housing tax credit

amended qualified allocation plan 2025 to 2026

This plan was adopted by the Colorado Housing and Finance Authority Board of Directors on

October 24, 2024

and approved by the Governor of Colorado on

November 13, 2024.

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Federal 4 Percent Housing Tax Credit

Low Income Housing Tax Credits available pursuant to Section 42(h)(4) of the Code

Federal 9 Percent Housing Tax Credit

Low Income Housing Tax Credits available for allocation under the State's volume cap pursuant to Section 42(h)(3) of the Code

Allocation

The maximum Housing Tax Credit amount allowable for a building by the allocating agency (CHFA in Colorado) as documented in the IRS Form 8609 for Federal Credits and the State Allocation Certificate for State Credits

Allocation Committee

The Tax Credit Allocation Committee

Affiliate of Applicant

Any Person or entity who (i) directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the Applicant; or (ii) owns or controls any outstanding voting securities, partnership interests, membership interests, or other ownership interests of the Applicant; or (iii) is an officer, director, guarantor, employee, agent, partner, or shareholder of the Applicant; or (iv) has an officer, director, employee, agent, partner, or shareholder who is also an officer, director, guarantor, employee, agent, partner, or shareholder of the Applicant or (v) has formed a joint venture with the Applicant with an ownership interest in the project, or (vi) provides turn-key project development services or is a turn-key project developer.

Applicant

The entity that is applying for Housing Tax Credits for a Project pursuant to this QAP. The Applicant shall Control the Owner of the Project and shall not be a single purpose entity. Project consultants and other like professionals shall not be considered Applicants.

Application

An Application to CHFA for a reservation, initial determination, or Allocation of Housing Tax Credits. The Application includes all materials provided to CHFA, as required by the applicable checklist, and any additional materials provided to CHFA that are reviewed as part of the Housing Tax Credit process.

Code

Internal Revenue Code of 1986, as amended

Colorado Act

Colorado Revised Statutes, Article 22 of Title 39

Competitive Housing Tax Credits

The state Affordable Housing Tax Credit and the federal 9 percent Housing Tax Credit

Control

The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other ownership interest, or otherwise.

Consultant

A Person with specific experience providing advisory services on a strictly fee-for-service basis and not for a share of revenues, ownership interest, or other incentive compensation, including structuring project financial feasibility, preparing financing applications, providing entitling services or providing owner's representative services.

CHFA

Colorado Housing and Finance Authority

CHFA Allocation Staff

CHFA staff who are involved in receiving, processing, and reviewing Housing Tax Credit Applications

CHFA Executive Director

The CHFA Executive Director/CEO or delegated designee

Development Team

The Development Team for each project includes the Applicant and Affiliates, consultants, fee-for-service Applicants, management agent, CPA, attorney, architect, and general contractor.

Federal Credit

Federal Low Income Housing Tax Credit

Housing Tax Credit

state credit and federal credit

Letter of Intent (LOI)

Letter of Intent to apply for Housing Tax Credits

Minimum Set-aside Thresholds

20 percent at 50 percent AMI, 40 percent at 60 percent AMI, or Average Income

Owner

The single purpose entity that is awarded Housing Tax Credits for a Project pursuant to this QAP and which owns or will own the Project; the Owner shall be Controlled by the Applicant.

Person

An individual, partnership, limited liability company, corporation, trust, or other entity

Person Experiencing Homelessness

As defined by the McKinney-Vento Homeless Assistance Act, Section 103 (42 USC 11302)

QAP

2025-2026 Qualified Allocation Plan, including appendices

Senior/Older Adults

Age-restricted projects serving Older Adults (over the age of 55 or 62) as defined by Federal Fair Housing Act

Special Populations

Persons with a disability (as defined by the Americans with Disabilities Act), Persons experiencing Homelessness, or specified populations in need of supportive housing. Projects serving these populations will provide supportive services to help maintain housing stability and maintain or increase self-sufficiency. The focus should be on providing a stable, long-term living environment and access to appropriate services. The Americans with Disabilities Act includes persons with a physical or mental impairment that substantially limits one or more major life activities, a history or record of such an impairment, or who are perceived by others as having such an impairment. This includes behavioral (mental health/substance use), physical, developmental, intellectual, visual, and auditory impairments.

State

The State of Colorado

State Credit

state Affordable Housing Tax Credit (state AHTC)

Turn-key Project Developer

A Person who is providing comprehensive project development services and/or guarantees on behalf of an Applicant that include controlling all decisions, construction management, timing, and/or outcomes for the project, and who is not an Owner.

section 1
Preparation and Administration of the Qualified Allocation Plan

Many terms used in this QAP are defined in the Code, related IRS regulations, or the Colorado Act; readers should refer to these materials and related guidance for proper interpretation.

Requirements and Background

The 1986 Tax Reform Act created the Low Income Housing Tax Credit (LIHTC) program, under Section 42 of the Code, to assist the development of low-income rental housing by providing qualified Owners with income Tax Credits to reduce their federal tax obligations. Similarly, HB 14-1017 created the Colorado Low Income Housing Tax Credit program, now known as the state Affordable Housing Tax Credit (State Credit) program, under the Colorado Act, which provides qualified Owners with income Tax Credits to reduce their State tax income obligations.

CHFA is the allocating agency for the federal and state Housing Tax Credit programs in Colorado. Section 42 of the Code governs the Federal Credit program and requires, among other things, that allocating agencies adopt a Qualified Allocation Plan (QAP) to govern the selection criteria and preferences for allocating Federal Credits. This QAP meets that requirement by incorporating selection criteria that are appropriate to local conditions and include the requirements of Code Section 42(m)(1) (C): project location; housing needs characteristics; project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan; Applicant characteristics; tenant populations with special housing needs; tenant populations of individuals with children; public housing waiting lists; projects intended for eventual tenant ownership; projects that are energy efficient; and projects of an historic nature. Consistent with the Code, as set forth in the Guiding Principles and the Section 5 Scoring Criteria, the QAP also gives preference to projects serving the lowest-income tenants, projects obligated to serve qualified tenants for the longest periods, and projects located in a Qualified Census Tract (QCT) where the development of the project contributes to a concerted community revitalization plan.

Although the Colorado Act governs the state credit program, in accordance with the Colorado Act, the Allocation process and eligibility for state credits will generally be in accordance with the Code. To that end, the Allocation process will be the same as the Allocation process for federal credits, unless a different process or eligibility is specifically stated in this QAP.

This QAP was developed in accordance with the Code, the Colorado Act, State and federal laws, and all applicable regulations, which are hereby incorporated by reference.

Public Review/Comment

The QAP was prepared and made available for review by interested parties before approval by the Governor of Colorado and final publication. In addition to receiving and considering input from competitive round Applicants via surveys and numerous other interested parties throughout the year, CHFA presented the draft QAP for public review and comment at public hearings and encouraged suggestions and comments from the affordable housing industry, by, among other things, holding meetings with its Tax Credit Advisory Group and subcommittees on important Housing Tax Credit issues. Housing professionals and experts representing a wide range of interests and specialties participated in these discussions and contributed to the development of the QAP. CHFA wishes to publicly acknowledge their contribution and to thank them for their time and effort.

Tax Credit Advisory Group

Catherine Bean
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Kristin Hyser
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Lisa Sorenson
Matt Gillam
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QAP Working Group

Adam Morgan
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Erin O'Neill
Javonni Butler
Kristin Fritz
Ryan Rodgers
Sarah Blanchard

Changes to QAP

Notwithstanding anything in the QAP to the contrary:

Without the need for public notice or the Governor's approval, CHFA has the right, in its sole discretion:

- To amend, modify, or withdraw provisions in the QAP that are inconsistent or in conflict with State or federal laws or regulations;
- To resolve any conflicts, inconsistencies, or ambiguities in the QAP that may come to light in administering, operating, or managing the federal credit and state credit programs;
- To modify or waive, on a case-by-case basis, any provision of this QAP that is not required by the Code or Colorado Act;
- To ensure that the QAP has the flexibility to adjust to changing market conditions or federally declared emergencies, to waive any section of the QAP (not otherwise required by the Code) that would hinder the ability of CHFA to meet the goals and priorities of the QAP.

Without the need for the Governor's approval, but after public notice, CHFA has the right in its sole discretion:

- To amend, modify, withdraw, or update any provisions of the QAP, including attachments or links, at any time to more effectively administer the Housing Tax Credit programs.

Any amendments, modifications, or waivers that are done on a case-by-case basis are subject to written approval by the Executive Director/Chief Executive Officer, Deputy Executive Director/Chief Operating Officer, or Director of Community Development and are available for review, as requested, by the general public. Any change to the QAP as permitted in this section shall be fully effective and incorporated herein upon the Board's adoption of such amendments. The QAP may be amended as to substantive matters at any time following public notice and public hearing, and approval by the Board and by the Governor of Colorado.

Limitations

Final interpretations of certain rules and regulations governing various aspects of the federal credit and state credit programs have not been issued, so additional requirements or conditions applying to the federal credit and state credit programs may be forthcoming.

While CHFA will assist those applying for an Allocation of Housing Tax Credits, CHFA will not provide tax or legal advice. Further, CHFA relies on information provided by or on behalf of the Applicant and CHFA's review of an Application is solely for its own purposes. CHFA's Allocation of Housing Tax Credits for a project shall not constitute a representation or warranty that the project complies with the Code, Treasury Regulations, the Colorado Act, or any other laws and regulations governing Housing Tax Credits. No other party, including the Owner, may rely on CHFA's review and/or Allocation as evidence of such compliance as the Owner is responsible to ensure that the project complies with all such laws and regulations.

No member, director, officer, agent, or employee of CHFA shall be personally liable on account of any matters arising out of, or in relation to, the Allocation of federal or state credits.

Disclosure of Application Materials to Third Parties

General

CHFA will post the Letters of Intent (LOIs) and Narratives on CHFA's website and reserves the right to post the full Preliminary Application—including any related attachments and submittals or any portions thereof—throughout the year but after the predecisional period for the affected Application.

Open Records Act Request

All Applications and related materials are subject to disclosure under the Colorado Open Records Act ("CORA"), codified at Colorado Revised Statutes Section 24-72-200.1 et seq. As part of the Application certification, the Applicant must acknowledge that the Application and all related materials submitted by Applicants constitute public records within the meaning of CORA and may be subject to public inspection and copying. The Applicant must also agree to indemnify CHFA from any claims arising from or related to CHFA's disclosure or nondisclosure of materials submitted to CHFA related to the Application.

Note
Except for narratives and LOIs which may be posted on CHFA's website at any time, it is the practice of CHFA to not release any Application materials in the predecisional period during which the Application is being considered and prior to the announcement of the projects to receive an Allocation of Housing Tax Credits.

section 2
Guiding Principles and Criteria for Approval

Demand for the Housing Tax Credits regularly exceeds supply. In determining how and where to allocate federal credits and state credits, CHFA must consider the need for affordable housing throughout the entire State and allocates credits with the goal of creating and maintaining quality rental housing units for low- and very-low-income households throughout the State. The purpose of this section is to provide details on the critical elements considered by the CHFA Allocation Staff, the Allocation Committee, and the Executive Director in evaluation and selecting projects for a reservation of Housing Tax Credits.

2.A
Guiding Principles

CHFA believes it is important to consider how projects supported by Housing Tax Credits contribute to promoting equity and economic mobility in the affordable housing industry and for residents and their communities, so that everyone in Colorado has opportunity for housing stability and economic prosperity. Listed below are CHFA's Guiding Principles for the selection of projects to receive an award of Housing Tax Credits.

- To give preference to rental housing projects serving the lowest-income tenants for the longest period, consistent with the Code.
- To give preference to projects in a Qualified Census Tract (QCT), the development of which contributes to a Concerted Community Revitalization Plan, consistent with the Code.
- To provide for distribution of Housing Tax Credits across the State, including larger urban areas, smaller cities and towns, rural, and tribal areas.
- To provide opportunities to a variety of qualified Applicants of affordable housing, both nonprofit and for-profit, including underrepresented developers such as Black, Indigenous, People of Color, and Women-owned enterprises.
- To distribute Housing Tax Credits to assist a diversity of populations in need of affordable housing, including households with children, Older Adults, Persons experiencing Homelessness, and Special Populations in need of supportive housing that promote opportunities for economic mobility and meet needs in the community.
- To provide opportunities for affordable housing within a half-mile walk distance of public transportation such as bus, rail, and light rail with easy access to job centers.
- To support maximum allowable density when feasible based on demonstrated market demand and available funding sources.
- To contribute to Colorado meeting its 100 percent Renewable Energy goals by 2040 and Climate Action goals to reduce greenhouse gas emissions to 26 percent below 2005 levels by 2025, 50 percent by 2030, and 90 percent by 2050:
  - To support affordable housing that is constructed and certified to advanced energy performance standards, such as the Department of Energy's Zero Energy Ready Home (ZERH) program, Passive House Institute US (PHIUS), or Passive House Institute (PHI); and/or
  - To support affordable housing that is constructed to be Electrification-Ready for future conversion to all-electric.

- To support new construction of affordable rental housing projects as well as preservation of existing affordable housing projects, particularly those with an urgent and/or critical need for rehabilitation or at risk of converting to market-rate housing.
- To reserve only the amount of Housing Tax Credit that CHFA determines to be necessary for the financial feasibility of a project and its viability as a qualified low-income housing project throughout the Housing Tax Credit period, consistent with the Code.
- To reserve Housing Tax Credits for as many rental housing units as possible while considering these Guiding Principles and the Criteria for Approval.

Priorities

Recognizing the unique challenges of developing housing for certain populations and in certain geographic areas, CHFA has identified the following priorities.

- Projects serving Persons experiencing Homelessness (Section 5.B.5)
- Projects serving Special Populations (Section 5.B.5)
- Projects in non-metro counties with a population of 180,000 or fewer (must meet requirements of Section 5.B.3.b.)

A project meets a priority only if it is awarded points for the priority as set forth in Section 5 Secondary Scoring Criteria. Projects are not required to meet a priority to receive an award of Housing Tax Credits, and similarly, a project that meets a priority will not automatically receive an award of Housing Tax Credits.

2.B.
Criteria for Approval

Projects must meet the following Criteria for Approval, which, in the case of Competitive Housing Tax Credit awards, will also be used to determine the stronger deals:

Market Conditions

CHFA reserves the right to reject Applications, in CHFA's sole opinion, if it believes that an insufficient market exists for the proposed project.

A proposed project that indicates a strong demand for its units in the Primary Market Area (PMA) will be viewed more favorably in the competitive process. CHFA will consider the stability of existing Housing Tax Credit and market-rate properties in the proposed project's Primary Market Area (PMA), including vacancy rates, rent concessions, or reduced rents. In reviewing project Applications, CHFA will look more favorably on a project that is in a PMA where there are lower vacancy rates and fewer concessions or reduced rents. In addition, CHFA will carefully analyze the assumptions made in the market study regarding capture rates and overall demand.

CHFA will look more favorably on a project that does not require high capture rates or that does not need to assume high in-migration to achieve lower capture rates; and in-migration will be considered only where warranted and documented. CHFA will also review whether the project's proposed rents appear achievable in the PMA. CHFA's consideration of the demand for a project's units will include, but are not limited to, a most recent Point-in-Time Study or other applicable study for units serving Persons experiencing Homelessness and any recent study for rural farm worker units.

Proximity to Existing Housing Tax Credit Projects

CHFA reserves the right to reject Applications, if in CHFA's sole opinion, it believes the proposed project will have a negative impact on existing multifamily housing or other developments in the market area currently under construction or lease-up.

CHFA must monitor the distribution of Housing Tax Credit projects across the State as well as in particular submarkets. In some cases, CHFA may need to make choices between two feasible Applications based on the number of Housing Tax Credit projects in a particular market or area of the State. Attention will be paid to any recent reservations made in a particular market or area of the State and to existing projects that are not achieving pro forma rents.

Project Readiness

As part of the overall evaluation of the project's readiness, CHFA will pay particular attention to the ability of the Applicant to proceed, including but not limited to, demonstrating timely planning approvals, addressing any barriers to final site development plan approvals, addressing any site issues that could delay approvals, obtaining financing sources, identifying resident resources, if applicable, and community amenity space uses, commercial tenant use, or other factors for ability to proceed.

CHFA will pay particular attention to the ability of the Applicant to meet all the Carryover requirements or state credit Milestone requirements identified in the Preliminary Application, within 13 months or 18 months, as applicable, of Application reservation.

Additionally, Applicants requesting federal 9 percent Housing Tax Credits or competitive state credits are required to have appropriate zoning in place.

Overall Financial Feasibility and Viability

Consistent with the Code and the Colorado Act, CHFA shall allocate the least amount of Housing Tax Credit for financial feasibility. CHFA will review each Preliminary Application to determine the minimum amount of Housing Tax Credit needed for a project's financial feasibility. As part of the review, CHFA will determine whether a project would be feasible with resources proposed and without state credits and/or federal Housing Tax Credits. All Applicants are strongly encouraged to perform a self- assessment prior to submitting their Preliminary Application to determine whether their proposed project would be financially feasible as a federal 4 percent Housing Tax Credit project without state credits.

CHFA will also review the sources and uses of funds as part of its evaluation of financial feasibility and viability of each project. For modular projects, CHFA will review the financing structure, deposit requirements, and timing. While CHFA recognizes that sources of funds are estimates at the Preliminary Application stage, Preliminary Applications should include only sources and amounts of funds that are reasonably expected to be obtained at time of application. CHFA may consult the funding providers as to their availability of funds.

Throughout the 15-year pro forma period, CHFA will also consider such items as debt coverage ratios, the ability to pay deferred developer fees from cash flows, operating reserve amounts, and annual operating expenses. If any of the pro forma underwriting assumptions exceed threshold requirement, justification is required.

Experience and Track Record of the Development and Management Team

CHFA will evaluate the experience, capacity, and track record of the project's Development Team based on the following criteria:

- The Applicant's ability to demonstrate sufficient capacity and financial stability to construct and operate the proposed project.
- The Development Team's experience in developing and operating projects, including projects located outside of Colorado. As part of its review, CHFA will evaluate the "Applicant Track Record Certification" for Applicant and all Affiliates of the Applicant.

  The Applicant's track record of completing affordable housing projects within the required timeframes and within the established budget and with the material design originally approved. This includes the Development Team's participation in and completeness of previous Applications. Further, Development Teams that do not have a record of repeatedly requesting additional Housing Tax Credits (supplemental credits) may be viewed more favorably in the competitive process.
- The Applicant's and management agent's experience and track record of marketing and leasing affordable housing units on a timely basis.
- The Development Team's track record regarding compliance with (a) affordable housing programs, and (b) CHFA-administered programs. Specifically, CHFA will evaluate whether the Development Team has a history of chronic and/or substantive noncompliance with CHFA, other State agencies, lenders, or Housing Tax Credit investors. Compliance includes, but is not limited to, submission of fees, reports, and required documents within the established timelines, and timely response to outstanding compliance items from management reviews and inspections.
- CHFA prefers, but does not require that Applicants, including those from out of State, use architects and general contractors located in Colorado whenever feasible.

If CHFA learns that any principal or management agent that is involved with a proposed project has serious and/or repeated performance or noncompliance issues in Colorado or any other State at the time of application, the Preliminary Application will be rejected.

