislature, and that lawmakers regularly heard from a diverse range of organizations, officials, partners, and constituents about their importance. CHFA also led communication efforts to legislators through the development of talking points and circulation of fact sheets and supporters lists. This included 81 organizational supporters for HB24-1434 and 39 organizational supporters for HB24-1316.

Impact

The passage of HB24-1434 and HB24-1316 authorizes an additional \$816 million for the development and preservation of affordable housing; \$150 million for affordable housing in transit areas; and \$200 million for middle-income housing for a total investment impact of \$1.17 billion between 2024 and 2031. This investment will provide homes for thousands of low- and moderate-income Coloradans.

Addressing Housing Challenges and Benefiting Communities

According to a study conducted by *Up For Growth* on housing underproduction in the United States, Colorado ranked as the ninth most underproducing state. As Colorado faces an affordable housing crisis, the additional resources for housing authorized in HB24-1434 and HB24-1316 will play a key role in expanding the supply of affordable rental housing in the state.

HB24-1434 created a new structure for the state AHTC that accelerates the pace at which investors may claim the new credit resources to further amplify the program's positive impact. This new structure supports strong pricing and a diversity of credit types to complement the existing state AHTC structure, meeting investor demand while driving additional unit outcomes. Further, while the existing state AHTC is traditionally paired with federal 4 percent Housing Tax Credits, the expansion allows for pairing with federal 9 percent Housing Tax Credits to further leverage federal tax credit resources and maximize unit creation or preservation for low-income Coloradans.

MIHTC, the first of its kind in the nation, addresses the housing needs for the fastest growing segment of housing cost-burdened Coloradans—middle-income renters—who earn too much to qualify for subsidized rental housing, but not enough to afford market-rate rent. In more than half of Colorado's counties, a two-person household with each person working a 40-hour minimum wage paying job is defined as middle-income, earning more than 80% AMI. In addition, the TOC credit works in alignment with Colorado's environmental sustainability goals and land use policy set forth by the Governor. Affordable housing development near transit made possible by the TOC credit will benefit communities

by encouraging transit ridership, decreasing reliance on cars, and promoting connectivity for low-income residents.

Advancing Mission

CHFA's role in the passage of the legislation directly advanced CHFA's mission to strengthen Colorado by investing in affordable housing and community development. The new and expanded resources for rental housing will enable CHFA to better meet the affordable housing needs of Coloradans through the creation and preservation of additional units.

Achieving Objectives

CHFA has already begun deploying these resources to expand affordable rental housing in Colorado. Soon after passage of the legislation, CHFA awarded the expanded AHTC to support 13 developments consisting of 601 units that may not otherwise have proceeded due to diminishing gap fund resources at the state level. The expanded AHTC as well as the TOC credit will also be awarded to developments seeking credit in CHFA's Round One of 2025 for which CHFA received 24 applications consisting of 1,199 units seeking over \$15 million in state AHTC and \$838,000 in TOC credit. The additional credits have reduced reliance on other gap funds resources that are also under-resourced or oversubscribed.

In addition, CHFA is in the process of reviewing applications for MIHTC and has received Letters of Interest from 12 proposed middle-income developments representing 1,107 units seeking more than \$19 million in MIHTC.

Innovation

Though building off previous success, HB24-1434 and HB24-1316 represent significant innovations. The legislation created a new structure for the state AHTC which had not previously been done in the history of the state AHTC program. It also represents a historic investment increase for the state AHTC program. The TOC and MIHTC credits are also significant innovations for CHFA, Colorado, and the nation as they are the first-of-their-kind tax credit programs.

Relationships with State Legislators

CHFA enjoys strong relationships with state legislators on both sides of the aisle. CHFA's positive reputation, expertise in providing technical assistance, and role as a program administrator for several state programs have contributed to positive recognition of and trust in CHFA from lawmakers. CHFA leveraged relationships to secure strong bipartisan and bicameral lead sponsors for HB24-1434 and key bicameral sponsors for HB24-1316 and drive support as the bills made their way through the legislature. This resulted in overwhelming and bipartisan support for both bills.

- HB24-1434: Passed 47-15 in the House and 27-8 in the Senate; and
- HB24-1316: Passed 44-19 in the House and 27-8 in the Senate.

Replicability

CHFA's success in advancing housing tax credits may be replicated in other states. As CHFA did, other HFAs may leverage their existing strong relationships with lawmakers and partner organizations, a track record of previous success, and the current affordable housing needs statewide to demonstrate the efficacy of and need for expanded or new state tax credits. Other HFAs may replicate CHFA's strategy of diverse coalition building, targeted communication, and demonstrated legislative need.



