



# Colorado

## Low Income Housing Preservation in 2010

### Low Income Housing Tax Credits (9% Tax Credits)

---

The 2011 QAP provides 15 points for preservation developments, defined as existing tax credit developments eligible for acquisition/rehab credits that are retaining their current income targeting and developments which are eligible for acquisition/rehab credits and have federally subsidized rental assistance (HUD Section 8, Rural Development Section 515, etc.). Projects involving rehabilitation of blighted buildings, and/or those with serious building code violations that are abandoned or uninhabitable, are eligible for 5 projects points. An additional point is available for rehabilitation developments that are located in an area that is part of a community revitalization plan. Colorado's 2011 QAP also requires that the owner keep the units affordable for another 15 year extended use period (for a total of 30 years). The only way for an owner to get out of this is in the event of foreclosure OR if they sell the property to another party.

Colorado awards points for projects that waive any rights to terminate the extended use period in the following increments: 15 Years of Compliance + 5 Years of Waiver = 10 pts; 15 Years of Compliance + 10 Years of Waiver = 20 pts; 15 Years of Compliance + 15 Years of Waiver = 30 pts; 15 Years of Compliance + 20 Years of Waiver = 34 pts; 15 Years of Compliance + 25 Years of Waiver = 38 pts.

Colorado was among the first in the nation to use Tax Credit Assistance Program (TCAP) funding available through ARRA - \$1.7 Million in TCAP Funding to Support \$14 Million purchase and renovation of Denver Gardens Senior Housing.

**Allocations (2003-2009)**

*Properties Preserved:* 27

*Apartments Preserved:* 1,825

*Additional Info:* From 2008 - 2009, CO allocated 9% tax credits to help preserve more than 500 affordable apartments. While the state does not have an explicit preservation set-aside, the state targeted more than 20% of its 9% allocations to preservation during that 2 year period.

### Private Activity Bonds with 4% Tax Credits

---

Historically, Colorado has often used 4% credits for preservation. From 2005 - 2007, Colorado preserved more than 1,200 units annually using 4% tax credits. However, allocations for 4% tax credits are unavailable for 2008 and the state reports allocating zero 4% tax credits in 2009.

**Allocations (2003-2007)**

*Properties Preserved:* 36

*Apartments Preserved:* 4,876

### Housing Trust Funds

---

Boulder County

The County Community Housing Assistance Program is supported by a portion of local property taxes and a percentage of the county housing excise tax. The CHAP was founded in 1991 and is overseen by the County Department of Housing and Human Services, Housing Division. The Assistance Program has provided more than \$7.5 million in loans and grants since its inception in 1991. Preservation, acquisition, and rehabilitation are all eligible activities. The Center for Community Change reports that CHAP awards preference for rehabilitation and preservation projects over new construction.

Longmont:

The Affordable Housing Fund is administered by the Longmont Department of Community services and funded by "in lieu of" fees from developers who don't include affordable units in new residential construction as required by the City inclusionary housing policy and extra appropriations from the City's general fund. The Affordable Housing Fund dollars are combined with CDBG money to create a revolving loan pool to support affordable housing, primarily multifamily rental. Since its creation in 2000, 495 units have been preserved or rehabilitated with the help of the loan fund.

**PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).**

## Other Preservation Incentives

---

CHFA's Rental Finance Division provides a variety of financial resources for preservation of existing affordable housing, including LIHTC "Year 15" properties, Section 8 properties, projects being restructured under HUD's Market-to-Market Program, 202 refinancings, and Section 236 "decoupling" transactions. There is a collection of CHFA's traditional loan products used for preservation purposes as well, including: construction/permanent loans, permanent loans, and acquisitions.

CHFA frequently uses private activity bonds coupled with 4% LIHTC, FHA-insured mortgages under the 542(c) Risk Share program, and conventional mortgage resources to preserve existing affordable rental units. Preservation frequently involves complex transactions and CHFA offers the flexibility and resources to address the various elements involved with these complexities.

Denver

The City, with the support of the MacArthur Foundation, is developing an early warning system that includes mandated opt-out notices and inventories of subsidized housing and unassisted housing with transit access. The City requires all owners of HUD- assisted properties to notify the City at least one-year prior to opting out of their contracts.

## Green Multifamily Preservation Initiatives

---

### *Green Incentives in State Tax Credit Allocation Plan*

Starting with 2010 QAP, all applicants must agree to meet the Green Communities Energy Efficiency standards and acquire a minimum of 30 points from the optional criteria for rehab projects. Optional criteria include: Integrative Design Process, Location and Neighborhood Fabric, Site Improvements, Water Conservation, Energy Efficiency, Materials Beneficial to the Environment.

### *Other Green Incentives Relevant to Preservation*

The Colorado Governor's Energy Office selected a new provider with multifamily experience to run a statewide program focused on weatherizing large multifamily buildings. For complete information on CO's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

Other green incentives include income tax credits for solar systems, sales tax exemptions for renewable systems (local option), property tax exemptions for renewable systems, low-interest solar loan programs, and energy efficient appliance rebates.

***For additional information on green initiatives, visit [www.aceee.org](http://www.aceee.org) for more on policies related to energy efficiency or [www.dsireusa.org](http://www.dsireusa.org) for programs that may be available to developers to incentivize renewable energy or energy efficiency.***

## Sustainable Communities & Transit-Oriented Development Incentives

---

Colorado's 2011 QAP awards 1 points for projects located in a Qualified Census Tract, the development of which contributes to a community revitalization plan. Sites will be evaluated on the basis of suitability and overall marketability, including, but not limited to, proximity to schools, shopping, public transportation, etc. As a secondary selection criteria, "Project Location" can award a proposed development 5 points if projects will be located an existing or planned TOD site.

According to the 2011 QAP, sites will be evaluated on the basis of suitability and overall marketability, including, but not limited to, proximity to schools, shopping, public transportation, etc. As a secondary selection criteria, "Project Location" can award a proposed development 5 points if projects will be located at an existing or planned TOD site.

Denver: In 2009, Denver created a \$15 million TOD Fund that will help ensure the preservation and development of 1,000 units affordable housing along bus and rail corridors. Denver's rail system is undergoing the largest expansion in the country. By allowing properties to be purchased and held for three to five years, the fund should help ensure that affordable opportunities will be preserved or created. The Fund's \$30 million in capital investment are expected to leverage \$100 million in local economic development. Concurrent to implementation of the Fund, the City of Denver improved its "early warning" strategies, to be sure that preservation opportunities in transit corridors are not overlooked. Denver is also targeting \$19 million in NSP2 funds for current and future transit corridors.