Project Costs

CHFA recognizes the wide range of project costs throughout the State, including such items as land costs, zoning processes, tap fees, parking requirements, etc. CHFA will evaluate the cost reasonableness of a project considering the costs per unit and Housing Tax Credits requested per unit and the ability to deliver the proposed design, as well as other factors, such as the location of the site, the size and type of project, the populations to be served, ongoing utility costs, future energy retrofit needs, and the availability and use of other funding sources. Applicants demonstrating that the development team will maximize efficiencies in design, development, and construction practices including new building technologies will be considered favorably in the award selection process.

Site Suitability

Sites will be evaluated based on suitability and overall marketability, including, but not limited to, proximity to employment, child care, schools, shopping, public transportation, medical services, and parks/ playgrounds, applicable amenities and access to services for the target population; maximizing the allowable housing density; conformance with neighborhood character and current land use patterns supporting residential development; and slope, noise (e.g., railroad tracks, freeways), environmental hazards, flood plain, wetland issues, utilities, and power lines. Applicants are encouraged to maximize the number of units when feasible to achieve greater density.

2.C
Set-asides

Code-required Nonprofit Set-aside

The Code requires that at least 10 percent of the annual federal credit ceiling be set aside for the entire year for projects in which 501(c)3 or 501(c)4 nonprofit organizations (having an express purpose of fostering low-income housing) own an interest in the project and materially participate in the project and the operation of the project throughout the compliance period. This could result in reserving Housing Tax Credits to a lower ranking project to meet the nonprofit set-aside requirement. Such nonprofit organizations may not be affiliated with, nor controlled by, a for-profit organization. Material participation is defined in Section 469(h) of the Code as “involved in the operations of the activity on a basis which is regular, continuous, and substantial.”

Note
The nonprofit set-aside does not apply to projects financed with Private Activity Bonds.

Set-asides

CHFA will not consider requests for set-asides.

section 3

Housing Tax Credit Allocation and Application Process

All Housing Tax Credit requests are subject to review by CHFA and must meet the applicable requirements of the QAP, the Federal Code, and, in the case of state credits, the Colorado Act.

Misrepresentations of any kind will be grounds for denial or loss of the federal credits or state credits and may affect future participation in the Housing Tax Credit program in Colorado.

Overview of Housing Tax Credit Allocation Process

Federal 9 Percent Housing Tax Credit

1. Preliminary reservation
2. Carryover or Final Application within 13 months of Preliminary Reservation
3. Must place in service within 24 months after the calendar year of the Carryover
4. Placed-in-Service Documentation, LURA
5. Final Allocation Application including cost certification, 8609

CHFA provides a Preliminary Reservation of federal 9 percent Housing Tax Credit at an earlier stage than is required for an Allocation. Therefore, CHFA requires that Applicants either place in service or meet all the Carryover requirements as set forth in the Carryover Allocation section of this QAP including, but not limited to, incurring more than 10 percent of the total expected project costs within 13 months of receiving a Preliminary Reservation of Federal Credits. Once the QAP's Carryover requirements are met, a Carryover Allocation Agreement will be executed.

All buildings for the project must place in service no later than 24 months after the calendar year of the effective date of the Carryover Allocation Agreement. Once the buildings in the project have placed in service and the Applicant meets the requirements of the Placed-in-Service Documentation section of the QAP, a LURA will be executed and recorded. Once the QAP requirements for the Final Application process are met, CHFA will issue the IRS Form 8609(s) for each building in the project.

State Credits

1. Preliminary reservation
2. State Housing Tax Credit Milestone (if applicable)
3. Placed-in-Service Documentation, LURA
4. Final Allocation Application including cost certification, Colorado Allocation Certification

CHFA provides a Preliminary Reservation documenting the reservation of state credits to a project awardee. CHFA requires Applicants to meet the State Credit Milestone if applicable. Once the project places in service and the Applicant meets the requirements of the QAP's Placed-in-Service Documentation, a LURA will be executed and recorded. Once the QAP requirements for the Final Application process are met, CHFA will issue a Colorado Allocation Certification form (similar to the IRS Form 8609) for the project.

Federal 4 Percent Housing Tax Credits

1. Preliminary reservation - Initial Determination [Section 42(m) Letter]
2. Placed-in-Service Documentation, LURA
3. Final Allocation Application including cost certification, 8609

Projects with federal 4 percent Housing Tax Credits will receive an "Initial Determination" of the federal credit amount in a letter from CHFA in accordance with Section 42(m)(1)(D). Once the project places in service and the Applicant meets the QAP's Placed-in-Service Documentation requirements, a LURA will be executed and recorded. Once the QAP requirements for the Final Application process are met, CHFA will issue the IRS Form 8609(s) for each eligible building.

3.A
Pre-preliminary Application Requirements

Letters of Intent
Market Study, Parking Study (if applicable), Letter of Engagement

Applicants must submit the following by the applicable letter of intent deadlines as set forth in this QAP for their Application:

- One completed Letter of Intent Form.
- A Letter of Engagement from a CHFA-approved market analyst
  - The Applicant's market analyst must contact CHFA's Staff Appraiser (chfainfo.com/rental-housing/housing-credit/contact) prior to submitting the Letter of Engagement Form.
- If applicable, a Letter of Engagement from a CHFA-approved parking study analyst

3.B
Preliminary Application – Award

3.B.1
Form of Application

All Applicants must submit using the latest Application and templates. Applicants must follow the applicable Preliminary Application checklist located on CHFA's website.

3.B.2
Application Dates and Available Credit

CHFA will hold two competitive Application rounds: one for federal 9 percent Housing Tax Credits with standard state credits and one for federal 4 percent credits with accelerated state credits. Applicants seeking an Allocation of state credits or federal 9 percent Housing Tax Credits must submit a Preliminary Application in the form required in 3.B.1 above that meets the minimum threshold criteria set forth below by the applicable deadlines in order to compete.

Application Submittal Dates

CHFA will hold two Application rounds: one for federal 9 percent Housing Tax Credits and one for state credits.

Round One 2025: federal 9 percent Housing Tax Credits

- Letter of Intent Deadline — December 2, 2024, by 5:00pm MT
- Application Deadline — February 3, 2025, by 5:00pm MT

Round Two 2025: state credit Applications with federal 4 percent Housing Tax Credit

- Letter of Intent Deadline — June 2, 2025, by 5:00pm MT
- Application Deadline — August 1, 2025, by 5:00pm MT

Round One 2026: federal 9 percent Housing Tax Credits

- Letter of Intent Deadline — December 1, 2025, by 5:00pm MT
- Application Deadline — February 2, 2026, by 5:00pm MT

Round Two 2026: state credit Applications with noncompetitive federal 4 percent Housing Tax Credit

- Letter of Intent Deadline — June 1, 2026, by 5:00pm MT
- Application Deadline — August 3, 2026, by 5:00pm MT

Preliminary Applications for projects financed with tax-exempt Private Activity Bonds and federal 4 percent Housing Tax Credits will be accepted throughout the year, except for the months of February, August, and December.

Preliminary Applications for projects financed with tax-exempt Private Activity Bonds and federal 4 percent Housing Tax Credits, and as available, standard or accelerated annual state credit, will be accepted in September, October, and November 2025.

Federal and State Credit Available

An estimated total of $16 million in annual federal 9 percent Housing Tax Credit will be forward reserved for 2025 and a similar amount is expected in 2026.

CHFA will forward-reserve up to $10 million of 2026 annual standard state credit in 2025 and up to $10 million of 2027 annual standard state credit in 2026 for Round One.

CHFA will reserve $14 million of 2025 annual accelerated state credit for Round Two, and $2 million of accelerated state credit for projects financed with tax-exempt Private Activity Bonds and federal 4 percent Housing Tax Credits applying in September, October, and November 2025.

CHFA will reserve $12 million of 2026 annual accelerated state credit for Round Two.

CHFA reserves the right, in its sole discretion, to (i) carry forward a portion of the current year's Housing Tax Credit ceiling for Allocation in the next calendar year, and (ii) under certain conditions, issue a Reservation or, in the case of projects that have already placed in service, a binding commitment for some portion of the next year's Housing Tax Credit ceiling.

3.B.3
Document Submittals

CHFA checklists, templates and Application are located on CHFA's website. All documents must be uploaded to the CHFA's secure file delivery site. See checklist for set-up instruction.

3.B.4
Threshold Criteria for Preliminary Applications

All threshold items must be met and provided by the applicable Preliminary Application deadline to compete in a round or to proceed in the review process.

For the following thresholds only, if portions of documentation for Threshold #1 (Minimum Score), #2 (Site Control), #12 (Energy Efficiency and Sustainability Requirements), #13 (Narrative), or #15 (Public Hearing for state credit only) were inadvertently omitted or reconciliation with the Application is needed for Threshold #3 (Market Study) or cost details for Threshold #9 (Cost Estimate and/or Property Condition Assessment), Applicants will be allowed one opportunity to provide the corrected or missing documentation by 5:00pm of the next business day following CHFA's notification.

Threshold items are not subject to the five-day clarification memo referenced in Section 3.B.7.

For all Application submittals, the Application package must include all documents listed on the applicable preliminary checklist.

Threshold #1
Minimum Score

All Applications for federal 9 percent Housing Tax Credit must meet a minimum score of 130 points, Applications for state credit and federal 4 percent must meet a minimum of 115 points, and all other Applications must meet a minimum score of 95 points under "Scoring Criteria" at the time of Preliminary Application.

Threshold #2
Site Control

The Applicant must demonstrate full Control of all parcels of land and buildings included in the project through (1) existing ownership, evidenced by a recorded deed or title commitment; or (2) a fully executed agreement in a form acceptable to CHFA. If the Applicant is obtaining site Control through an agreement, (a) the agreement must be in effect at the time of submittal and cannot expire prior to the announcement of the award; and (b) the Applicant must submit evidence of the other party's ownership via a recorded deed or title commitment/policy. Please see CHFA's website for additional guidelines and note that Letters of Intent are **not** valid forms of site Control.

Threshold #3
Market Study and Parking Study

For the proposed project, the Applicant must provide a completed Market Study and Walk Score Chart that meet the following requirements:

- The Market Study must follow the format and content requirements contained in the Market Study Guide (see Appendix A) and be prepared by a CHFA-approved analyst who is completely unaffiliated with the Applicant of the proposed project and has no financial interest in the proposed project. The Market Study must match the submitted Application regarding income targeting, unit mix, unit sizes, parking, and rents. Changes made to the Application regarding income targeting, unit mix, unit sizes, parking, and/or rents as a result of Market Study recommendations or other factors must be accompanied by changes to the Market Study so that both documents match.

- The Walk Score Chart must be completed by the market analyst and be on the form located on CHFA's website.

For the proposed project, the Applicant must provide a completed Parking Study, if applicable, that meets the following requirements:

- If the proposed project has three-bedroom unit types or larger and the parking ratio is below 0.8:1 a third-party parking study is required. Projects that are 100-percent serving Persons experiencing Homelessness, Special Populations, or Older Adults; Acquisition/Rehab and Project-based Section 8 are exempt.

- The Parking Study must be prepared by a CHFA-approved parking analyst who is completely unaffiliated with the Applicant of the proposed project and has no financial interest in the project.

Failure to comply with the requirements in this Threshold will result in a denial of the study and the Application.

Threshold #4
Appraisal

For acquisition/rehabilitation projects, the Applicant must provide an appraisal that meets CHFA's minimum requirements set forth in the applicable Preliminary Checklist, and the appraiser preparing the report must contact CHFA's Staff Appraiser prior to preparing the appraisal for the project. Please see CHFA's website for contact information.

The appraisal must be provided that is no older than six months from the date of Application. Existing apartment properties should be valued in an "as-is" condition based on the existing subsidized rents (Section 8 HAP, Rural Development, etc.) or the existing Housing Tax Credit rent restrictions if the property is not subsidized. Adaptive re-use properties, where an existing building is being converted into new apartments, should be valued in an "as-is" condition prior to the conversion. In both instances, the land value contribution must be determined and reported separately in the same appraisal report.

CHFA reserves the right to permit an appraisal to be valued differently if, in CHFA's sole discretion, it determines that unusual circumstances are present.

Threshold #5
No Outstanding Noncompliance in Colorado

There must be no outstanding IRS form 8823s, incomplete IRS form 8609 (e.g., executed by Owner and copy not received), incomplete or outstanding annual submissions, Reports of Noncompliance, or noncompliance with the provisions of any land use agreement, regulatory agreement, or similar document on any projects that are owned or managed by the Applicant or the Applicant's management agent, although consideration will be given to circumstances in which CHFA is required to issue an 8823 for occurrences outside the Control of management, such as accidents or acts of nature.

In addition to the items above, Applicants must submit the completed "Property Management Questionnaire" template available on CHFA's website.

Threshold #6
Latest Electronic Spreadsheet Application

Applicants must use the latest Application located on CHFA's website. Older versions will not be accepted.

Threshold #7
Readiness-to-proceed

The Applicant must provide the following documentation.

Zoning and Entitlements

The Applicant must provide zoning status documentation from the planning department that includes parking requirements and number of required spaces based on the proposed Application.

In addition, the Applicant must detail supplemental information, including:

- What decisions are required and will decisions require an administrative or public approval process?
- What is the timeline for approval?
- Can the building permit(s) be obtained based on current status?
    - If no, detail the steps to building permit issuance.

Threshold #8
Environmental Report

The Applicant must provide a Phase I Environmental Report that covers all parcels included in the proposed site. If the Phase I identifies any Recognizable Environmental Conditions (RECs), additional reports addressing the RECs must be submitted with the Application, including a Phase II Environmental Report. Phase I or Phase II reports must be no older than 12 months from the date of the Application, although if the Phase I reports no RECs, older reports (two-year maximum) may be allowed on a case-by-case basis.

Threshold #9
Cost Estimate and/or Property Conditions Assessments

For new construction projects, the Applicant must provide:

- Schematic drawings with summary table that reconciles the square footage and parking spaces to the Application and cost estimate. If available, please provide specifications.

  Unaffiliated third-party cost estimates by an experienced cost estimator or general contractor that is entered on the CHFA Cost Summary template and supports the costs in the Development Budget tab (within the electronic Application), available on the CHFA website.

- The Applicant must provide a copy of the third-party cost estimate, which supports the data in the CHFA Cost Summary template. The cost detail PDF shall include contact information and must follow the Construction Specification Institute (CSI) standard format (Divisions 01 through 48 as applicable).

- The cost detail PDF documentation shall include the summary of CSI division categories and supporting estimate detail per cost category indicating line item assumptions and associated costs within each category. For estimate clarity, when necessary, describe materials assumed for each line item and provide quantity takeoff where possible. To the extent possible, refrain from using lump sums or general per square-foot allocation of costs, which may be viewed as insufficient.

- All square footage and costs must be reconciled between the cost estimate and back-up documentation and all applicable tabs in the electronic Application. A résumé from the third-party cost estimator is required.

- For modular proposals, the Applicant must provide cost estimates with a breakdown of what items are included in the cost of the modular boxes. The level of detail should state the number of boxes and cost per box. The Applicant must provide information on the floorplans and design of the boxes, and a detailed breakdown of on- and off-site installation. Information must also be provided on building and foundation construction and the coordination of delivery, storage, and installation. For acquisition/rehabilitation projects, along with the Cost Estimate documentation listed above, the Applicant must also provide:

For acquisition/rehabilitation projects, along with the Cost Estimate documentation listed above, the Applicant must also provide.

- A Property Condition Assessment (PCA) report prepared by an unaffiliated third-party professional must be no older than 12 months of the Preliminary Application date. The PCA must follow the ASTM E2018 Standard Guide, the cost table must cover a period of no fewer than 20 years, and must include a table of contents, with visual observations noted.

  The third-party PCA report can be provided by either an engineer, cost estimator, or general contractor with ASTM Property Condition Assessment training and/or related experience. A résumé from the third party is required.

  The Applicant must provide details in a scope of work narrative for the proposed project that is supported by the PCA report and Cost Estimate. If applicable, the Applicant should include schematics.

Threshold #10
Successful Project Team Experience

The Applicant must provide evidence of experience developing new construction and/or rehabilitating multifamily rental housing and Housing Tax Credit experience.

To ensure opportunities for all Applicants, partnering or contracting with experienced consultant(s), or experienced individuals providing Turn-key Project Services is accepted.

Consultants (if any), individuals providing Turn-key Project Services, the management company, the legal firm, and the accounting firm engaged for the project must have experience with Housing Tax Credit projects. Résumés must be provided for the entire project team. In addition, the management company must have experience related to the resident population applicable to the proposed project (i.e., independent senior, homeless, etc.).

An Application not meeting the required experience will be rejected.

Applicant and Affiliate of Applicant must execute the Applicant Track Record Certification(s), available on CHFA's website and provide required documentation details.

Threshold #11
Minimum Amenities for All Units

The Applicant must provide evidence that the amenity package for all units or building(s) will include the following minimum standards, unless CHFA allows an exception in its sole discretion:

- Stove, oven, vent hood
- Refrigerator
- Dishwasher (except in studio and one-bedroom units in 100-percent projects serving Persons experiencing Homelessness or Special Populations)
- Disposal
- Air cooling system
- Elevator requirement for projects that are four floors or more, and for age-restricted projects that are two floors or more
- Laundry facilities must be sufficient to meet the size of the development unless a washer/dryer is provided within the unit and included in rent.

Threshold #12
Energy Efficiency and Sustainability Requirements

The Applicant must provide evidence that the proposed project will receive a green building certification as described under Section 8 of the QAP.

- If applicable, the Applicant must provide a narrative to describe construction and/or renovation measures demonstrating an Electrification-Ready or All-Electric project from a third-party energy consultant, architect, or electrical design team.

Threshold #13
Narrative

The narrative must be submitted in Microsoft Word format and follow the document template available on CHFA's website. Applicants must use the latest applicable template for all Application types.

The narrative provides an opportunity for the Applicant to describe the characteristics of the project and why the Applicant believes it should be selected above others for an award of Housing Tax Credit. The narrative should begin with a one-page Executive Summary addressing CHFA's Guiding Principles and how the project will promote equity and economic mobility for residents and their communities. The narrative must include a description of the project as proposed; detailed type of construction; population being served; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; type of financing; local, State, and federal subsidies; etc. Narratives must provide a description of outreach to the community and how the Application contributes to promoting equity and economic mobility for residents.

The narrative will be posted on the website for public viewing along with the Applicant report.

Threshold #14
Extended-Use Election

Below are the extended-use requirements for each type of Housing Tax Credit request. Applicants must select the applicable extended-use requirements in the electronic Application:

- Federal 9 percent credit and competitive state credit: A 25-year extended-use election is required.
- Federal 4 percent credit with or without state credit: A minimum election of 15 years extended use is required.

Threshold #15
Public Hearing (state credit only)

The Applicant must have conducted a Public Hearing in the community in which the proposed project is located in accordance with the Colorado Act. To ensure compliance with the Colorado Act, and to meet this threshold requirement, Applicants must comply with the current Public Hearing Guidance, which can be found on CHFA's website.

Threshold #16
Local Government Contribution (state credit only)

As required by the Colorado Act, the Applicant must provide evidence that local government will provide some monetary, in-kind, or other contribution benefitting the proposed project. Evidence may include a letter of support or intent describing the nature of such contribution from local government. Please see CHFA's website for additional guidelines.

Threshold #17
Existing Housing Tax Credit Project Requirements (Competitive Housing Tax Credits only)

Applicants seeking new Housing Tax Credits for existing federal credit projects will not be eligible for the Competitive Housing Tax Credits unless the project is in year 10 or later of the Extended Use period (i.e. year 25 or later beginning with the first year of the credit period), except for projects serving Persons experiencing Homelessness or Special Populations or unless proposing a minimum of 50 percent expansion with newly constructed units. Existing Housing Tax Credit projects (except projects serving Persons experiencing Homelessness or Special Populations) must submit documentation showing they are in year 10 or later of the Extended Use Period.