February 13, 2024

call to action

Support State Legislation To Expand the State Affordable Housing Tax Credit for Increased Affordability Across Colorado

This legislative session, state Representative Bird, Representative Weinberg, Senator Zenzinger, and Senator Simpson will introduce legislation to expand the state Affordable Housing Tax Credit (state AHTC) by \$10 million through 2031. The state AHTC raises private sector equity for affordable rental housing development and is modeled after the nationally recognized federal Housing Tax Credit program.

Since renewed by the Colorado General Assembly in 2014, the state credit has supported the development or preservation of 10,782 affordable rental housing units by helping leverage over \$1.7 billion of private sector investment to help meet Colorado's affordable housing need. The resulting economic impact is estimated to contribute over \$5.5 billion to Colorado's economy.

CHFA is currently authorized to allocate \$10 million in annual state credit through 2031. Yet, the program is oversubscribed by a rate of 3:1. The bill to increase state AHTC will seek to increase the state credit authority by \$10 million, for a total of \$20 million through 2031. Due to PAB constraints in Colorado, CHFA intends to pair the new state credit with the federal 9% Housing Tax Credit.

View [CHFA's Fact Sheet](#) for more information about this important legislation. Please contact [Jerilynn Francis](#), CHFA Chief Communications and Community Partnerships Officer, or [Julia Selby](#), CHFA Legislative Liaison and Policy Analyst, to add your organization's name as being in support of increasing the state AHTC by \$10 million through 2031.

Thank you for your support to expand these critical resources for the development and preservation of affordable housing across Colorado.

Connect with CHFA!



With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, or any other protected classification under federal, state, or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, TDD/TTY: 800.659.2656, CHFA, 1981 Blake Street, Denver, Colorado 80202-1272, available weekdays 8:00am to 5:00pm.



February 22, 2024

call to action

Support HB24-1316 to Create a Middle-Income Housing Tax Credit Pilot Program

This legislative session, state Representative Lindstedt, Representative Lindsay, and Senator Bridges have introduced HB24-1316 to establish a Middle-Income Housing Tax Credit (MIHTC) pilot program. Building on the previous success of the state Affordable Housing Tax Credit, MIHTC will leverage private sector investment to support the development and preservation of housing for households earning between 80% to 120% of Area Median Income (AMI), or up to 140% AMI in rural resort counties.

The MIHTC program would be the first of its kind in the nation addressing affordability for “missing middle” households who earn too much to qualify for subsidized rental housing, but not enough to afford market-rate rent without being cost-burdened. In more than half of Colorado’s counties, a two-person household each making minimum wage for 40 hours per week is defined as middle-income, earning more than 80% AMI. In the last decade, this segment of the housing continuum has experienced a 48% increase in the number of renter households that are considered housing cost-burdened.

HB24-1316 would authorize CHFA to competitively award \$10 million in five-year state income tax credits in 2025, 2026, and 2027 to attract private investment to make middle-income developments financially feasible and preserve or develop units at affordable rents to missing middle households.

View [CHFA’s Fact Sheet](#) for more information. Please contact [Jerilynn Francis](#), CHFA’s Chief Communications and Community Partnerships Officer, or [Julia Selby](#), CHFA’s Legislative Liaison and Policy Analyst, to add your organization’s name as a supporter of the MIHTC pilot program.


Thank you for your support.

Connect with CHFA!



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Colorado Housing and Finance Authority State Housing Tax Credit Expansion Advocacy



fact sheet

May 8, 2024

HB24-1434: Expand and Strengthen the State Affordable Housing Tax Credit

Sponsored by: Rep. Shannon Bird, Rep. Ron Weinberg, Sen. Rachel Zenzinger, and Sen. Cleave Simpson

Colorado's Affordable Housing Tax Credit (state AHTC) raises private sector equity to support the development and preservation of affordable rental housing. It is modeled after the nationally recognized federal Low Income Housing Tax Credit (federal LIHTC) created in 1986 under President Reagan's administration. CHFA is currently authorized to allocate \$10 million in state AHTC through 2023. The program is reauthorized by a rate of 8 to 5.

HB24-1434 Increases CHFA's state credit authority by \$20 million in 2024; \$16 million in 2025; \$12 million in 2026 and 2027; \$16 million in 2028; and \$20 million in 2029-2031. The bill also accelerates the pace at which investors may claim the new credit resources to further amplify AHTC's already significant and positive impacts.