Threshold #18
Projects Financed with Tax-exempt Bonds Applying for Federal 4 Percent Credits

In the event that CHFA is not the tax-exempt PAB volume cap issuer, provide a fully executed inducement resolution from a non-CHFA issuer and documentation of volume cap available sufficient to support the project and meet the aggregate basis test. This threshold is exempted for Round Two Applications.

3.B.5
Jurisdiction Notification

Consistent with Code requirements, CHFA will send a notification to the affected jurisdiction immediately after an Application is submitted and deemed complete. CHFA will also send a notice to the city or county manager, city council member or county commissioner, and local housing authority if applicable. CHFA will consider any comments received prior to the award decision and may contact the local jurisdiction for additional information.

3.B.6
Site Evaluation

After a review of the Preliminary Application, CHFA Allocation Staff will conduct a site visit.

3.B.7
Application Review and Clarification Memo

Upon submission by the Applicant and review by CHFA of the above information, CHFA Allocation Staff may send a “clarification memo” to the Applicant, requesting the Applicant to answer questions and/or address any issues or concerns.

For federal 9 percent credit and competitive state credit Applications, the Applicant will have five business days to address any concerns or issues in the “clarification memo.” If the requested information is not received by the deadline, staff decisions regarding a recommendation for a reservation will be made using only the information already submitted and could result in the denial of the Application.

For noncompetitive federal 4 percent credit Applications, the Applicant will have 15 business days to address any concerns or issues in the “clarification memo.” If the requested information is not received by the deadline, the Application will not be processed any further. All clarification items must be responded to and resolved to CHFA’s satisfaction, with no further changes, 10 business days prior to staff presenting to the Allocation Committee. CHFA’s processing time is generally 90 to 120 days from the date a complete noncompetitive federal 4 percent Credit Application is received.

For all Applications, significant changes to the original Application in any case may result in a denial of the Application.

3.B.8
Coordination of Review and Underwriting with Colorado Division of Housing (CDOH)

For Applicants seeking resources from CDOH, including project-based vouchers for Persons experiencing Homelessness or Special Populations, CHFA will closely coordinate the review and underwriting of all Applications with CDOH.

3.C
Review/Award Processes

3.C.1
Quiet Period/Anti-lobbying (Competitive Housing Tax Credits only)

CHFA implements a "Quiet Period" as a part of each competitive Application process to create a fair and consistent process for all Applicants in the competitive rounds so that awards are based on the individual merits of each project, and any potential interference from undue influence or lobbying from the Applicant or its supporters is eliminated. The Quiet Period applies to only Preliminary Federal or State Credit Applications during an active competitive round and not to any other projects, Applications, or issues.

The Quiet Period for each competitive round begins on the date Letters of Intent are due and ends on the announcement of the applicable federal credit/state credit awards. During the Quiet Period, Applicants and their Development Teams that are participating in the competitive Application process may not meet with or contact CHFA employees or board members about a proposed competitive project(s) competing in the round, except to answer CHFA Allocation Staff questions or receive technical assistance. CHFA will encourage Applicants to direct third-party supporters to contact CHFA Allocation Staff or submit support correspondence prior to the due date of the Application.

3.C.2
Applicant Presentations (Competitive Housing Tax Credits only)

After the site evaluation and Preliminary Application review, but before the Preliminary Applications are considered for approval, all Applicants of federal 9 percent Credit and the state credit will be given the opportunity to present their project and the merits of their Preliminary Application to the Allocation Committee. CHFA Allocation Staff will contact Applicants to schedule the presentations and project representatives will be given a certain amount of time for their presentation subject to certain parameters, which will be communicated in more detail directly to the Applicants in the competitive rounds. The purpose of the presentation process is to give Applicants an additional opportunity to highlight their project's strengths by speaking directly to the Allocation Committee and to respond to Allocation Committee questions.

3.C.3
Approval

Staff will present the proposed projects to the Allocation Committee, who will determine whether to recommend approval to the CHFA Executive Director.

3.D.
Federal 9 Percent Housing Tax Credit Award Process

3.D.1
Preliminary Reservation

Federal 9 percent Housing Tax Credit projects that receive approval from the Executive Director are given a Preliminary Reservation of Housing Tax Credits documented by a Preliminary Reservation letter, which will only be issued after the required Reservation fee is received by CHFA. Preliminary Reservation Letters evidence CHFA's intention to allocate Housing Tax Credits in the subsequent calendar year, so projects that receive a Preliminary Reservation letter in 2025 or 2026 will not receive an Allocation until 2026 or 2027, respectively. Preliminary Reservation Letters are valid for 13 months from the date of issuance and will be made subject to such conditions as CHFA determines necessary or appropriate to ensure that the project will timely meet the goals of this QAP, including, without limitation, the project's progress toward completion and compliance with CHFA and Housing Tax Credit requirements.

A Preliminary Reservation is subject to revocation should the project Applicant fail to timely comply with the conditions thereof, including failure to provide evidence satisfactory to CHFA of financial feasibility, sufficient progress toward placement in service, or eligibility for a Carryover Allocation. CHFA may also, in its sole discretion, ask Applicants with Preliminary Reservations to pay an additional fee to retain their Reservations. Such fee, if paid, would be credited toward the Allocation fee.

The Preliminary Reservation of Housing Tax Credits remains "active" towards the maximum Housing Tax Credit cap for any one project, or any one Applicant, or Affiliate of such Applicant.

3.D.2
Carryover Allocations

All Applicants must incur more than 10 percent of the total project costs, meet all other QAP requirements for Carryover listed in the 9 percent Carryover Application Checklist, and meet any additional requirements set forth in the Preliminary Reservation letter within 13 months of its issuance. Projects that do not meet the Carryover Allocation requirements within the 13-month period will lose the Reservation and may not re-apply for a minimum of six months unless CHFA receives a notification in writing from Applicants that it is returning the federal 9 percent Housing Tax Credit prior to the 13-month deadline.

Carryover Applications may be submitted prior to the 13-month deadline but no sooner than January 1 of the year following the Preliminary Reservation. Applicants must allow CHFA at least 45 business days for processing and review of the complete Carryover Application before the Carryover Allocation Agreement will be released, and Applications must be received at least 45 business days prior to the deadline when locking in the Applicable Percentage Rate (APR).

The Application for Carryover must be entered on the latest Housing Tax Credit Excel Application. Staff review will not begin until a complete Carryover Application package has been received. If there are any issues or concerns from a staff review of the items submitted for the Carryover Allocation, staff will document those concerns in writing and the Applicant will have an opportunity to address those issues. For Carryover decisions to be made in as timely a manner as possible, the Applicant will have 10 business days to address any concerns or issues. If the requested information is not received by the deadline, the Preliminary Reservation is subject to revocation.

A Carryover Allocation is for a specific Housing Tax Credit amount; however, an Applicant may request Allocation of additional Housing Tax Credits in a subsequent year or round (see Section 3.J.) if federal 9 percent Credit is available and allowable under Section 42. The Carryover Credit amount may be reduced, if warranted, at the time a Final Allocation is made.

Recapture of Carryover Allocations

CHFA retains the right to recapture a Carryover Allocation of Housing Tax Credits to a project prior to the end of the two-year Carryover Allocation period allowed under the Code. Each Carryover Allocation will be subject to a written agreement that will contain conditions, obligations, and deadlines that are precedent to a Final Allocation of Housing Tax Credits by CHFA. Should the project or Owner fail to comply with all such terms and conditions, CHFA may, in its sole discretion, rescind the Carryover Allocation and make the recaptured Housing Tax Credits available for other projects.

3.D.3
Placed-in-Service Documentation

Once the Carryover requirements are met and the Carryover Agreement has been executed, the project must place in service no later than the close of the second calendar year following the date of the Carryover Agreement (Year 2) or the Housing Tax Credits are subject to recapture. If a project places in service in Year 2, but the Applicant will not have all of the required documentation completed by this time, 8609(s) will not be issued in Year 2. A written notification of the placed-in-service date must be provided to CHFA within 15 days of the actual placed-in-service date.

The Placed-in-Service documentation must be submitted within 45-days after the first building places in service. The Placed-in-Service documentation, including all required items as listed in the Placed-In- Service Checklist, is needed so that CHFA can record the LURA prior to the end of the first year of the Housing Tax Credit period for each building in a project as defined in Section 42(f)(1).

The remaining requirements for the Final Allocation must be received within six months from the date of receipt of the Placed-in-Service documentation. Starting with the seventh month, a $2,000 per month late fee may be assessed until the remaining requirements are received.

3.D.4
Final Application Process

CHFA will make Final Allocations of Housing Tax Credits no later than the end of the year in which an eligible building or project which has received a reservation or a Carryover Allocation is placed in service, provided that a fully completed Final Application package, including all documents applicable that are listed on the Final Allocation Checklist is received no later than the first business day of November. The Housing Tax Credit amount that will be allocated is based on CHFA's final determination of the qualified basis for the building or project based on an accountant's certification of final costs provided by the Applicant and a final determination of the Housing Tax Credit amount as outlined in Section 3.H. The Housing Tax Credit amount allocated may be less than the amount reserved or allocated on a Carryover basis. Also, an Applicant may request additional Federal Credit in accordance with Section 3.J if Housing Tax Credits are available.

The Application for a Final Allocation must be entered on the latest Housing Tax Credit Excel Application. CHFA has established the first business day of November as the latest day in the calendar year for submitting the Final Application to permit timely review and preparation of documents.

A minimum of 45 business days is required for processing and reviewing the complete Final Application. The IRS Form 8609 and State Credit Certification Form (if applicable) will be released once all the requirements listed on the Final Application Checklist (including the recorded LURA) have been met to the satisfaction of CHFA.

3.E
State Credit Award Process

3.E.1
Preliminary Award

State credit projects that receive approval from the CHFA Executive Director are given a Preliminary Reservation Letter of State Credits. The determination as to compliance with the QAP shall remain valid and effective through the end of the third year after the issuance of the Determination Letter. Because the QAP may be amended from time to time, if the project is not placed in service by that date, it will be necessary to reevaluate compliance with the then-current QAP.

3.E.2
State Housing Tax Credit Milestone

All Applicants must submit the required Milestone documentation and meet any additional requirements set forth in the Preliminary Reservation letter. Documentation will be required by the first business day of the eighteenth (18th) month following the reservation letter.

Applicants must allow CHFA at least 45 business days for processing and review of the required documents before a letter of Milestone completion will be released. For State Housing Tax Credit Milestone decisions to be made in as timely a manner as possible, the Applicant will have 10 business days to address any concerns or issues. If the requested information is not received by the deadline, the Preliminary Reservation is subject to revocation.

The Milestone requirement does not apply to state credit awarded with federal 9 percent Housing Tax Credit.

3.E.3
Placed-in-Service Documentation

A written notification of the placed-in-service date must be provided to CHFA within 15 days of the actual placed-in-service date. The Placed-in-Service documentation must be submitted within 45 days after the first building places in service. This is necessary for CHFA to record the LURA prior to the end of the year in which the project places in service as defined in IRS Notice 88-116.

The remaining requirements for the Final Allocation must be received within six months from the date of receipt of the Placed-in-Service Documentation. Starting with the seventh month, a $2,000 per month late fee may be assessed until the remaining requirements are received.

Project Owner will receive a Final Allocation of state credits and the State Credit Allocation Certificate Tax Form once the Final Application requirements as defined in Section 3.D.4, have been fulfilled.

3.E.4
Final Application Process

CHFA will make Final Allocations of Housing Tax Credits no later than the end of the year in which an eligible building or project which has received an initial Allocation determination is placed in service provided that a fully completed Final Application package, including all documents applicable that are listed on the Final Allocation Checklist, is received no later than the first business day of November. The Housing Tax Credit amount that will be allocated is based on CHFA's final determination of the qualified basis for the building or project based on an accountant's certification of final costs provided by the Applicant and a final determination of the Housing Tax Credit amount as outlined in Section 3.M. The Housing Tax Credit amount allocated may be less than the amount initially awarded.

The Application for a Final Allocation must be entered on the latest Housing Tax Credit Excel Application. CHFA has established the first business day of November as the latest day in the calendar year for submitting the Final Application to permit timely review and preparation of documents.

A minimum of 45 business days is required for processing and review of the complete Final Application. The IRS Form 8609 and State Credit Certification Form will be released once all the requirements listed on the Final Application Checklist (including the recorded LURA) have been met to the satisfaction of CHFA.

3.F
Federal 4 Percent Housing Tax Credits Award Process

3.F.1
Initial Determination

Four percent federal Credit projects that receive approval from the CHFA Executive Director are given an Initial Determination [Section 42(m) Letter] of federal 4 percent Housing Tax Credits provided that the Initial Determination fee is received by CHFA. The determination as to compliance with the QAP shall remain valid and effective through the end of the third year after the issuance of the Determination Letter. Because the QAP may be amended from time to time, if the project is not placed in service by that date, it will be necessary to reevaluate compliance with the then-current QAP.

3.F.2
Placed-in-Service Documentation

A written notification of the placed-in-service date must be provided to CHFA within 15 days of the actual placed-in-service date. The Placed-in-Service documentation must be submitted within 45 days after the first building places in service. This is necessary for CHFA to record the LURA prior to the end of the year in which the project places in service as defined in IRS Notice 88-116.

The remaining requirements for the Final Allocation must be received within six months from the date of receipt of the Placed-in-Service Documentation. Starting with the seventh month, a $2,000 per month late fee may be assessed until the remaining requirements are received.

3.F.3
Final Application Process:

CHFA will make Final Allocations of Housing Tax Credits no later than the end of the year in which an eligible building or project which has received a reservation or a Carryover Allocation is placed in service provided that a fully completed Final Application package, including all documents applicable that are listed on the Final Allocation Checklist is received no later than the first business day of November. The Housing Tax Credit amount that will be allocated is based on CHFA's final determination of the qualified basis for the building or project based on an accountant's certification of final costs provided by the Applicant and a final determination of the Housing Tax Credit amount as outlined in Section 3.M. The Housing Tax Credit amount allocated may be less than the amount initially awarded. Also, an Applicant may request additional federal credit in accordance with Section 3.J.

The Application for a Final Allocation must be entered on the latest Housing Tax Credit Excel Application. CHFA has established the first business day of November as the latest day in the calendar year for submitting the Final Application to permit timely review and preparation of documents.

A minimum of 45 business days is required for processing and reviewing the complete Final Application. The IRS Form 8609 and State Credit Certification Form (if applicable) will be released once all the requirements listed on the Final Application Checklist (including the recorded LURA) have been met to the satisfaction of CHFA.

3.G
Quarterly Status Reporting

Projects receiving a Preliminary Reservation of Housing Tax Credit or Initial Determination will be required to provide quarterly reports, in a format prescribed by CHFA, updating the progress in securing construction and permanent financing, Housing Tax Credit equity, construction progress, and other milestones as determined by CHFA. Applicants must submit reports via the secure file delivery system.

3.H
Changes to Project

Until a project receives an 8609, any material changes to any project, since Preliminary Application, such as changes to the Applicant or Affiliate or in the site, scope, costs, amenities, or design as submitted in the Application will require written notification to CHFA for approval. CHFA Allocation Staff will then determine whether additional approval is necessary from the Allocation Committee or other internal parties. Any request for a change in ownership is subject to the provisions of paragraph 3.K. Changes in project characteristics that were the basis, in whole or in part, of CHFA's decision to reserve or award Housing Tax Credits may result in a revocation of the reservation or award or a reduction in the amount of the Housing Tax Credits.

3.I
LURA

In accordance with the Code, CHFA requires that a project be subject to "an extended low-income housing commitment." CHFA complies with these requirements with the execution and recording of a Land Use Restriction Agreement (LURA) at the time of the Final Allocation of Housing Tax Credits or after the submission of the Placed-in-Service Application, whichever is sooner. The LURA sets forth, as covenants running with the land for a minimum of 30 years (or additional years if the project Owner has committed to a longer use period), the low-income unit set-asides, the percentages of median income to be served, the special housing needs units committed to (if any), and such other requirements as CHFA may apply based on the QAP.

The project Owner will be required to have all lien holders of a project complete and sign a Partial Subordination to the LURA, which will subordinate their liens to certain Code-required provisions of the LURA that survive the termination of the LURA upon foreclosure. Prior to executing the Partial Subordination, a draft of the LURA can be provided upon request.

The LURA shall provide that the LURA shall terminate on the date that the project is acquired by foreclosure or instrument in lieu of foreclosure, unless CHFA or the Secretary of the Treasury determines that such acquisition is part of an arrangement made to cause such termination.

3.J
Additional Credits

Federal 9 Percent Housing Tax Credits

Applicants may apply for an increase in federal 9 percent Housing Tax Credit amounts (supplemental credits) in subsequent years if (i) a project's eligible basis has increased, (ii) additional Housing Tax Credit is available and the need is due to circumstances beyond the Control of the Applicant, (iii) CHFA is satisfied that the additional amount is necessary for the financial feasibility and viability of the project, and (iv) the increased amount of Housing Tax Credits does not exceed CHFA's maximum annual credit limit for the year of Allocation. Projects are not eligible for additional federal credits if they have not been awarded a supplemental Allocation by December 31st of the year in which the project is placed in service.

A request for supplemental credits may only be made at the time of the Carryover or Final Application and must include the following:

- a narrative explaining the reason for the need for additional Housing Tax Credit and stating the Applicant's planned contribution toward filling the funding gap;
- the Carryover Application or Final Application that includes the requested supplemental credit amount and updates to the Development Budget Worksheet (show previously approved and updated costs in the appropriate columns of the worksheet, as well as updates to the Development Financing Worksheet); and
- the required fee.

Developer fees may not increase after Preliminary award.

Federal 9 Percent Housing Tax Credit Process

If Housing Tax Credit is available and the project is eligible, requests for additional Housing Tax Credit will be processed as follows:

- Requests for $100,000 or more in annual Housing Tax Credit must be submitted as a Preliminary Application, and for federal 9 percent Housing Tax Credits will be subject to the same competitive Application process described in Section 3.B.
- Requests for $50,001 to $99,999 in annual Housing Tax Credit are subject to approval by the Allocation Committee but are not subject to the competitive Application process described in Section 3.B.
- Requests for $50,000 or less in annual Housing Tax Credit are subject to approval by CHFA's Community Development Division Director and Manager of Housing Tax Credit.

There is no guarantee that additional Housing Tax Credits will be awarded to a project. The developer fee may not be increased if the project is receiving additional Housing Tax Credits.

State Credits

Projects with state credits will not be eligible for additional state credits after the Preliminary award.

Federal 4 Percent Housing Tax Credits

Only one new Initial Determination Letter will be allowed per project (no more than two Initial Determination Letters total for any one project). The Initial Determination Letter is intended to reflect the calculated Housing Tax Credits based upon the projected costs shown in the Preliminary Application, not the Final Housing Tax Credit amount. Any additional changes to the Housing Tax Credit (i.e., arising from increased actual costs) will be approved after the review of the Final Application submission (including the Cost Certification) is completed by CHFA.

Developer fees may not be increased after Initial Determination. For federal 4 percent projects without state credit only, CHFA allows an exception of a CHFA approved fully deferred increase included in eligible basis that is payable during the Initial Compliance period and necessary for financial feasibility. The exception must be approved before partnership closing and is not a second Initial Determination.

Written requests for additional federal 4 percent Housing Tax Credits prior to the Final Application requiring a second Initial Determination review must include an executed Housing Tax Credit Excel Application using the latest version and updated supporting documentation.

3.K
Transfers of Reservations and Carryover Allocations

Initial determinations, reservations, and Carryover Allocations generally may not be transferred or assigned by an Applicant to a third party. An Applicant, however, may assign a reservation or Carryover Allocation to an entity in which the Applicant is the managing general partner, managing member, or such other capacity in which the Applicant will exercise Control of such other entity.

CHFA may, at its sole discretion, permit a change to the ownership.

3.L
Maximum Credit Award

Federal Credits

Except for projects financed with Private Activity Bonds, CHFA will accept Applications for no more than $1,600,000 of the annual federal 9 percent Housing Tax Credit for any one project or any one Applicant, or Affiliate of such Applicant, or Turn-key Project Developer of such Applicant. As long as an Application is active (meaning the project has not yet received CHFA approval of the enforceable financing commitments, executed entity documents, and the fully executed Carryover Allocation Agreement), the amount requested in the Application will count against the cap.

State Credits

CHFA will pair, if requested, a fixed amount of $650,000 of standard annual state credit with federal 9 percent Housing Tax Credit Applications. CHFA will pair, if applicable and requested, a fixed amount of $650,000 of standard annual state credit with federal 4 percent Housing Tax Credit that are twinned with a Round One Application.

CHFA will accept Applications for no more than $1,800,000 of accelerated annual state credit for any one project or any one Applicant, or Affiliate of such Applicant, or Turn-key Project Developer of such Applicant in Round Two. As long as an already awarded state credit Application is active (meaning the project has not yet received approval of the state credit Milestone), the amount requested in the Application will count against the $1,800,000 cap.

CHFA will accept Applications for $10,000 per unit of standard or accelerated annual state credit up to $700,000 maximum per Application, as available, for any one project or any one Applicant or Affiliate of such Applicant applying for projects financed with tax-exempt Private Activity Bonds and federal 4 percent Housing Tax Credits in September, October, and November 2025 and 2026. If multiple applications are received while credit is available, CHFA will present all to the Tax Credit Allocation Committee in a competitive process for approval.

3.L.1.
Maximum Credit Award Exemptions

For the purposes of this section only, a Person who is a Turn-key Project Developer for an Applicant who is a 501(c)3 or Housing Authority who does not meet Threshold #10 for experience generally will not be considered an Affiliate of an Applicant. This exemption is limited to two Applications per competitive Housing Tax Credit round when the Person does not have an Application subject to Maximum Credit, or is limited to one Application per competitive tax credit round when the Person has an Application subject to Maximum Credit either because of an active Application or a new Application.

CHFA reserves the right to make such determinations, in CHFA's sole discretion, based on a review of the facts and circumstances in individual cases.

3.M
Determination of Housing Tax Credit Amount

The Code requires that CHFA allocate no more than the amount of federal credit that CHFA determines necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the Housing Tax Credit period. CHFA will evaluate each proposed project, considering such factors as it determines relevant, including, but not limited to, the following items:

1. Project cost, including the reasonableness of cost per unit, cost per square foot, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs for acquisition/rehabilitation projects or rehabilitation only; hard costs for rehabilitation, not including costs for acquisition or any soft costs, must exceed the greater of 20 percent of the buildings adjusted basis or $20,000 per unit to be eligible for Housing Tax Credits. Additionally, the scope of work shall include all items identified in the first five years of the Property Condition Assessment (PCA) as a minimum. The Property Condition Assessment must cover a period of no fewer than 20 years;
2. Sources and uses of funds and the total financing planned for the project, including the ability of the project to service debt;
3. Project income and expenses, including a determination of the reasonableness of the proposed operating costs;
4. The proceeds or receipts expected to be generated because of tax benefits;
5. The percentage of the Housing Tax Credit dollar amount used for project costs other than the cost of intermediaries;

6. The use of federal funds and other assistance (applicable HUD subsidies will be subject to a subsidy layering review based on HUD's most current subsidy layering review guidelines as further explained in Section 3.N, below); and

7. Other factors that may be relevant to the economic feasibility of the project, such as the area economy or the housing market.

Based on this evaluation, CHFA will estimate the amount of Housing Tax Credits to be reserved for the project. This determination is made solely at CHFA's discretion and is in no way a representation as to the actual feasibility of the project. Rather, it will serve as the basis for making awards of competitive 9 percent federal or state credits, or it will serve as an Initial Determination of Housing Tax Credit amount with respect to a project financed by private activity bonds (federal 4 percent Housing Tax Credit). The amount of Housing Tax Credits may change during the Allocation process due to variations in cost, mortgage amount, Housing Tax Credit percentage, syndication proceeds, etc.

This analysis to determine the Housing Tax Credits necessary will be done (i) at the time of Preliminary Application, (ii) at the time a Carryover Allocation is approved (if applicable), and (iii) at the time the project is placed in service (after all project costs are finalized and a third-party cost certification has been completed).

If there are changes in sources and/or uses of funds or other material changes at these times, CHFA will adjust the Housing Tax Credit amount to reflect the changes and the Housing Tax Credit amount may be reduced.

3.M.1
Calculation of Housing Tax Credit Amount

CHFA will estimate the Housing Tax Credit amount needed by a project using three calculation methods.

The amount of Housing Tax Credits reserved will be based on the smallest of the amounts resulting from these calculation methods. This determination is made solely at CHFA's discretion and is not a representation of the feasibility or viability of the project. CHFA retains the right to reserve less than the amount produced by application of the three calculation methods. The calculation methods are as follows:

CHFA will estimate the Housing Tax Credit amount needed by a project using three calculation methods. The amount of Housing Tax Credits reserved will be based on the smallest of the amounts resulting from these calculation methods. This determination is made solely at CHFA's discretion and is not a representation of the feasibility or viability of the project. CHFA retains the right to reserve less than the amount produced by application of the three calculation methods. The calculation methods are as follows:

Method One
Qualified Basis Calculation

- Eligible basis multiplied by the applicable fraction (the lesser percentage of floor space allocable to the low-income units or the percentage of the low-income units out of total rental units in the project)
  - Qualified acquisition costs
    Qualified acquisition costs multiplied by applicable percentage rate equals annual Housing Tax Credit amount
  - Qualified new construction or rehabilitation costs
    Multiplied by applicable percentage rate equals annual Housing Tax Credit amount

Applicable Percentage Rate (APR)
For new construction and rehabilitation competitive federal 9 percent Housing Tax Credits, the APR floor is set at 9 percent. For competitive acquisition Housing Tax Credits, the APR floor is set at 4 percent.

Method Two
Gap Calculation

- Total uses of funds minus total sources (excluding equity from the sale of Housing Tax Credits) of funds equals gap (equity needed from Housing Tax Credits)
- Gap divided by Housing Tax Credit equity factor divided by 10 years equals annual Federal Credit amount

CHFA will select, at least annually, an equity factor based on market conditions. At the time of the Preliminary Application, the equity factor to be used for this calculation is listed in the Preliminary Application. If there is a Letter of Interest or a firm equity commitment in place at this time, use the equity factor contained in the Letter of Interest or commitment.

At the time of the Carryover Allocation, there is a requirement that the project has an executed partnership entity document that clearly states the equity factor. That equity factor is to be used in the gap calculation for the Carryover Allocation.

The equity factor to be used at Final Allocation will be the actual equity factor contained in the executed taxpayer partnership agreement.

Method Three
Cost Basis Limit Calculation

This method compares project development costs with standards originally based on RS Means cost information data. These standards will be modified on an annual basis prior to the end of the calendar year based on ongoing reviews of construction cost resource publications. The unit mix and size, construction features, and location are considered as part of the analysis. The current year's limits will be listed in the Application. Projects are limited to the basis limits in effect at the time of Allocation.

3.M.2
Basis Boost Determinations

The Code allows for a 30 percent basis boost for projects located in one of the following areas:

- **Qualified Census Tracts** (listed in the Application)
  Designated by HUD as areas where 50 percent or more of the households have an income of less than 60 percent of the Area Median Income (AMI);
- **Difficult Development Areas (DDAs)** (listed in the Application)
  Designated by HUD as areas experiencing high construction, land, and utility costs relative to the Area Median Income. (Note: DDAs are redesignated annually.) Projects in a DDA that receive a reservation may need to meet Allocation requirements earlier than the deadline indicated in the Preliminary Reservation Letter to retain the DDA designation;
- **Small Area Difficult Development Areas (SADDAs)**
  For metropolitan statistical areas (MSAs), HUD will designate on an annual basis, small areas within MSAs by zip code. Eligibility for a SADDA consideration requires that a fully completed Application is received by CHFA in the year that the SADDA is in effect. Contact CHFA staff for assistance with the Application. Provide a printout of the map showing the project is within an existing SADDA available from HUD at: https://www.huduser.gov/portal/sadda/sadda_qct.html; and

- **CHFA Basis Boost**
  CHFA is authorized to award up to a 30-percent "basis boost" to buildings that it determines need the boost to be economically feasible. This basis boost, however, is not available to projects that qualify for a basis boost because they are already in a HUD Qualified Census Tract, DDA, or SADDA. The request must be supported by a narrative that details the reasons for the financial need for the CHFA basis boost. The CHFA basis boost only applies to new construction and rehabilitation eligible basis of federal 9 percent Housing Tax Credit projects. This basis boost does not apply to federal 4 percent Housing Tax Credit projects.

The basis boost options above do not apply to acquisition basis.

The state credit amount calculation will be subject to a three-test method that is like the Federal Credit method above. Please refer to the Excel Application for more detail about the state credit calculation.

3.M.3
Contractor and Developer Fee Limits

CHFA will limit contractor (builder's profit and overhead) fees and developer fees in calculating the amount of Housing Tax Credits to be allocated to a proposed project as indicated below (a reduction in fees will result in a reduction of eligible basis). HUD also restricts these fees for projects subjected to the subsidy layering review (See Section 3.N).

Aggregate Builder's Profit, Overhead* as a Percent of Hard Construction Costs

Calculated by multiplying the total costs of the following categories by the allowable percentage rate from the table below:

- New Structures/Rehabilitation
- Onsite Work
- Contingency
- Accessory Structures

Project Type	Number of Units	w/Identity of Interest**	w/o Identity of Interest**
Rehab and New Construction	75 units +	6%	8%
	31-74 units	8%	10%
	30 units or less	10%	12%

* Overhead must be project-related and may include a percentage for main office expenses for the job

**Identity of interest between Applicant, Owner, builder, and/or subcontractors. An identity of interest will be assumed if any of the following factors are present: common financial interest; any family members; individual and corporation where 50 percent or more of outstanding stock is owned by that individual; members of the same controlled group of corporations; a partnership and each of its partners; a corporation and each of its shareholders.

Aggregate Developer Fee and Consultant Fee* Limits as a Percent of Certain Project Costs**

Calculated by subtracting the following costs from the total project costs and applying the allowable percentage rate from the table below:

- Amounts exceeding the maximum allowable contractor fee
- Land
- Fifty percent of Acquisition cost (excluding projects serving Persons experiencing Homelessness or Special Populations)
- Developer/Consultant Fee Category
- Project Reserves

Project Type	Number of Units	Percent Allowed
Substantial Rehabilitation and New Construction	51 units or more	12%
	50 units or less	15%

* Consultant fee (in lieu of or as part of the developer fee) is defined as a fee to a third party(ies) for performing tasks that an Applicant would normally perform (e.g., prepare Housing Tax Credit Application and loan Application, manage local government approvals, act as Owner agent during project construction).

**Certain project costs: Total cost to complete the project, minus the cost of land, developer fees, consultant fees, and project reserves. In the case of acquisition and rehabilitation projects, this calculation requires documentation in the appraisal for the value of the land separate from the building.

An increase of the percent allowed, up to 5 percent, may be requested for projects serving Persons experiencing Homelessness or Special Populations with incomes at or below 30 percent AMI. The maximum boost is pro-rated by the percentage of units in the project serving Persons experiencing Homelessness or Special Populations. For example, if a project is targeting 25 percent, then the project is eligible for up to 1.25 percent boost of the Developer Fee. The increase in developer fee must be committed to provide supportive services or a rental subsidy for such tenants. Evidence of the commitment must be provided with the Application and such commitments will be reflected in the LURA. A minimum of 15 percent of the total units in the project must be at or below 30 percent AMI. For those projects subject to the HUD subsidy layering review, this change is subject to approval by HUD.

3.N
Subsidy Layering Review

Section 911 of the Housing and Community Development Act of 1992 and Section 102 of the Department of Housing and Urban Development (HUD) Reform Act of 1989 have placed limitations on combining Housing Tax Credits with certain HUD and other federal programs. The limitations currently apply to a number of programs under the jurisdiction of the HUD Office of Housing, including, but not limited to, Section 221(d)(4), 223(f) and 542(c) mortgage insurance, flexible subsidy, and project-based Section 8 assistance.

As part of a Memorandum of Understanding (MOU) between HUD and CHFA, projects combining Housing Tax Credit with these programs will be subject to a subsidy layering review by CHFA or HUD.

The MOU requires that HUD and CHFA share information on the Applicant's disclosure of sources and uses of funds and on project costs for all projects financed with a combination of Federal Credits and HUD housing assistance. This review is designed to ensure that such projects do not receive excessive assistance. Under the subsidy layering review, developer fees and contractor overhead, profit, and general requirements are limited to those percentages listed in Section 3.M. HOME or CDBG funding, when combined solely with Housing Tax Credits, do not trigger the subsidy layering review process.

3.O
Equitable Distribution of Units, Affordability Mix, and Amenities

CHFA requires that low-income set-aside units be distributed proportionately throughout each building, and to the extent possible, each floor of each building of the project and throughout the bedroom/bath mix and type subject to the Code's "available unit rule" requirements.

All market-rate and low-income units must have the same design regarding unit amenities and square footage, to the extent possible. Amenities may include, but are not limited to, covered parking, in-unit washer/dryers, balconies/patios, and mountain views.

For projects that are 100-percent low-income, CHFA requires that, subject to the Code's "available unit rule" requirements, the units at different targeting levels (40 percent AMI, 50 percent AMI, etc.) be distributed proportionately throughout each building, throughout the bedroom/bath mix and type, and, to the extent possible, throughout each floor or each building of the project. All targeting levels must have the same design regarding unit amenities and square footage. Amenities may include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers, mountain views, city views, water views, and other premium views.

Regardless of the income mix of the property, Section 42 requires that charges for services other than housing will not be considered rent if the services are optional and practical alternatives exist. As an example, a project may offer a limited number of garages. The additional charge would not be considered in the maximum rent calculation if the garages were not included in basis and practical alternatives existed--in this case, free surface parking. CHFA interprets "practical alternatives" to mean that there would be at least one onsite parking space for each unit at no charge to the tenants.

Local codes and Fair Housing laws may have additional requirements. For projects that contain 100-percent structured parking, the maximum rents for all low-income units must include parking.

3.P
Applicant Elections

1. APR for Federal and State Credits

The APR floor for new construction and rehabilitation with the federal 9 percent Housing Tax Credit is 9 percent APR. This APR should be reflected in your Housing Tax Credit Application and other documents.

The APR floor for the noncompetitive federal 4 percent Housing Tax Credit is 4 percent. This APR should be reflected in your Housing Tax Credit Application and other documents.

The APR for new construction and rehabilitation with the total six-year allocation of state credits is 30 percent of Qualified Basis. This APR should be reflected in the Housing Tax Credit Application.

With justification, an increase may be requested for consideration to allow application for standard or accelerated annual state credit maximum under 3.L, except for projects financed with tax-exempt Private Activity Bonds and federal 4 percent Housing Tax Credits applying in September, October, and November 2025.

2. Gross Rent Floor

Section 42(g)(2)(A) of the Code provides that a low-income unit is "rent-restricted" if the gross rent for such unit does not exceed 30 percent of the imputed income limitation applicable to the unit. Under Revenue Procedure 94-57, the effective date of the income limitation used to establish the gross rent floor is the time CHFA initially allocates a Housing Tax Credit dollar amount to the project in the Carryover Allocation, unless the Applicant designates a building's placed-in-service date as the effective date for the gross rent floor. Such designation must be made by advising CHFA in writing no later than the placed-in-service date.

For projects financed with tax-exempt bonds, the effective date of the income limitation used to establish the gross rent floor is the date CHFA initially issues a Determination Letter to the building, unless the Applicant designates a building's placed-in-service date as the effective date for the gross rent floor. Such designation must be made by advising CHFA in writing no later than the placed-in-service date. The gross rent floor will be the date of Final Allocation, which ordinarily closely follows the placed-in-service date.

3. Begin Credit Period

Section 42(f)(1) of the Code defines the Housing Tax Credit period for Federal Credits as the 10 taxable years beginning with (i) the taxable year in which the building is placed in service, or (ii) at the election of the taxpayer, the succeeding taxable year.

The following minimum underwriting standards apply to all projects that wish to apply for Housing Tax Credits under this QAP. These standards must be met at the time of Preliminary Application, Carryover Application (for Competitive Housing Tax Credits), and Final Application. Projects that do not meet the following minimum standards will not be considered for a Reservation of Housing Tax Credits. Implementation of these standards does not constitute a representation of the feasibility or viability of the project.

section 4
Underwriting Criteria

4.A
Minimum Operating Reserve Requirements

The total project budget must include minimum operating reserves equal to at least four months of projected annual operating expenses and four months of debt service payments, although CHFA may require an increased operating reserve based on lease-up projections contained in the Market Study. Project-based Section 8 projects may substitute the reserves purchased from the seller and transferred by HUD if they equal or exceed the minimum operating reserves.

Operating reserves must remain with the project for a minimum of three years from the time of conversion. These requirements, as well as provisions for reserve account reductions over time as project benchmarks are achieved, **must be contained in the entity partnership agreement/operating agreement** and may not be removed without the consent of CHFA.

4.B
Minimum Replacement Reserve Requirements

Minimum replacement reserves must equal $300/unit annually for senior projects and $350/unit annually for family projects. CHFA will consider an adjustment to the rehabilitation replacement reserve based on the extent of the rehabilitation. Capitalized replacement reserves may also substitute for the annual per-unit requirement depending on the amount to be capitalized, which may include the existing reserves for project-based Section 8 projects.

4.C
Minimum Pro Forma Underwriting Assumptions

The following minimum underwriting assumptions must be used for the 15-year pro forma provided as part of the Application. These are minimum requirements. Results of the Market Study may require different, more conservative assumptions.

1. Vacancy Rate

Seven percent on all project income, 10 percent vacancy rate for any retail/commercial income, five percent for any projects receiving a project-based Section 8 subsidy for 100 percent of the units.

2. Annual Rental Income Growth

Two percent

3. Annual Operating Expense Growth

Three percent

4. PUPA

$4,500 excluding replacement reserves, higher for projects that are providing additional services, and $5,000 for project-based Section 8 projects. For Older Adult projects, a lower PUPA may be accepted if documentation of actual expenses from an existing senior-only deal is made available. If demonstrated, a lower PUPA may be requested for projects that are exempt from real estate taxes if evidence of the exemption and county estimates of per unit taxes is provided.