HB24-1434 also includes a new five-year housing tax credit for eligible projects in Transit Oriented Communities (TOC), originally a provision of HB24-1313 sponsored by Representative Woodrow, Representative Jodeh, Senator Hansen, and Senator Winter. CHFA will be authorized to allocate the TOC credit as follows: \$2 million in 2025-2027; \$11 million in 2028; and \$13 million in 2029.

10,782 housing units directly supported

- Between 2015 through 2023, the state AHTC program has directly supported the development of 10,782 affordable rental units.
- The median household income of residents living in tax credit-supported units is \$25,392, or approximately 32 percent of Area Median Income (AMI).
- The top five employment categories of residents living in state AHTC-supported units are: service industry, professional, construction-related, administrative and clerical, and sales/retail.
- State AHTC has enabled CHFA to better utilize its state and federal Housing Tax Credits to support developments in urban, rural, and rural resort regions of the state.

\$1.7 billion in new private sector investment raised to support Colorado housing

- The sale of the state and federal housing tax credits allocated to state AHTC-supported units will generate over \$1.7 billion in private sector equity investment in Colorado that otherwise would not have occurred.

\$130.7 million in federal 4 percent LIHTC leveraged

All states utilize two types of federal LIHTC to support affordable housing:

- Federal 9 percent credit, which is designed to subsidize approximately 70 percent of an affordable development's costs; and
- Federal 4 percent credit, which is designed to subsidize approximately 30 percent of an affordable development's costs.

Historically, CHFA has leveraged state AHTC with federal 4 percent credit, which helps CHFA better meet the state's varied housing needs, including supportive housing, housing for extremely low-income households, mixed income housing, as well as supporting development in high-cost and rural areas.

\$5.5 billion in economic impact

The development of the 10,700+ units directly supported with state AHTC is estimated to generate over \$5.5 billion in economic impact in Colorado and support 36,357 jobs.

For more information contact Anthony Francis at afancis@chfainfo.com, Julia Setby at jsetby@chfainfo.com, Julie McKenna at 303.898.8494, or Jennifer Brandisberry at 303.638.4420.


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The following organizations support HB24-1434

Advantage Capital	Economic Development Council of Colorado	Maker Housing
Archway Communities	Element Properties	Mercy Housing
Aurora Housing Authority	Emerald Missionary Baptist Church	Metro West Housing Solutions
Boulder Housing Partners	The Empowerment Program	MGI Partners
Brikwell	Transpire Community Partners	Mile High Development
Broomfield Housing Alliance	Evergreen Real Estate Group	Neighborhood Development Collaborative
Brothers Redevelopment, Inc.	Fading West Development	Neuro-inclusive Housing Solutions
CARL Housing, Inc.	Five Partnerships, The	Ovedale Property Group
City of Fort Collins	foothills Regional Housing	Out Properties, LLC
City of Golden	Fraser River Valley Housing Partnership	Perry Street LLC
City of Greeley	Gorman & Company	Pro 15
City of	Grand Junction Housing Authority	Project Mosaic
Colorado Association of Home Builders	Graceland Housing Unlimited, Inc.	Ridgelines LLC
Colorado Bankers Association	Growth Community Development	RCH Jones Consulting
Colorado Chamber of Commerce	Habitat Housing Company	RMM Advisors
Colorado Coalition for the Homeless	Housing Authority of City of Pueblo	Sherman Associates
Colorado Counties, Inc.	Housing Catalyst	Shopworks Architecture
Colorado Municipal League	Housing Colorado	Southwest Improvement Council
Commonwealth Development Corporation	IMPACT Development Fund	Studio Shee
Community Housing Partners	IndBuild LLC	Sugar Creek Capital
Community Outreach Service Center, Inc.	Jefferson Center for Mental Health	Think Community Housing
Cornerstone Housing Group LLC	The Jubey	Town of Tagosa Springs
Denver Metro Chamber of Commerce	K&B Property Group	Urban Ventures LLC
Douglas County Housing Partnership	LaFarge Northern Colorado	Volker Development, Inc.
Dwelling Development, LLC	League of Women Voters of Colorado	Volunteers of America
	Lowland Housing Authority	Warren Village
		Warner Partners, LLC
		Wild Woman CO LLC

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May 8, 2024

HB24-1316: Middle-income Housing Tax Credit Pilot Program

Sponsored by: Rep. William Lindstedt, Rep. Mandy Lindsay, and Sen. Jeff Bridges

Building on the successful state Affordable Housing Tax Credit, HB24-1316 Middle-income Housing Tax Credit will leverage private sector investment to support the development and/or preservation of housing affordable to households earning between 80% and 120% of Area Median Income (AMI), or up to 140% AMI in rural resort counties.