5. Debt Coverage Ratio

Minimum 1.15 to 1.0 for all amortized debt throughout the initial 15-year pro forma period. At the time of application, projects with debt coverage ratios that exceed 1.3 to 1.0 may be eligible for less Housing Tax Credit than the amount calculated as per Section 3.M of the QAP.

section 5
Scoring Criteria

Proposed projects that meet the minimum Application and underwriting requirements will be scored based on the criteria described below. Proposed projects must meet the minimum score of 130 points for federal 9 percent Housing Tax Credit projects, 115 points for federal 4 percent and state Housing Tax Credit projects, and 95 points for federal 4 percent Housing Tax Credit projects, which are earned in the primary and secondary criteria. These criteria are explained in more detail below. Applications proposing Assisted Living Facility or conversion to Homeownership at the end of the year 15-year compliance period are no longer accepted.

1. Primary Selection Criteria
   A proposed project must earn points in both of the primary selection criteria (low-income targeting and low-income use period) to be eligible for Housing Tax Credits in Colorado.

2. Secondary Selection Criteria
   Proposals earning points under both primary selection criteria will also be evaluated based on the secondary selection criteria, which relate to area housing needs, project characteristics, project location, applicant characteristics, tenant population characteristics, and housing authority waiting lists.

Regardless of numerical ranking, the scoring does not operate to vest in an Applicant or project any right or reservation or allocation of Housing Tax Credits in any amount. CHFA will in all instances reserve and allocate Housing Tax Credits consistent with its sound and reasonable judgment, prudent business practices, and the exercise of its discretion. Specifically, but without limiting the generality of the foregoing, CHFA reserves the right not to reserve or allocate Housing Tax Credits to any Applicant or project, regardless of that Applicant's point ranking, if the Executive Director or delegated designee determines, in their sole and absolute discretion, that (i) a reservation or allocation for such Applicant or project does not further the purpose and goals set forth in Section 2 of the QAP, (ii) the Applicant's proposed project is not financially feasible or viable, or (iii) there is not a substantial likelihood that the project will be able to meet the requirements for Carryover or Final Allocation in a timely manner. For purposes of these determinations, the information that may be considered includes, but is not limited to, project characteristics as they relate to CHFA's Guiding Principles and Criteria for Approval

5.A
Primary Selection Criteria

1. Low-income Targeting

The Code mandates that to be eligible for Low Income Housing Tax Credits, a project must meet one of three minimum set-aside thresholds: (a) 20 percent at 50 percent AMI, (b) 40 percent at 60 percent AMI, or (c) Average Income (AI). Low-income targeting points given as follows: Applicants must choose either threshold (a), (b), or (c) below and may also choose (d) for bonus points; projects located in all counties will be allowed to use the weight factor of 50 for selecting the 60 percent AMI threshold, a weight factor of 72.5 for selecting the 50 percent AMI threshold, and a weight factor of 92.5 for selecting the 40 percent AMI threshold. The current county median income at the time of the application will be used to determine eligibility for a weight factor adjustment. The median income amount will be updated when new AMI levels are published by HUD.

(a) Threshold 20 percent at 50 percent AMI

Percent of AMI	Number of Rent-restricted Units	Percent of Rent-restricted Units a÷b	Weight	Points
50%	(a) ____	____	X 72.5	= ____
40%	(a) ____	____	X 92.5	= ____

Note: No more than 60 percent of total number of the low-income units can be designated as serving tenants at or below 40 percent AMI for purposes of determining the points in the 40 percent AMI category unless the project has project-based rental assistance or operating subsidies.

			20 additional points for counties with lowest AMI	= ____
Total of rent restricted units	(b) ____	____	Total points	= ____

(b) Threshold 40 percent at 60 percent AMI

Percent of AMI	Number of Rent-restricted Units	Percent of Rent-restricted Units a÷b	Weight	Points
60%	(a) ____	____	X 50.0	= ____
50%	(a) ____	____	X 72.5	= ____
40%	(a) ____	____	X 92.5	= ____

Note: No more than 60 percent of total number of the low-income units can be designated as serving tenants at or below 40 percent AMI for purposes of determining the points in the 40 percent AMI category unless the project has project-based rental assistance or operating subsidies.

			20 additional points for counties with lowest AMI	= ____
Total of rent restricted units	(b) ____	____	Total points	= ____

(c) Threshold Average Income

Percent of AMI	Number of Rent-restricted Units	Percent of Rent-restricted Units a÷b	Weight	Points
60%	(a) ______	______	X 50.0	= ______
50%	(a) ______	______	X 72.5	= ______
40%	(a) ______	______	X 92.5	= ______

Note: No more than 60 percent of total number of low-income units can be designated as serving tenants at or below 40 percent of the AMI for purposes of determining the points in the 40 percent AMI category unless the project has project-based rental assistance or operating subsidies.

			20 additional points for counties with lowest AMI	= ______
Total of rent restricted units	(b) ______	______	Total points	= ______

(d) Targeting 30 percent AMI or below

Additional points will be awarded for projects that target extremely low-income residents. Developers of housing for Persons experiencing Homelessness or Special Populations must have at least five years of experience in the development and management of housing for the populations served. Projects providing housing for these populations must provide a range of supportive services to the residents, at no cost to the residents, to receive the additional points. Supportive services might include, but are not limited to, case management, job training and/or placement, continuing education, transportation, child care, and health care. These services must be provided by a service provider(s) with a minimum of three years' experience in the related field of service provision. Documentation must be provided. Projects claiming points in this section cannot also claim points under Section 5.B.5.

Extremely Low-income Targeting (select one)			Total Points
☐ 10% of total units at or below 30% AMI 5 Points	☐ 20% of total units at or below 30% AMI 10 Points	☐ 30% of total units at or below 30% AMI 15 Points	______

Note: No more than 60 percent of total number of the low-income units can be designated as serving tenants at or below 40 percent AMI for purposes of determining the points in the 40 percent AMI category unless the project has federally funded project-based rental assistance or operating subsidies.

2. Extended Low-income Use

The Code requires that the low-income occupancy and rent restrictions be maintained during the initial compliance period of 15 years [Section 42(i)(1)]. In addition, the occupancy restrictions must be maintained for an extended-use period of an additional 15 years [Section 42(h)(6)(D)]. The Code also requires that State allocating agencies give preference to projects with the longest low-income use period.

Therefore, for federal 4 percent Housing Tax Credit with or without state credit, CHFA requires a minimum extended-use period of 15 years and for federal 9 percent Housing Tax Credit and competitive state credit an extended-use period of 25 years.

CHFA will award points for projects that receive federal Housing Tax Credits for extended-use period election in the following increments.

15 Years of Compliance + 15 Years of Extended Use – 25 points

15 Years of Compliance + 25 Years of Extended Use – 40 points

3. Community Revitalization Plan

CHFA will award one point for projects located in a qualified census tract that contribute to a Community Revitalization Plan, are an important part of a broader or comprehensive program of neighborhood improvement, and which have the capability of fundamentally changing the character of a neighborhood.

The Applicant must show in measurable terms how the community will be impacted. This should include local municipal support articulated in a community plan including the form of significant funding commitments from the local unit of government, or evidence of substantial major investment in the area that is consistent with an existing comprehensive community plan for improvement at the proposed site. These funding commitments or major investments should not be received solely from the development of Housing Tax Credit properties. Generally, the overall development plan should include municipal support, private investment, and/or private commitments to the redevelopment area.

5.B
Secondary Selection Criteria

1. Housing Need Characteristics

Points may be earned under this category if the area where the proposed project is located is experiencing housing problems. Based on Comprehensive Housing Affordability Strategy (CHAS) regulations, households with housing problems include those that (i) occupy units with significant physical defects; (ii) are overcrowded; and/or (iii) have a cost burden of greater than 30 percent of annual income for gross housing costs

The C-1 score in the Application is a listing, by county or metropolitan area, of the percentage of renter households with incomes below 51 percent AMI experiencing housing problems. The C-2 score in the Application is a listing, by county or metropolitan area, of the number of renter households experiencing housing problems. Applicants should review these exhibits and identify the location of the proposed project (a city or, if the city is not listed, the county), to determine the appropriate number of points for that area.

Applicants may submit additional data from local, State, and area Council of Governments (COGS), a Community Housing Development Organization (CHDO) or credible independent study for CHFA's consideration. The data must be quantitative and specifically address the above-identified issues or, if the project will house Persons experiencing Homelessness or Special Populations, the data must address these needs.

2. Project Location

a. Three points may be earned for proposed projects to be located in a community that has an identified community affordable housing priority. Applicant must provide evidence clearly demonstrating the project fits into the community's need.

b. Three points may be earned for proposed projects located at an existing or planned TOD site defined as that which is within a half-mile walk distance of transit corridors with easy access to job center. Housing proposal should maximize allowable density at TOD site.

3. Project Characteristics

Points may be earned for the following:

a. (Five points) Project that provides housing for mixed income (i.e., that have no more than 80 percent Tax Credit-eligible total units), including projects financed with private activity bonds. CHFA requires that subject to the Code's "available unit rule" requirements, low-income set- aside units be distributed proportionately throughout the bedroom/bath mix and type. Both market-rate and low-income units must have the same design regarding unit amenities and square footage (See Section 3.0).

b. (Five points) Projects located in non-metro counties that have a population of 180,000 or less.

c. (Five points) Rehabilitation of blighted buildings or locally or federally designated historic structures. Blighted buildings are buildings that are in severe disrepair, including, but not limited to, boarded-up, abandoned, or uninhabitable buildings, all of which have serious building code violations. Rehabilitation expenditures must be at least $20,000 in hard costs per unit to be eligible for rehabilitation Housing Tax Credits. Substantial rehabilitation projects that are changing the building's use to residential but do not fit the above description of a blighted building do not qualify for points under this category.

d. (Fifteen points) Preservation projects which are defined as existing Tax Credit projects in year 25 or later of their Extended Use period, or developments with project-based rental assistance or other operating subsidies guaranteed through a rental assistance contract (e.g. HUD Section 8, Rural Development Section 515, etc.) that is within three years of expiration.

e. (One point) No-smoking policy, defined as projects that will institute a no-smoking policy for 100 percent of the project, which includes anywhere inside the building or on the grounds of the property. Policy needs to be provided at the time of application.

f. (Five points) Projects maximizing construction efficiency by utilizing modular or factory-built construction, prefabricated components. Applicants must provide supporting documentation detailing modular boxes or type of components, delivery, installation and any cost savings.

g. (Two points) Projects utilizing Universal Design or providing accessible units which total at least five percent of the project's total units. Applicants must provide details in supporting documentation.

4. Applicant Characteristics

Points may be earned for the following:

(Five points) Applicant is an approved 501(c)3 or 501(c) 4 tax-exempt organization, having an express purpose of fostering low-income housing, or a Colorado public housing authority; is the sole general partner (either itself or through its or a related subsidiary); and will, from the time of application, materially participate* in the development and operation of the project throughout the compliance period.

Applicants that are a qualified 501(c)3 and not affiliated with or controlled by a for-profit entity that have fostering low income housing as one of its exempt purposes will be considered as part of the nonprofit set-aside in Section 2.C. Applicants must complete the Nonprofit Questionnaire, Articles of Incorporation, Bylaws, IRS Determination Letter, Certificate of Good Standing from the Colorado Secretary of State, and the list of the Board of Directors and officers with dates of appointment and other organizational affiliation. Applicants that are designated 501(c)4 must complete the Nonprofit Questionnaire, provide articles of incorporation, bylaws, and the list of the Board of Directors and officers with dates of appointment and other organizational affiliation.

* Materially participate is defined in Section 469(h) of the Code as "involved in the operation of the activity on a basis which is regular, continuous, and substantial."

5. Projects Serving Persons experiencing Homelessness or Special Populations

Fifteen points may be earned for the set-aside of at least 25 percent of the units for Persons experiencing Homelessness or Special Populations. (The minimum set-aside of 25 percent may be reduced if any federal or state regulations restrict the number of special needs units in a project or if the Applicant can demonstrate a successful business model based on track record of serving specific Special Populations. Such exceptions will be considered on a case-by-case basis and only with documentation provided at the time of application.)

For points in this section, only one of either projects serving Persons experiencing Homelessness or Special Populations may be selected. Projects claiming points in this section cannot also claim points under Section 5.A.1.(d).

Projects providing housing for these populations must construct using design criteria applicable to the population being served, such as trauma informed design, Uniform Federal Accessibility Standards (UFAS) or 2010 ADA Standards for Accessible Design and provide a range of supportive services the residents can choose to use, at no cost to the residents, to receive the additional points. The project must provide supportive services that might include, but are not limited to, case management, job training and/or placement, continuing education, transportation, child care, and health care.

Applicant must provide the following to receive points:

- A narrative outlining the comprehensive service plan for the proposed project; and
- A funding budget for services and demonstration of an adequate level of staffing; and
- Memoranda of Understanding (MOUs) from service providers (which must be executed and dated by both parties), including in-kind service providers, and demonstration of a minimum of three years of experience; and
- Evidence of a client source for Persons experiencing Homelessness or Special Populations (e.g., letters from referring agencies, marketing plans, etc.) and demonstration of an adequate demand for the selected set-aside, and
- Resumé(s) for service providers. These services must be provided by a service provider(s) with a minimum of three years of experience in the related field of service provision.
- Tenant Selection Plans that follow Housing First best practices, such as pet-friendly policies.
- If applying to other entities for project-based vouchers or services funding, a copy of that application is required.

6. Housing Authority Waitlist

Two points may be earned by Applicants who enter into a written agreement with the local public housing representative to give priority at the development to households on waiting lists for subsidized or public housing. A template for this written agreement is available on the Preliminary Housing Tax Credit Application documents list available on CHFA's website.

section 6
Fees

See CHFA's website for the Fee Schedule. Fees will be assessed for the following processes and are non-refundable.

6.A
Preliminary Reservation Fees

1. Application Fee

An Application fee is due with the Submission of the Preliminary Application. These fees also apply to resubmittals of Applications for subsequent rounds.

2. Reservation Fee

A reservation fee based on the annual Competitive Housing Tax Credit amount and a percent of the annual state credit amount (if applicable) for which the project is eligible must be paid prior to the issuance of the Reservation Letter. The Applicant will have 10 days from the date of the award letter in which to pay the reservation fee and maintain the Housing Tax Credit reservation. This fee will not be adjusted if the final Housing Tax Credit amount is reduced or the Housing Tax Credits are returned or unused.

3. Initial Determination Fee

A fee based on the annual federal 4 percent Housing Tax Credit amount determined and a percent of the annual state credit amount (if applicable) or $5,000, whichever is greater, is due at the time an Initial Determination Letter is issued. The Applicant will have 10 days from the date of the award letter in which to pay the Initial Determination fee to maintain the Initial Determination. This fee will not be adjusted if the final Housing Tax Credit amount is reduced or the Housing Tax Credits are returned or unused.

6.B
Carryover Allocation Fees

A Carryover Allocation fee based on the annual Housing Tax Credit amount for which the project will be eligible must be paid prior to the issuance of the Carryover Allocation Agreement. This fee is due at the time the Carryover Application is submitted. This fee will not be adjusted if the Final Housing Tax Credit amount is reduced, or the Housing Tax Credits are returned or unused.

6.C
State Housing Tax Credit Milestone Fee

An Application fee is due with the submission of the State Housing Tax Credit Milestone documents.

6.D
Final Allocation Fees

Final Application Fee

A Final Allocation fee based on the annual 4 percent or federal 9 percent Housing Tax Credit amount allocated is payable at the time of application for a Final Allocation of Federal Credits. A Final Allocation fee based on the annual state credit amount (if applicable) or $5,000, whichever is greater, is payable at the time of application for a Final Allocation of State Credits. If a federal 9 percent Housing Tax Credit project paid a fee at the time of Carryover, the Final Allocation fee will be waived. If an Applicant does not provide the requirements for Final Allocation on or before six months from the date of receipt of the Placed-in-Service Documentation, a $2,000 per month late fee may be assessed starting with the seventh month, until the remaining requirements are received.

6.E
Additional Credit Request Fee

An additional Housing Tax Credit request fee will be charged for requests of additional Housing Tax Credit above and beyond the initial reservation Housing Tax Credit amount as follows.

1. An additional Housing Tax Credit request fee will be charged for all requests of annual federal 9 percent Housing Tax Credits.
2. Federal 4 percent Housing Tax Credit projects will not be charged an additional Housing Tax Credit request fee unless a request is made prior to the Final Application for a new Initial Determination Letter for additional Housing Tax Credits. In those cases, an additional Housing Tax Credit request fee will be charged. No more than two Initial Determination Letters total are allowed for any one project.

Projects with state credit will not be eligible for additional state credits after Preliminary award.

6.F
Compliance Monitoring Fee

A compliance monitoring fee per Housing Tax Credit unit plus any employee unit(s) will be assessed to cover the costs of the compliance monitoring program. This fee will be assessed to cover the initial 15 years of the compliance period in a lump sum and is due at the time of the Placed-in-Service Application or Final Application, whichever occurs first. This fee (which will be determined in the year the project receives a reservation of Housing Tax Credit) will be based on the number of low-income units, any designated manager and/or maintenance units, the compliance period, and then present valued.

The payment of this fee will be required prior to the issuance of the 8609s. The amount of the compliance-monitoring fee for the remainder of the contractual extended-use period will be determined in year 15.

A noncompliance fee as summarized below will be assessed to developments that fail to comply with CHFA's monitoring requirements within the approved timelines:

- A fee per occurrence for failure to provide annual submissions by the due date;
- A fee per occurrence for all other noncompliance findings not addressed within the correction period due date.

6.G
Qualified Contract Processing Fees

A non-refundable Qualified Contract processing fee will be assessed for all Qualified Contract Requests as described in Section 10. In addition, any third-party reports related to processing these requests, as required by CHFA, will be paid by the Owner.

6.H
Other Fees

1. Subsidy Layering Reviews

2. Changes to Project Name after Initial Determination for federal 4 percent Housing Tax Credit projects, after Carryover Agreement executed for federal 9 percent Housing Tax Credit projects and after the state Housing Tax Credit Milestone review.

3. Change Project to Average Income after Initial Determination of federal 4 percent Housing Tax Credit

section 7

Projects Financed with Tax-exempt Bonds Applying for 4 Percent Federal Credits

State credits may be used with federal 4 percent Housing Tax Credits. Please refer to Sections 2 and 3 for additional information about priorities and requirements for Applications with state credits.

Unless otherwise stated, all other provisions of this QAP apply to projects financed with tax-exempt bonds. CHFA will evaluate and underwrite proposed projects by Applicants seeking tax-exempt bonds with noncompetitive federal 4 percent Housing Tax Credits in the same manner as competitive federal 9 percent Housing Tax Credits proposals are evaluated and underwritten.

Under Section 42(h)(4) of the Code, projects financed with tax-exempt bonds may be entitled to 30 percent present-value Housing Tax Credits outside the federal Housing Tax Credit ceiling. The bonds must have received an Allocation of Private Activity Bond cap pursuant to Section 146 of the Code, and principal payments on the bonds must be applied within a reasonable period to redeem the bonds. Housing Tax Credits are allowed for that portion of a project's eligible basis that is financed with the tax-exempt bonds. The project may be entitled to Housing Tax Credits for up to the full amount of qualified basis when meeting the aggregate basis test.

Projects financed with tax-exempt bonds are required by the Code to apply through the state credit agency for an Allocation and for a determination that the project satisfies the requirements of this QAP. CHFA may accept the underwriting criteria of the permanent lender and/or the provider of credit enhancement if a summary of the financial analysis performed by the lender that addresses the criteria of Section 4 of this QAP is provided to CHFA. Otherwise, the criteria in Section 4 of this QAP will be applied.

The Applicant must notify CHFA in writing that an application has been submitted to the issuer of bonds. The Applicant must also notify CHFA if the project is seeking mortgage insurance through the Federal Housing Administration (FHA) or credit enhancement from another source.

Applicants must contact CHFA staff to schedule a concept meeting for the project and the meeting must occur at least 45 days prior to the submission of the Application (does not apply to Round Two).

Projects must submit a federal 4 percent Housing Tax Credit Letter of Intent (LOI) 45 days prior to the submission of the Application. Complete Applications must be received within 90 days from CHFA's receipt of the LOI. In the event a complete Application is not received in the required 90-day time limit, a new LOI is required.

section 8
Energy Efficiency and Sustainability Requirements

CHFA requires all projects to obtain green building certification and accepts several certification programs. Applicants are encouraged to engage a third-party green building consultant and perform requisite charettes to determine the best pathway for the project. The accepted green building certification programs are:

- Enterprise Green Communities (EGC)
- Leadership in Energy and Environmental Design LEED (LEED)
- National Green Building Standards (NGBS)

In addition to green building certification, there are two additional requirements:

- Electric vehicle ready parking spaces, and
- Post-construction Energy Use Intensity Reporting.

While not required, a project achieving a higher level of energy efficiency certification in addition to the required green building certification or constructing to be Electrification-Ready is considered more competitive as the project would meet a Guiding Principle and be in alignment with Colorado's Climate Action Goals and meeting 100 percent Renewable Energy by 2040.

The most competitive response to achieving a higher level of energy efficiency is a highly efficient, all electric project certifying to a program requiring net zero carbon emission or net zero carbon emissions ready.

8.A
Green Building Certification Options

CHFA accepts green building certification under the latest version at time of preliminary application for Enterprise Green Communities (EGC), Leadership in Energy and Environmental Design (LEED), or National Green Building Standard (NGBS) as described below.

The Applicant must:

1. Submit the Energy Efficiency and Sustainability Election Certification Form, signed by the developer and architect, indicating which certification program the project will pursue (EGC, LEED, or NGBS) at Preliminary Application. The form can be found on CHFA's website.
2. Submit evidence of project registration under EGC, LEED, or NGBS at Carryover Application or state credit Milestone documentation.
3. Provide proof of EGC, LEED, or NGBS certification at Final Application and before issuance of 8609(s).

8.B
Electric Vehicle (EV) Ready Parking Spaces

All projects (excepting 100-percent for Persons experiencing Homelessness or Special Populations and acquisition/rehab projects) must have a minimum number of EV-ready parking spaces.

- For projects with 10 or fewer parking spaces, at least one parking space must be EV-ready.
- For projects with more than 10 parking spaces, 10 percent of the lesser of total spaces or total units must be EV-ready.

An EV-ready parking space is a parking space accessible to raceway and electrical panel capacity which can support EV electricity load, and an outlet or other termination point to enable simple installation and use of standard Level 2 EV chargers. Specifically, the space is provided with one 40-ampere, 208/240-volt dedicated branch circuit for servicing electric vehicles and terminates in a suitable point (such as an electrical outlet, junction box, or a Level 2 EV charging station) that is located in close proximity to the proposed EV-ready parking space(s). Generally, one termination point can support 2 EV-ready parking spaces.

Only a junction box or electrical outlet capable of supporting EV charging is required as the termination point; installation of Level 2 chargers is not required, though is encouraged.

8.C
Post-construction Energy Use Intensity Reporting

Once constructed, all buildings are required to annually assess and report energy performance using the free ENERGY STAR™ Portfolio Manager tool.

8.D
Higher Levels of Energy Performance

The Guiding Principles used in determining the awards of federal and state Housing Tax Credits will consider projects achieving higher levels of energy performance in addition to the green building certification or constructed to be Electrification-Ready and other requirements outlined above.

To achieve a higher level of energy performance, the project must obtain additional certification under programs such as ZERH, PHIUS, PHI. Projects achieving this additional certification will minimize total lifetime costs and contribute to Colorado meeting its 100 percent Renewable Energy goals by 2040 and Climate Action goals.

Other higher level energy efficiency certification programs may be considered. The most competitive response to achieving a higher level of energy efficiency is a highly efficient, all electric project certifying to a program requiring net zero carbon emission or net zero carbon emissions ready.

8.E

"Water-Wise" (Low Water/Water Efficient) Landscaping and Non-Functional Turf

While meeting design codes, new construction projects shall apply "Water-Wise" landscaping and limit irrigated turf to promote quality of life and climate resilience. "Water-Wise" (Low Water/Water Efficient) Landscaping:

1. Means water- and plant-management practices that:
    a. are designed with shrubs, perennials and warm-season grasses with an annual irrigation water requirement of less than 15" (9.345 gallons per square foot);
    b. are intended to be functional and attractive;
    c. emphasize the use of plants that require lower supplemental water, such as native and drought- tolerant plants; and
2. Prioritizes the following key principles:
    a. planning and design for water conservation, beauty, and utility;
    b. improving soil;
    c. applying efficient irrigation;
    d. limiting turf to high traffic, essential areas;
    e. selecting plants that have low water demand;
    f. applying mulch; and
    g. maintaining the landscape.

Additional Resources

Colorado Renewable Energy and Climate Action Goals

https://climate.colorado.gov/colorado-goals-actions-main-page#:~:text=Colorado%20is%20committed%20to%20100,will%20come%20from%20renewable%20sources

Colorado Water Wise

https://coloradowaterwise.org/Conservation-Information

Energy Outreach Colorado – Affordable Housing Rebate Program

For more information about the program, please contact:

Energy Outreach Colorado
225 East 16th Avenue, Suite 200
Denver, Colorado 80203
Office Phone: 303.226.5068

https://energyoutreach.org/nonprofit-and-multifamily-programs

DSIRE Database of State Incentives for Renewables and Efficiency (DSIRE)

dsireusa.org

ENERGY STAR™

energystar.gov

ENERGY STAR™ Portfolio Manager

energystar.gov/buildings/facility-owners-and-managers/existing-buildings/use-portfolio-manager/

Information on the "Energy Performance for Buildings" statute (HB21-1286) was adopted and put into effect in 2023 and requires owners of commercial, multifamily, and public buildings 50,000 square feet or larger to annually benchmark their whole-building energy use and meet set building performance targets. Together, these buildings must reduce sector-wide emissions 7% by 2026 and 20% by 2030 from 2021 levels. Building owners are required to submit an annual benchmarking report on June 1st every year. Owners of buildings constructed after 2021 must begin complying with the annual benchmarking requirements in the year following the receipt of a certificate of occupancy.

Building Performance Colorado: Technical Resource Guide

https://drive.google.com/file/d/1qMA8936XohwGMbEq3OlOpnupU8Ay6ILz/view

- Information on Energize Denver Benchmarking Ordinance: denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Climate-Action-Sustainability-Resiliency/Goals-and-Policies/Energize-Denver-Benchmarking
- Information on Boulder Building Performance Rating & Reporting: bouldercolorado.gov/services/building-performance-ordinance#section-1452
- Information on Fort Collins Building Energy & Water Scoring Program: fcgov.com/bews

Enterprise Grants Green Communities General Information and Funding Sources

greencommunitiesonline.org

International Passive House Association (iPHA)

passivehouse-international.org

LEED U.S. Green Building Council

usgbc.org/leed

National Green Building Standard (NGBS)

ngbs.com/the-ngbs-green-promise

Passive House Institute (PHI)

passivehouse.com

Passive House Institute US, Inc. (PHIUS)

phius.org/home-page

U.S. Department of Energy Zero Energy Ready Home (ZERH)

energy.gov/eere/buildings/zero-energy-ready-homes

Xcel Energy’s free Energy Design Assistance (EDA)

xcelenergy.com/staticfiles/xe/Marketing/Files/CO-Bus-EDA-Info-Sheet.pdf

section 9

Use of a HOME or NAHASDA Funds

The federal statute governing the HUD Investment Partnership Program (HOME) permits participating jurisdictions to use HOME funds to assist in the development of eligible housing. The Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) also provides funds to assist in the development of eligible affordable housing.

The use of a federal HOME grant or NAHASDA funds in the form of a bona fide loan that is repayable and has a certain repayment date are no longer considered a “federal subsidy” that would reduce basis or the APR, even if the interest rate is below the Applicable Federal Rate. In addition, the prohibition on the 30 percent basis boost for HOME-assisted properties in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) has been eliminated.

section 10

Qualified Contract Process

These provisions only apply to projects that received awards of Housing Tax Credits prior to 2019. Under certain circumstances, an Owner may pursue the Qualified Contract process in accordance with Section 42(h)(6)(E)(II) of the Code and related regulations. Under this process, the extended-use period for any building that is a part of a qualified low-income housing project would terminate if the Housing Tax Credit agency is unable to present a Qualified Contract for the acquisition of the low-income portion of the building by any Person who will continue to operate such portion as a qualified low-income building. Please note that this process is available to very few projects in Colorado as most Owners waived their rights to pursue this option under their Land Use Restriction Agreement. The process and requirements for the Owner to make a formal Qualified Contract Request to CHFA for a Qualified Contract is detailed below. Owners who make a formal Qualified Contract Request to CHFA will no longer be eligible to apply for Housing Tax Credits in Colorado.

a. Before an Owner may submit a Qualified Contract Request, the Owner must provide CHFA with advance notice, in the form of a Letter of Intent, before an Owner may submit a Qualified Contract Request.

   Note:
   This notice will not bind Owners to submit a Qualified Contract Request and does not start the "One- year Period" (defined below).

b. The Owner must pay CHFA a nonrefundable fee for processing Qualified Contract Requests. In addition, any third-party reports related to processing the request, as required by CHFA, will be paid by Owners. All fees are non-refundable.

c. The project must be eligible for a Qualified Contract. In determining when a project is eligible, CHFA will only consider the latest date for projects with multiple Housing Tax Credit periods or Allocations. At a minimum, Owners may not submit a Qualified Contract Request until after the fourteenth year of the later of:

   i. the last Housing Tax Credit period for projects with buildings that were placed in service different years, or

   ii. the most recent of multiple Allocations to the same project.

   For example, if five buildings in the project began their Housing Tax Credit periods in 1990 and one started in 1991, the fifteenth year for the purposes of a Qualified Contract Request would be 2006. If the project received its first Allocation of $500,000 in 1990 and a subsequent award of $25,000 in 1992, the fifteenth year for the purposes of a Qualified Contract Request would be 2007.

d. CHFA will not consider a Qualified Contract Request until the Owner secures a complete, unconditional waiver of all purchase options, including a nonprofit general partner's right of first refusal.

e. Projects that do not meet the basic physical compliance standards that are (or would be) necessary to claim Housing Tax Credits are ineligible for consideration. Owners must correct all such violations prior to submitting a Qualified Contract Request.

f. CHFA will not consider a Qualified Contract Request, until after receipt of all supporting documentation. Owners must submit the following items along with the Qualified Contract Request:

   i. First-year 8609s

   ii. Annual partnership tax returns for each year of operation since the start of the Housing Tax Credit period ("all years")

   iii. Annual project financial statements for all years

   iv. Loan documents for all secured debt during the Housing Tax Credit period

   v. Partnership agreement (original, current, and all interim amendments)

   vi. Physical needs assessment for the entire project

   vii. Appraisal for the entire project

   viii. Market study for the entire project

   ix. Title report

   x. Phase I Environmental Report (Phase II if necessary)

   xi. A completed calculation of Qualified Contract Price, located on the QAP Fee Schedule on CHFA's website.

   xii. A thorough narrative description of the property, including all project and unit amenities

   xiii. A detailed set of photographs of the project, including the interior and exterior

   xiv. Audited financials of the most recent 12 months of operating expenses

   xv. A current rent roll for the entire project

   xvi. Copies of any leases, if any portion of the land or improvements are leased

   xvii. A report prepared by a third-party certified public accountant confirming the calculation of the Qualified Contract Price

g. Once CHFA, in its sole discretion, determines that the Owner has met all of the submission and eligibility requirements, CHFA has a One-year Period to respond to a formal Qualified Contract Request from the Owner.

h. Once CHFA presents a contract for the Qualified Contract Price, the project is bound to the Extended- use Agreement regardless of whether the Owner/seller accepts it or not. There is no requirement in the Code that the prospective buyer must purchase the property. If the Owner chooses to accept the Qualified Contract, the buyer will be responsible for adhering to the provisions of the LURA. Under the Code Section 42(h)(6)(E)(i)(II), CHFA's only obligation is to "present" a contract for the Qualified Contract Price. Once this occurs, the Owner may not terminate the extended-use period.

i. CHFA will create a standard form contract that includes basic real estate transaction terms (i.e., costs, due diligence period). This form simply establishes what the buyer needs to accept in order for CHFA to meet its statutory obligation of presenting a Qualified Contract. Once a buyer agrees to the standard terms and Qualified Contract Price, the Owner cannot terminate the extended-use period. The parties would be free to negotiate different terms prior to closing.

j. Every case of doubt or interpretation in determining value will be resolved in favor of a lower Qualified Contract Price. Any time spent by the Owner questioning or challenging CHFA's calculation of the Qualified Contract Price or of CHFA questioning or challenging documentation presented by the Owner will not count against the One-year Period.

k. Instructions for calculation of Qualified Contract price can be found on CHFA's website.

section 11

Section 42 Compliance Monitoring Process

Section 42(m)(1)(B)(iii) of the Code mandates that State Housing Tax Credit agencies monitor all placed-in-service Housing Tax Credit projects for compliance with the provisions of Section 42. The Code mandates that the IRS be notified by the State Housing Tax Credit agencies of any instance of noncompliance. Owners who intend to elect Average Income (AI) as the minimum set-aside for their development must refer to CHFA's Compliance Monitoring guidance on the AI Resource Page on CHFA's website for additional restrictions, reporting requirements, and monitoring responsibilities required of the Owner and agent. The state credit program also requires that CHFA monitor compliance with the Colorado Act. CHFA will also monitor for compliance with LURA provisions that contain any additional Owner commitments made to secure points in the project selection process, e.g., additional low-income units or an extended low-income use period.

CHFA has assembled and will make available to project Owners a Compliance Manual on the CHFA website explaining the Housing Tax Credit monitoring process in detail. The Compliance Manual is amended periodically, as necessary.

All Owner representatives, their management agent representatives, onsite staff, and any other staff involved in qualifying households will be required to successfully complete a compliance training session conducted or approved by CHFA prior to the release of IRS Form 8609 for federal credits or the Allocation Certificate for State Credits. The training date may be up to two years prior to the placed-in-service date. In addition, it is critical that all corporate and onsite staff involved in program compliance attend CHFA's Colorado-specific program compliance training at least every other year to keep abreast of changes in laws, regulations, and CHFA policies. CHFA offers basic and advanced state-specific Housing Tax Credit classes through the chfa**reach** training program. A schedule of classes offered by the chfa**reach** training program may be found on CHFA's website.

Owners and agents are required to register with CHFA's secure online Insight System at echfa.com/Insight/login. Through Insight, owners and agents will submit required reporting documents and management review documentation, and they may access multifamily governing documents, etc.

Owners and agents are also encouraged to sign up for CHFA's Multifamily Program Compliance eNews on CHFA's website to receive important program updates.

In general, CHFA will monitor the following matters for compliance, all of which are applicable to projects receiving federal or state credits:

11.A
Recordkeeping, Record Retention, and Inspection Provisions

1. The Owner of a low-income housing project is required to keep records for each qualified low-income building in the project showing:

    a. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit)

    b. The percentage of residential rental units in the building that are low-income units

    c. The rent charged on each residential rental unit in the building (including any utility allowances)

    d. The number of occupants in each low-income unit

e. The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented

f. The annual income certification of each low-income tenant per unit

g. Documentation to support each low-income tenant's income certification

h. The eligible basis and qualified basis of the building at the end of the first year of the Housing Tax Credit period

i. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project)

j. Copies of all correspondence with the IRS or with the Colorado Department of Revenue

2. The Owner is required to retain the records described in paragraph A.1 of this section for each building in the project for at least six years after the due date (with extensions) for filing the federal or State income tax return for that year. The records for the first year of the Housing Tax Credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal or State income tax return for the last year of the compliance period of the building.

3. The Owner is required to retain any original health, safety, or building code violation reports or notices that were issued by the State or local government unit for CHFA's inspection under Section 11.C. Retention of such original reports or notices is not required once CHFA reviews them and completes an inspection, unless the violation remains uncorrected.

11.B
Certification Provisions

1. In accordance with Section 42(1)(1) of the Code, following the close of the first taxable year in the Housing Tax Credit period with respect to any qualified low-income building with federal credits, the Owner must certify to the Secretary of the Treasury (i) the taxable year and calendar year in which such building was placed in service, (ii) the adjusted basis and eligible basis of such building as of the close of the first year of the Housing Tax Credit period, (iii) the maximum applicable percentage and qualified basis of such building, (iv) the election made for the low-income targeting threshold as defined in Section 42(g)(1) of the Code, and (v) such other information as the Secretary may require. This certification is accomplished by completing Part II of the 8609s. A copy of the completed 8609s must also be submitted to CHFA within 90 days of filing with the IRS.

2. Following the close of the first taxable year in the Housing Tax Credit period with respect to any qualified low-income project with state credits, the Owner must certify to CHFA (i) the taxable year and calendar year in which such project was placed in service, (ii) the adjusted basis and eligible basis of such project as of the close of the first year of the Housing Tax Credit period, (iii) the maximum applicable percentage and qualified basis of such project, (iv) the election made for the low-income targeting threshold as defined in Section 42(g)(1) of the Code, and (v) such other information as CHFA may require. This certification is accomplished by completing the Allocation Certificate and submitting it to CHFA.

3. The Owner of a low-income housing project with federal or state credits is required to certify annually, by February 15th of each year, for the preceding 12-month period. The Owner Certification of Continuing Program Compliance is completed electronically within CHFA's Insight System.

4. The Federal Credit certifications referenced in paragraphs B.1 and B.3 of this section are required to be made at least annually through the end of the 15-year compliance period under Section 42(i)(1) of the Code and the certifications are to be made under penalty of perjury. Additionally, the certification referenced in paragraph B.3 is required to be made at least annually through the end of the extended use period.

5. The state credit certifications referenced in paragraphs B.2 and B.3 of this section are required to be made at least annually through the end of the 15-year compliance period. Additionally, the certification referenced in paragraph B.3 is required to be made at least annually through the end of the extended-use period.

6. The Owner is required to provide to CHFA a copy of the completed 8609s that are submitted to the IRS for federal credits or a copy of the Allocation Certificate that is submitted to the Colorado Department of Revenue for state credits.

7. The Owner is required to provide to CHFA, as it occurs, copies of all correspondence with the IRS or Colorado Department of Revenue.

11.C
Inspection and Review Provisions

1. CHFA will review the Owner certifications submitted pursuant to paragraph B.3 of this section for compliance with the requirements of Section 42 of the Code.

2. Between the time a building is placed in service and applies for a Final Allocation of Housing Tax Credit, and prior to the issuance of an 8609 or Allocation Certificate, CHFA will conduct an initial review and inspection of the property. The owner is required to notify CHFA when the building (s) have placed in service.

3. By end of the second calendar year following the year that the last building places in service, CHFA will conduct onsite inspections of all buildings in the project and, for a portion of the project's low-income units, inspect the unit and review tenant income certifications, supporting documentation, and rent records. The minimum number of units and files to be inspected and reviewed is the lesser of:

    - 20 percent of the low-income units in the project, rounded up to the nearest whole number of units, or
    - The number of low-income units as provided in the Housing Tax Credit minimum unit sample size reference chart in Revenue Procedure 2016-15.