What is the Middle-Income Housing Tax Credit?

The first of its kind in the nation, this pilot program authorizes CHFA to competitively award five-year, Middle-income Housing Tax Credits (MIHTC) as follows: \$5 million in 2025-2026 and \$10 million in 2027-2029. Developments supported with MIHTC will be required to meet a minimum 15-year affordability period.

MIHTC may be allocated to both for-profit and nonprofit affordable housing developers as well as governmental and quasi-governmental entities, including the Middle Income Housing Authority. As such, the credit allocated to a governmental or quasi-governmental entity may be transferred and will require the entity's acceptance of all compliance and recapture risk.

What is Middle-income Housing?

Middle-income households are generally defined as households earning between 80% and 120% AMI. They are often referred to as the "missing-middle" because tenants earn too much to qualify for subsidized rental housing, but not enough to afford market-rate rent without being cost-burdened. This is most often experienced in high-cost regions, and in regions where housing supply is limited. In fact, in more than half of Colorado's counties, a two-person household with each person working a 40-hour minimum wage paying job is defined as middle-income, earning more than 80% AMI.

Why Middle-income Housing Tax Credits?

In 2017, based on strong community feedback about the need for more housing options affordable to middle-income households, CHFA created its Middle-income Access Program (MIAP). This program provided a small amount of mezzanine debt financing to help finance middle-income rental housing development. In 2022, the state further supported CHFA's initial investment with \$25 million authorized under SB22-146. Since that time, the MIAP has supported 932 middle-income units across eight developments in communities such as Breckenridge, Commerce City, Denver, Estes Park, Gypsum, Keystone, Silverthorne and Steamboat Springs. To date, CHFA has fully committed resources available for the MIAP.

For more information contact Anthony Francis at afancis@chfainfo.com, Julia Setby at jsetby@chfainfo.com, Julie McKenna at 303.898.8494, or Jennifer Brandisberry at 303.638.4420.

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fact sheet

The following organizations support HB24-1316

To Establish the Middle-income Housing Tax Credit Pilot Program

Advantage Capital	Gorman & Company
Bellwether Enterprise	Housing Colorado
Brikwell	Jefferson Center for Mental Health
Broomfield Housing Alliance	Lake County
Centennial Crossings	Las Animas/Bent County Housing Authority
Club 20	MGL Partners
City of Golden	Mile High Development
Colorado Association of Home Builders	Milender White
Colorado Bankers Association	Pivotal Architecture, PC
Colorado Bar Association	Pro 15
Colorado Chamber of Commerce	REgeneration Development Strategies
Colorado Counties, Inc.	SRII Development
Colorado Counties Acting Together (CCAT)	Szanton Company, The
Colorado Springs Chamber of Commerce and EDC	Sugar Creek Capital
Curtis Park Neighbors	Total Concept
Delta Housing Authority	Unlimited Development Services, LLC
Denver Metro Chamber of Commerce	Volker Development Inc.
Domainium	Volunteers of America
Element Properties	Yampa Valley Housing Authority
Fraser River Valley Housing Partnership	

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Contact Housing Tax Credit Team

CHFA is the allocating agency for Colorado's state Housing Tax Credit programs. They include the Colorado State Affordable Housing Tax Credit (state AHTC or state credit), Transit-oriented Communities credit (TOC credit), and Middle-income Housing Tax Credit (MIHTC).



State Credit



TOC Credit



MIHTC

State Credit



State Housing Tax Credit Programs Overview Presentation (PDF of PPT)



Standard and Accelerated State Credit Overview (PDF)

Transit-oriented Communities (TOC) Credit



2025 TOC Credit Allocation Plan (PDF)



TOC Credit Overview (PDF)



TOC Credit Draft Allocation Plan Presentation (PDF of PPT)

Middle-income Housing Tax Credit (MIHTC)



2025 MIHTC Allocation Plan - Amended



March 2025 Public Hearing Presentation (PDF of PPT)



2025 MIHTC Allocation Plan



MIHTC Overview (PDF)



MIHTC Overview and Allocation Plan (PDF of PPT)



Colorado State Affordable Housing Tax Credit 2024 Report