4. At least once every three years, CHFA will conduct onsite inspections of all buildings in the project and, for a portion of the project's low-income units, inspect the unit, and review tenant income certifications, supporting documentation, and rent records. The minimum number of units and files to be inspected and reviewed is the lesser of:

    - 20 percent of the low-income units in the project, rounded up to the nearest whole number of units, or
    - The number of low-income units as provided in the low-income housing tax credit minimum unit sample size reference chart in Revenue Procedure 2016-15.

5. CHFA will give an owner reasonable notice that an inspection of the project will occur. IRS regulation requires that CHFA may give no more than 15 days' notice. CHFA will randomly select which low-income units and tenant records are to be inspected and reviewed by CHFA.

6. For the building and unit inspections referred to in paragraphs C.2 and C.3 of this section, CHFA will review any local health, safety, or building code violation reports or notices retained by the Owner and will determine whether the buildings and units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards) or whether the buildings and units satisfy the national standards for the physical inspection of real estate established by HUD. The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. The project must continue to satisfy these codes and, if CHFA becomes aware of any violation of these codes, CHFA must report the violation to the IRS.

7. CHFA has the right to perform an audit of any low-income housing project during the term of the LURA. An audit includes a physical inspection of any building in the project, as well as a review of the records described in Section 11.A. The auditing provision of this paragraph C.7 is in addition to any inspection of low-income certifications and documentation under paragraphs C.1 through C.6 of this section.

11.D
Notification of Noncompliance Provisions

1. CHFA will provide prompt written notice to the Owner of a low-income housing project if CHFA does not receive the certifications described in Section 11.B or does not receive, or is not permitted to inspect, the tenant income certification, supporting documentation, and rent records described in Section 11.C; or discovers on audit, inspection, or review, or in some other manner, that the project is not in compliance with the provisions of the LURA. The Owner shall have a period designated by CHFA (15 to 90 days) from the date of such notice (the "Cure Period") to supply any missing certifications and bring the project into compliance with the LURA. CHFA may extend, in its sole discretion, the Cure Period for up to six months for good cause.

2. During the compliance period, CHFA must file Form 8823, Low Income Housing Tax Credit Agency's Report of Noncompliance, with the IRS or State Noncompliance Form with the Colorado Department of Revenue no later than 45 days after the end of the Cure Period, whether or not the noncompliance or failure to certify is corrected. CHFA will explain on Form 8823 or the State Noncompliance Form the nature of the noncompliance or failure to certify and indicate whether the Owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis that results in a decrease in the qualified basis of the project as defined in Section 42(c)(1)(A) is an event of noncompliance that must be reported under this paragraph.

3. When an uncorrected Form 8823 is filed, it is the responsibility of the Owner to submit documentation to CHFA confirming that the noncompliance has been remedied. If the noncompliance or failure to certify is corrected with the IRS within three years after the end of the correction period, CHFA will file Form 8823.2 to the IRS or State Noncompliance Form to the Colorado Department of Revenue reporting the correction of the noncompliance.

4. If the noncompliance is not corrected within the correction period (including any extensions granted), CHFA shall reserve the right to apply the following remedies:

   The property, Owner, and Owner's agent, if applicable, shall be considered "Not in Good Standing" with CHFA until the noncompliance is corrected to the satisfaction of CHFA. Applications for Housing Tax Credit Allocations or CHFA loans and requests for ownership transfers will not be accepted while an Owner, partner, or management agent associated with the Application is "Not in Good Standing" with CHFA. In addition, CHFA may declare a default under the LURA and may apply to any court, State or federal, for specific performance of the LURA or an injunction against any violation of the LURA; secure the appointment of a receiver to operate the project in compliance with the LURA; or exercise any other remedies at law or in equity or any such other action as shall be necessary or desirable to correct noncompliance with the LURA.

11.E
CHFA Record Retention Provisions

CHFA will retain records of noncompliance for six years beyond CHFA's filing of the respective Form 8823 or State Noncompliance Form. In all other cases, CHFA will retain the certifications and records for three years from the end of the calendar year CHFA receives the certification and records.

11.F
Monitoring Fee

A monitoring fee will be assessed to cover the costs of the compliance monitoring program. A compliance monitoring fee will be assessed to cover the initial 15 years of the Compliance Period in a lump sum, at the time of Final Allocation. This fee (which will be determined in the year the project receives a Final Allocation of Housing Tax Credits) will be based on the number of low-income units, any designated manager and/or maintenance units, and the Compliance Period, and then present valued.

The payment of this fee will be required prior to the issuance of the 8609s or State Allocation Certificate. Please refer to Section 6 for the compliance monitoring fee amount. The amount of the compliance monitoring fee for the remainder of the contractual extended-use period will be determined in year 15.

11.G
Noncompliance Fees

A noncompliance fee, as summarized below, may be assessed to developments that fail to comply with CHFA's monitoring requirements within the approved timelines:

- $250 per occurrence for failure to provide annual submissions by the due date;
- $500 per occurrence for all other noncompliance findings not addressed within the correction period due date.

11.H
Rent Increase Restrictions

Rent increases may be applied only at lease renewal and in accordance with Colorado state and local law. Housing Tax Credit developments subject to HUD Section 8 or USDA Rural Development or similar rental assistance program requirements regarding rent changes are exempt from this restriction.

11.I
Fees Not Included in Rent

For examples of allowable and disallowed fees, refer to CHFA's Compliance Manual. Contact your Program Compliance Officer with questions regarding any fees not addressed in the Compliance Manual.

11.J
Utility Allowance

For 100-percent USDA Rural Development projects, use the applicable utility allowances from Rural Development. For HUD-regulated properties (including project-based Section 8 and RAD conversions), use the project-specific utility allowances approved by HUD.

Developments that are not assisted by Rural Development or regulated by HUD must use one of the following four sources: Applicable Public Housing Authority, Actual Usage and Rate Estimate, HUD Utility Schedule Model, or Energy Consumption Model.

Applicants relying on the HUD Utility Schedule Model or the Energy Consumption Model must submit a request for preliminary approval, including all required documents and fees, to CHFA's Multifamily

Program Compliance department at least 45 days prior to the Housing Tax Credit Application submission date. If the Housing Tax Credit Application is approved, the owner must submit an updated request for final approval, including all required documents and fees, to CHFA's Multifamily Program Compliance department between 30 and 60 days before the property begins leasing.

For detailed requirements, see CHFA's Multifamily Utility Allowance Policy on CHFA's website.

11.K
Changes in Management Agent

CHFA must be notified within 30 days whenever the Owner makes a change in management agent. The notification form, located on CHFA's website, along with the Property Management Questionnaire, must be sent to the Program Compliance Officer who monitors the property.

When an owner makes a change in management agent before the end of the first year of the Credit Period, CHFA's approval of the new agent is required. Specifically, the Owner must submit the documents specified in the Compliance Manual to the Program Compliance Officer who monitors the property at least 30 days before the change is scheduled to occur.

CHFA may require training for companies or managers with limited experience managing Housing Tax Credit developments in Colorado.

11.L
Ownership Changes

Throughout the Housing Tax Credit Extended Use Period, owners must advise CHFA in writing prior to any building disposition, including transfers of partial interest in the ownership entity and sales of ownership entities. If an owner is considering disposing of a building or an interest in a building, CHFA's written consent is required prior to any such transfer. Transfer fees may also be required.

CHFA will consent to the transfer only if the purchaser is, in CHFA's discretion, reasonably expected to continue to operate the property as a qualified low-income building for the duration of the Extended Use Period.

The development, management agent, and owner must be in compliance, current on submissions, and in good standing with CHFA programs at the time of the proposed transfer to obtain consent for an ownership transfer.

To begin the process for requesting CHFA's consent to an ownership transfer, the current owner must notify in writing both the Program Compliance Officer assigned to the property and CHFA's Multifamily Asset Manager.

Depending on the new owner's experience with LIHTC in Colorado, CHFA may require, as a condition to the transfer consent, that CHFA-administered compliance training is completed and/or that a tax credit compliance consultant be engaged.

appendix a

Market Study Guide

Market Study Requirements

Along with the Preliminary Application, the Applicant must provide a Market Study (uploaded Adobe PDF file with the Application package) prepared by an experienced market analyst, approved by CHFA, who is totally unaffiliated with the Applicant and/or Owner of the proposed project and has no financial interest in the project. A Letter of Engagement with an approved market analyst must be submitted at the time of the submission of the Letter of Intent. The Letter of Engagement must include the proposed Primary Market Area (PMA). A completed Market Study that meets the requirements of the Market Study Guide, completed by an approved market analyst, must be submitted at the time of the submission of the Application. The market analyst must contact CHFA's Staff Appraiser prior to commencement of the study and prior to the Letter of Intent. The list of CHFA-approved market analysts can be found on CHFA's website.

Once the analyst has contacted CHFA, the market analyst must then download the Walk Score Chart, located on CHFA's website. This chart is in Word format and is to be completed separately from the Market Study (this does not eliminate any Market Study Guide requirements) and submitted back via the secure file delivery site (which will be provided to the Applicant after the Letter of Intent is received) at the time of Application submission.

The study must identify whether there is a need for the number, size, and type of rental housing proposed. The market analyst must follow the Market Study Guide of this QAP or the Market Study and the Application will be rejected. To avoid the rejection of any study, the market analyst must contact CHFA prior to the Letter of Intent.

CHFA will accept a previously written study if that study has been written by an analyst that is on the list of approved market analysts; the study is amended to contain all the elements of the Market Study Guide, including formatting; and data older than six months are updated to present time and match the Application. If any of the above items are not addressed in the Market Study, the study will not be accepted and the Preliminary Application will be rejected.

Proximity to Existing Housing Tax Credit Projects

A favorable statement of conclusions about the strength of the market for the proposed project does not operate to vest in an Applicant or project any right to a reservation or Allocation of Housing Tax Credits in any amount. CHFA reserves the right not to reserve or allocate Housing Tax Credits to any Applicant or project, regardless of that Applicant's total points. CHFA will in all instances reserve and allocate Housing Tax Credits consistent with its sound and reasonable judgment, prudent business practices, the exercise of its discretion, and in accordance with this QAP.

CHFA must monitor the distribution of Housing Tax Credit projects across the State as well as in particular submarkets. In some cases, CHFA may need to make choices between two feasible Applications based on the number of Housing Tax Credit projects in a particular market or area of the State. Attention will also be paid to any recent reservations made in a particular market or area of the State. Particular attention will also be paid to existing projects that are not achieving pro forma rents. CHFA reserves the right to reject Applications for market feasibility if, in its sole opinion, it believes that an insufficient market exists for the proposed project or that the proposed project will have a negative impact on existing multifamily housing or other developments in the market area currently under construction or lease-up.

Analyst Qualifications and Responsibilities

The minimum requirements for analysts are as follows:

1. Five years of experience completing market studies for multifamily rental projects;
2. Submittal of a résumé of the market analyst firm, as well as the firm's individual analysts, detailing affiliations, designations, credentials, certifications, and licenses;
3. Attend the market analyst webinar to discuss the requirements in the CHFA Market Study Guide and expectations for retaining analysts on the Approved Market Analyst List, available on CHFA's website.

CHFA may remove a market analyst from the approved list if an analyst's Market Study is rejected as a result of not meeting the requirements of this guide.

The market analyst must:

- Not advocate for the proposed project. The market analyst must act as a disinterested third party whose duty is to provide unbiased data while outlining the strengths and weaknesses of the proposed project.
- Visit the site of the proposed project and all existing projects examined in the "Comparability Analysis" section.
- Provide demographic data on the market area that is updated to the current year. Demographic and other relevant data must be referenced in the report with the information sources clearly identified.
- Provide demand and capture rates that are calculated based on current data. Information on existing and planned projects must not be older than six months from the time that the Preliminary Application is submitted. Market studies written previously or prepared for other agencies (i.e., HUD) must be prepared by a CHFA-approved analyst and amended to meet all of the elements of this Market Study Guide, including format.
- Sign a certification that the report was prepared according to CHFA's Market Study Guide, that the information included is accurate, and that the report can be relied upon by CHFA to present a comprehensive assessment of the market for the proposed project. The certification must include the Market Study completion date and must indicate that the document is assignable to lenders and/or syndicators that are parties to the project's financial structure.
- Prepare an update to the study in the form of an amendment letter, for instances in which the Applicant makes changes to the project that differ from the details presented in the Market Study. This amendment must detail the changes and indicate how the changes impact capture rates and marketability.

Organization of the Report

The Market Study must adequately address, and the table of contents must clearly identify, the items one through nine below in the order in which they are listed:

1. Market Study Synopsis
2. Project Description
3. Location Analysis
4. Identification of Market Boundaries
5. Overview of Market Conditions
6. Comparability Analysis
7. Demographic Data
8. Demand Analysis
9. Recommendations and Conclusions

1. Market Study Synopsis

Project Name and Address

Project Description

A description of the project that includes the number of units, unit type and size, unit rent and income targeting, project and unit amenities, project design, location, parcel size, age of project (if acquisition/ rehabilitation).

In the following charts, the total number of units in each AMI category and unit size must match the Unit Mix and Rents Worksheet of the Housing Tax Credit Application.

Unit Number, Mix, Size, and Type

	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Market	Total Units	% of Total	Size*	Type (Flat, TH, SF)
1 br												
2 br/ 1 ba												
2 br/ 2 ba												
3 br												
4 br												
Total												
% of Total										100%	n/a	n/a

*Provide the range and the weighted average.

Rent Comparison

Unit rents need to match the "Actual Rents" in the Unit Mix and Rents Worksheet of the Housing Tax Credit Application. These rents should be reflected consistently throughout the market study.

Per Unit	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Market
1 br								
2 br/1 ba								
2 br/2 ba								
3 br								
4 br								
Total								
Comp. Rents*	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Market
1 br								
2 br/1 ba								
2 br/2 ba								
3 br								
4 br								
Total								

*Provide the range and the weighted average.

Comparability Analysis

Rate the proposed project relative to the comparables. Use the symbols –, =, + to indicate if the comparable projects are – lower/inferior, = equal to, or + higher/superior to the proposed project.

(Note: replace "Comp 1", "Comp 2", etc., with the name of the apartment complex that is listed in this section.)

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Rents						
Unit size						
Unit mix						
Quality						
Amenities						
Location						

Demand and Capture Rates

	20%	30%	40%	50%	60%	70%	80%	Total
Income-qualifying households in market area								
In-migration of households (if any)								
Total qualifying households/demand								
Existing units								
Capture rate – existing								
Under construction/Planned units								
+ Proposed subject units								
Total existing and planned units								
Capture rate – required								

Recommendations and Conclusions

On a scale of 1 to 5 where 1 = not strong/good and 5 = very strong/good, rate the following:

Market demand	1	2	3	4	5
Project location	1	2	3	4	5
Proposed unit mix	1	2	3	4	5
Proposed unit sizes	1	2	3	4	5
Proposed rents	1	2	3	4	5
Overall marketability – as proposed	1	2	3	4	5
Marketability with recommended changes	1	2	3	4	5

Succinctly Summarize Key Recommendations

Recommendations should be targeted towards the Applicant and not towards CHFA. Additionally, the market analyst should include any Applicant responses to the analyst's recommendations.

Examples:

- Reduce rent on two-bedroom units by an average of $50.00.
- Move playground from site near one-bedroom units to site near three-bedroom units.
- Shift AMI targeting to serve more households at 40 percent AMI.

2. Project Description

A description and analysis of the proposed project that covers:

- Project design (number of floors, way by which units are accessed, quality of interior finishes);
- Site plan;
- Number of units by unit type and size;
- Contract rent (actual rents) per unit and per square foot;
- Income targeting by AMI and income range to be served by the proposed project based on the maximum incomes allowed and the minimum incomes needed to afford the proposed rents assuming that 40 percent of income goes toward the maximum allowed Housing Tax Credit rent;
- Project and unit amenities;
- Parking (note minimum zoning requirements for number of parking spaces per unit and adequacy);
- Utilities (what is included in rent versus the responsibility of residents) and type of heat;
- Project or acquisition/rehabilitation schedule and anticipated date for delivery of units.

For acquisition/rehabilitation projects, the study must provide answers to the following questions:

- What is the estimate of the numbers of existing residents that will be displaced due to income or student restrictions?
- What will be the impact to occupancy levels as a result of the displacement of nonqualifying households?
- What will be the impact to occupancy levels as a result of the rehabilitation work?
- What, if any, actions will the Owner take to sustain current occupancy levels?

3. Location Analysis

A description and analysis of the proposed site and its location that covers:

- **Location**
  Provide the street address (if assigned to the site); the name of the closest street boundaries, including the side of the street or corner on which the project is located; the approximate size of the parcel; and a physical description of the site (flat or sloped, undeveloped or in use, vegetated or barren, views, etc.).
- **Maps and Photos**
  Include clean legible maps of both the local neighborhood and citywide showing the proposed project location, photos of the site, and photos of the adjacent parcels in all four directions. Maps and photos may be included in an appendix.
- **Location of Amenities**
  Describe the proximity in blocks or miles from the proposed site services and facilities, including neighborhood shopping, drug stores, schools, public transit, hospitals, highways or other major traffic arteries, churches, cultural attractions, and recreational facilities.
- **Surrounding Land Use**
  Describe the type of project located on all sides of the proposed property and in the nearby vicinity of the site (e.g., vacant land, commercial/business, industrial, housing). Indicate distance to the proposed site, present condition, zoning, and likely changes in use. For parking, note minimum zoning requirements for number of parking spaces per unit, and opinion of adequacy for proposed tenants and impact to neighborhood. Also indicate any impacts—such as noise, odor, unsightliness, etc.—from adjacent uses that might detract from the site's suitability for residential project.
- **Infrastructure**
  Indicate if there are any road or infrastructure improvements planned or under construction near the proposed project that might impact its marketability.
- **Marketability**
  Evaluate how the site and its location will enhance or detract from project marketability. Be specific (i.e., three-acre park across the street, electric utility substation on the corner).
- **Walk Score and Transit Score**
  Walk Score is the first large-scale, public-access walkability index and can be calculated at walkscore.com. The website ranks site locations and communities nationwide based on a site's proximity to job centers, services, parks, medical facilities, schools, and other common destinations. The score will be between 0-100.

Transit Score is a measure of how well a location is served by public transit and can also calculated at walkscore.com. Transit Score is based on data released in a standard format by public transit agencies. This score is calculated based on a site's proximity to nearby transit routes based on the frequency, type of route (rail, bus, etc.), and distance to the nearest stop on the route. The score will be between 0-100.

Walk Score	
Range	Description
90-100	Walker's Paradise – Daily errands do not require a car
70-89	Very Walkable – Most errands can be accomplished on foot
50-69	Somewhat Walkable – Some services within walking distance
25-49	Car-dependent – A few services within walking distance
0-24	Car-dependent – Almost all errands require a car

Transit Score	
Range	Description
90-100	Rider's Paradise – World-class public transportation
70-89	Excellent Transit – Transit is convenient for most trips
50-69	Good Transit – Many nearby public transit options
25-49	Some Transit – A few nearby public transit options
0-24	Minimal Transit – Car-dependent

Bike Score	
Range	Description
90-100	Biker's Paradise – Daily errands can be accomplished on bike
70-89	Very Bikeable – Biking is convenient for most trips
50-69	Good Transit – Many nearby public transit options
0-49	Somewhat Bikeable – Minimal bike infrastructure

Please report the Walk Score and Transit Score (if available) for the proposed site. This is obtained from the website walkscore.com. The website will provide instructions on how to get the Walk Score, which will also automatically generate the Transit Score when it is available. Also, report the average Walk Score for city where the proposed site is located (or for the city nearest the proposed site). This is usually reported by this website when the proposed site's Walk Score is calculated.

These values should be reported in the market study using the following table:

- **Proximity to Services Comparison**

Project	Walk Score (Out of 100)	Transit Score (Out of 100)	Average
(Project name)	65	60	62.50
(City average)	68.00	NA	68.00

If the Walk Score or Transit Score for the project location is not available from the website referenced above or if the market analyst has additional information about the project's walkability or proximity to transit, please provide this information as an attachment.

4. Identification of Market Boundaries

Provide a reasonable rationale for delineation of the primary market area from which the proposed project is expected to draw the majority of its residents. Radius boundaries are not allowed. The market boundary must include entire census tracts. The designation should instead take into account such things as:

- Municipal, county, and census tract boundaries;
- Natural boundaries;
- Other physical barriers, like interstate highways;
- Socioeconomic characteristics; and
- School district boundaries.

The market analyst should be prepared to discuss the market area designation with CHFA when contacting CHFA, as required, prior to commencing work on the study.

Provide a legible map outlining the primary market area, which shows the site of the proposed project and, if applicable, the secondary market area.

Provide a table listing all of the 11-digit census tracts that make up the primary market area.

5. Market Conditions and Comparability Analysis

Market-rate Conditions and Analysis

This section of the study must provide detailed information on current rent and vacancy rates by unit type and at least two years of historical information on average rents and the overall vacancy rate. The presented data should only be relevant to the proposed subject project. All data sources must be cited.

Tax Credit Conditions and Analysis

The analyst must prepare a table showing all applicable existing Housing Tax Credit projects within the primary market area, listed alphabetically. The table should show the AMI mix at each existing project.

- If a project has units at the 45 percent AMI level, they should be included in the 50 percent AMI column.

- If a project has units at the 55 percent AMI level, they should be included in the 60 percent AMI column.
- Both federal 9 percent Housing Tax Credit and federal 4 percent Housing Tax Credit projects should be shown.
- Information on existing Housing Tax Credit projects can be obtained from the award reports on CHFA's website.

When calculating capture rates, the inventory shown in the foregoing table should be the same. The inventory should include other income-restricted projects that serve the same income levels as targeted by the proposed project.

Units in project-based Section 8 projects should be subtracted. When units are excluded, the number of project-based vouchers and their unit type (e.g. 1br/1ba, 2br/1ba) must be confirmed.

Units occupied by Section 8 voucher holders (tenant-based) should not be subtracted. Only comparable Housing Tax Credit units should be used in the analysis (e.g., family developments should only be compared to existing family Housing Tax Credit units and senior developments should only be compared to existing senior Housing Tax Credit units). If there are no income-restricted projects in the market area, state so.

Selection of Comparables

The analyst must select projects from the inventory that are most like the proposed project for an in-depth analysis. The selection should be based on project size, unit mix, income restrictions, design, rents, and location. If there are numerous projects in the market area, at least six should be selected. Unless market rates are significantly higher than the proposed rents as evidenced by information provided in the "Market Overview" section, at least two projects should also be included that offer market-rate units. In rural areas where few multifamily projects exist, provide information on mobile homes and single-family homes that are rented on a long-term basis to assess the competition. Include a legible map showing the location of all comparable properties and color photos of all properties.

Comparative Analysis

The Market Study must present information in the same format as the tables provided. Rows can be deleted for unit types not offered or AMI levels not targeted by the proposed project. If you have unit types not specified in the sample tables, like a three-bedroom unit with one-and-a-half bathrooms, add them. Narrative analysis of the information is required.

General Description

(Note: replace “Comp 1”, “Comp 2”, etc., with the name of the apartment complex that is being analyzed in this section.)

General Description	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Distance from subject							
Name of project							
Address							
Property type							
Unit type							
Year built							
Total units							
# income restricted							
# free market							
General condition							

Amenities

Amenities	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Utilities							
AC							
Water							
Sewer							
Heat type							
Unit amenities							
Balcony/Patio							
Dishwashers							
Exterior storage							
Microwave							
Washer/Dryer hookups							
Washers/Dryers in unit							
Other ______________							
Other ______________							
Project amenities							
Central laundry							
Basketball court							
Clubhouse							
Elevators							
Exercise equipment							
# of surface parking spaces							
Are all parking spaces available onsite?							
Percentage of spaces unused on daily basis							
Percentage of spaces unused on nightly basis							
Has the use of parking spaces increased or decreased over time?							
Garage ($ extra)							
Onsite child care							
Swimming pool							
Playground							
Onsite management							
Security systems							
Other ______________							
Other ______________							

Unit Size

Provide a row for each unit type by size. If there are more than two unit sizes for any unit type, for example, five different floor plans for two-bedroom apartments, provide the range and the weighted average.

Unit Size	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 br							
2 br/1 ba							
2 br/2 ba							
3 br/2 ba							
4 br/2 ba							

Unit Mix

Unit Mix	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 br							
Inc. restricted							
Market							
2 br/1 ba							
Inc. restricted							
Market							
2 br/2 ba							
Inc. restricted							
Market							
3 br/2 ba							
Inc. restricted							
Market							

Rent Comparison

The rents shown should reflect the rates that would be charged to new residents moving into vacant units, not the discount rents for renewing leases. If rent reductions or concessions are offered, state the net rent. Rent concessions and other types of incentives, such as waivers of security deposits, should be described and analyzed.

Rent per unit	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 br							
20%							
30%							
40%							
50%							
60%							
70%							
80%							
Market							
2 br/1 ba							
20%							
30%							
40%							
50%							
60%							
70%							
80%							
Market							
2 br/2 ba							
20%							
30%							
40%							
50%							
60%							
70%							
80%							
Market							

Rent per unit	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
3 br/2 ba							
20%							
30%							
40%							
50%							
60%							
70%							
80%							
Market							

Vacancies and Wait Lists

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Total/ Overall
Distance from subject							
Total units							
Vacant units							
Percent vacant							
Vacancies by unit type							
1 br							
2 br/1 ba							
2 br/2 ba							
3 br/2 ba							
4 br/2 ba							
# on wait list							

Absorption

Information on the performance of comparables that is insightful about the rate at which the proposed units will be absorbed should be included. Consider the lease-up experience of projects completed in the last year or two, the rate by which comparable properties are able to fill vacated units, and evidence of pent-up demand.

Upcoming Competition

To determine what new projects will likely compete with the proposed project, a careful examination of upcoming competition is necessary. In addition to checking with local governments and other public or private agencies, analysts should also check with CHFA for information on tax-exempt bond-financed and new Housing Tax Credit projects that are currently under consideration. The Market Study should include information on the availability and proximity of land in the proposed market area that is zoned, or could be zoned, for multifamily use.

Information on upcoming competition should include the following, if available:

- Name of project
- Address/location
- Distance from subject
- Name of Applicant/Owner
- Property type
- Proposed number of units, unit type (flat, TH, etc.), bedroom mix, unit size, and amenities
- Income restrictions and rental rates
- Estimated unit delivery date
- For projects that are in lease-up, number of units occupied by unit type and AMI, and rate at which units were leased

6. Demographic Data

The purpose of this section of the Market Study is to identify the potential population that will be served by the proposed project. The market analyst should only include information that is relevant to the proposed project. For example, a family development is open to all income-eligible households within the primary market area, while a senior development is only open to income-eligible households that meet minimum age requirements. Similarly, if the development is targeting Special Populations (e.g., homeless, veteran, farmworker, HIV, assisted living, etc.), then only the information relevant to that particular population should be presented in this section of the report. The market analyst should discuss and cite all sources of data used to identify the “studied” population.

Typically, the studied population is from a defined primary market area as described in the “Identification of Market Boundaries” section of the report. If this is true, then the tabular summary of the census tracts should be reiterated in this section of the report. If a Special Population is being studied and the market area is regional, then a summary of the census tracts is not necessary.

The market analyst should provide the reader a sense of the population trend within the primary market area. This information can be obtained from any reliable source, such as the US Census/ American Community Survey, Ribbon Demographics, ESRI, Nielsen/Claritas, MDHI Point-In-Time Survey, USDA, and/or others. The data presented, however, should only be relevant to the proposed project. Depending on the data source, the trend can be shown over a period of decades or just a few years. For example, an established area may have reliable data dating back for years, while data for Persons experiencing Homelessness or Special Populations may only date back a few years. Summary tabular presentation is encouraged, but the market analyst must include sufficient information to allow the reader to follow their reasoning.

The following tables are only examples.

PMA Renter Households		
2010	2020	Current Year

Next, the market analyst should show the breakdown of the "studied" households within the studied area. In tabulation form, the market analyst should show the makeup of the potential households that will be available to the proposed project. For a family or senior project, this would include income levels and number of persons in each household. For a special needs population, the relevant information regarding the makeup of that population should be described. An example of an acceptable table includes the following.

PMA Renter Households						
Current Year						
	1-person household	2-person household	3-person household	4-person household	5+-person household	Total
$0 - $10,000						
$10,000 - $20,000						
$20,000 - $30,000						
$30,000 - $40,000						
$40,000 - $50,000						
$50,000 - $60,000						
$60,000+						
Total						

7. Demand Analysis

Demand and capture rates should be estimated for each AMI category that the proposed project will target, since, in many cases, demand may be strong for one income category while the market might be saturated for another. Data derived in the Demographic Data and Comparability Analysis sections will be required to complete necessary calculations.

Special note regarding 100-percent subsidized projects (e.g. Section 8, Permanent Supportive Housing, Public Housing). A complete demand analysis is not needed for this type of project. Instead, CHFA requests that the number of income-eligible households at the 30 percent AMI level and below be calculated and shown in the report.

Multifamily
New Construction and Acquisition/Rehabilitation

Demand estimates and capture rate calculations must be based on the following:

- The number of estimated renter households that will be residing within the primary market area as of the current date
- The assumption that tenants are paying no more than 40 percent of their income for the maximum allowed Housing Tax Credit rent (i.e., gross rent including utilities)
- One-bedroom units have no more than two occupants, two-bedroom units have no more than three occupants, three-bedroom units have no more than five occupants
- Inclusion of all existing Housing Tax Credit units within the primary market area except those units subject to project-based Section 8 vouchers. When units are excluded, the number of project-based vouchers and their unit type (e.g. 1 br/1 ba, 2 br/1 ba) must be confirmed
- Units occupied by Section 8 voucher holders (tenant vouchers) should not be excluded. Only comparable Housing Tax Credit units should be used in the analysis (e.g., family developments should only be compared to existing family Housing Tax Credit units). The number of Housing Tax Credit units should match the number of Housing Tax Credit units reported in the "Market Conditions and Comparability Analysis" section of the report.
- In addition, be sure to exclude households that the proposed project will not serve based on size. For example, if no one-bedroom units are to be offered, one-person households should be subtracted from the demand estimate.

In-migration

In-migration can be used when it is demonstrated from other comparable projects. If in-migration is used in the demand calculation, it must be discussed with CHFA's Staff Appraiser and supporting information is required in this section of the market study. An allowance based on anecdotal evidence is not permitted.

Income Eligibility Calculations

Based on data calculated in the "Demographic Data" section of the report, the market analyst should calculate the income eligibility of each group of households. These calculations should be shown in a table like the one included. The market analyst should only include the households and AMI levels relevant to the proposed project (e.g., one-, two-, and three-person households at the 50 and 60 percent AMI levels).

	PMA Renter Households	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total Eligible
1-person									
$10,000 - $19,999	0	0	0	0	0	0	0	0	0
$20,000 - $29,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
2-person									
$10,000 - $19,999	0	0	0	0	0	0	0	0	0
$20,000 - $29,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
3-person									
$10,000 - $19,999	0	0	0	0	0	0	0	0	0
$20,000 - $29,999	0	0	0	0	0	0	0	0	0
$30,000 - $39,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
4-person									
$10,000 - $19,999	0	0	0	0	0	0	0	0	0
$20,000 - $29,999	0	0	0	0	0	0	0	0	0
$30,000 - $39,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
5-person									
$10,000 - $19,999	0	0	0	0	0	0	0	0	0
$20,000 - $29,999	0	0	0	0	0	0	0	0	0
$30,000 - $39,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Based on the calculations derived in the foregoing analysis, the demand and capture rate calculations should be determined as follows.

Demand and Capture Rate Calculation

Include only those AMI levels that will be applicable to the proposed subject project.

	20%	30%	40%	50%	60%	70%	80%	Total
Total renter households in market area								
+ In-migration of households (if any)								
= Total qualifying households/demand								
Existing Housing Tax Credit units								
Penetration rate – existing (existing units/qualifying households)								
Under construction/Planned units								
+ Proposed subject units								
Total existing and under-construction/planned units								
Penetration rate – (total units/qualifying households)								

Senior Independent Living
New Construction and Acquisition/Rehabilitation

Demand estimates and capture rate calculations must be based on the following:

- The number of estimated renter households that will be residing within the primary market area at the current time with a householder age of 62 or older.
- The assumption that tenants are paying no more than 40 percent of their income for the maximum allowed Housing Tax Credit rent.
- One or two-bedroom units have no more than two occupants.
- Inclusion of all existing age-restricted Housing Tax Credit units except those unit's subject to project- based Section 8 vouchers. When units are excluded, the number of project-based vouchers and their unit type (e.g., 1 br/1 ba, 2 br/1 ba) must be confirmed.
- Units occupied by Section 8 voucher (tenant vouchers) holders should **not** be excluded.
- Only comparable Housing Tax Credit units should be used in the analysis [e.g., senior (age-restricted) developments should only be compared to existing senior Housing Tax Credit units. Assisted living Housing Tax Credit units, however, should be excluded unless that is the population the proposed subject project is targeting].

In-migration

In-migration can be used when it is demonstrated from other comparable projects. If in-migration is used in the demand calculation, then supporting information is required in this section of the market study. An allowance based on anecdotal evidence is not permitted.

Income Eligibility Calculations

Based on data calculated in the "Demographic Data" section of the report, the market analyst should calculate the income eligibility of each group of households. These calculations should be shown in a table like the one that follows. The market analyst should only include the households and AMI levels that are relevant to the proposed project (e.g., one- and two- person households at the 50 and 60 percent AMI levels).

	PMA Renter Households	20% AMI	30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Total Eligible
1-person			Applicable Income Band	Applicable Income Band	Applicable Income Band	Applicable Income Band			
$10,000–$19,999	0	0	0	0	0	0	0	0	0
$20,000–$29,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
2-person			Applicable Income Band	Applicable Income Band	Applicable Income Band	Applicable Income Band			
$10,000–$19,999	0	0	0	0	0	0	0	0	0
$20,000–$29,999	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Based on the calculations derived in the foregoing analysis, the demand and capture rate calculations should be determined as follows.

Demand and Capture Rate Calculation
Senior Independent Living Projects

Include only those AMI levels that will be applicable to the proposed subject project.

	20%	30%	40%	50%	60%	70%	80%	Total
One- & two-person senior households – total								
+ In-migration adjustment factor (if any)								
= Total qualifying households								
Existing senior Housing Tax Credit units								
Penetration rate – existing (existing senior units/qualifying households)								
Under construction/Planned units								
+ Proposed subject units								
Total existing and under-construction/ planned units								
Penetration rate – all units (total units/qualifying households)								

8. Strength and Weaknesses

Please list the subject's strengths and weaknesses separately.

9. Recommendations and Conclusions

In this section, explicitly state your opinion regarding the marketability of the proposed project and whether development of the project as proposed is warranted. This should include your evaluation of overall market conditions as well as the specific project that is being proposed. All conclusions must be supported by data contained in the Market Study. If potential demand is sufficiently strong to justify additional units but the proposed project does not appear to be responsive to the demand, provide recommendations on how marketability could be improved.

At a minimum, the Market Study for all projects must:

- Assess the demand for the proposed project. Address the achievability of the required capture rate. If the increase between existing capture rates and the rates required to absorb planned units is significant, justify how this is or is not acceptable. Please note any unusual circumstances or conditions that should be considered, particularly the timing for the construction/delivery of competing units and the impact that it might have on absorption of the proposed project.
- Evaluate the competitiveness of the proposed project relative to comparable projects. Address the age or condition of properties in the area that might make the proposed project more or less competitive. Address whether the proposed project, in light of vacancy and absorption rates for the local market area, is likely to result in a higher vacancy rate for comparable, Housing Tax Credit units within the market area.
- Provide a review of the proposed unit mix, unit sizes, and unit type(s) and make a recommendation regarding unit mix and sizes. Include a rationale for these recommendations.
- Evaluate rents on a per-unit and per-square-foot basis in relationship to comparable properties, the free market, and Housing Tax Credit maximums. Make recommendations if adjustments are needed to increase competitiveness or the size of the market from which the project can draw residents. The recommendation should also state whether or not utilities should be included in the rent.
- Evaluate the location of the proposed project, including access to the site, amenities in the area, and surrounding land use and state how these will enhance or detract from marketability.
- Address absorption of the project under current conditions.
- Evaluate the proposed amenities, including those that are being considered at an additional cost, and make recommendations about amenities that would enhance lease-up or are not needed when compared to other units in the market area.
- Note any unusual conditions or opportunities that need to be considered. For example, the project may be located in an area that has significant job growth and may need to focus marketing to new employees.
- For acquisition/rehabilitation projects, also assess the historical occupancy level of the property, plans for displacement of current residents, the impact that displacement of ineligible households on vacancy rates, and the impact that rehabilitation will have on occupancies.

A list of approved market analysts may be found on CHFA’s website.

appendix b

Parking Study Guide

If the proposed parking ratio is below 0.8:1 for new construction projects with three-bedroom unit types or larger, a third-party parking study is required. Projects that are 100-percent serving Persons experiencing Homelessness, Special Populations or Older Adults, Acquisition/Rehab, and Project-based Section 8 are exempt from this requirement. The purpose of the parking study is to identify whether the proposed parking ratio is appropriate for the resident population and location of the project including multi-modal amenities.

Along with the Preliminary Application, the Applicant must provide a Parking Study (uploaded Adobe PDF file with the Application package) to meet the following criteria:

- Prepared by an experienced third-party parking analyst, approved by CHFA.
- A Letter of Engagement with an approved parking analyst must be submitted at the time of the submission of the Letter of Intent.
- The parking analyst must contact CHFA's Staff Appraiser prior to commencement of the study and prior to the Letter of Intent.

The list of CHFA-approved parking analysts is available on CHFA's website.

Applicants must ensure that the parking analyst works closely with the market analyst to provide required information from the comparable properties included in the Market Study. The market analyst selects properties that are most like the proposed project. The Parking Study should include data from half of the selected comparable properties including market rate properties. The parking analyst may provide additional comparable properties that reflect the most relevant properties based on transit access, project type and market conditions.

CHFA will accept a previously written study for the Application if that study has been:

- Written by an analyst that is on the list of approved parking analysts;
- The study is amended to contain all the elements of the Parking Study Guide, including formatting and comparable properties; and
- Data older than one year are updated to present time and match the Application.

If any of the above items are not addressed in the Parking Study, the study will not be accepted, and the Preliminary Application will be rejected.

Analyst Qualifications and Responsibilities

The minimum requirements for analysts are as follows:

- Previous experience completing parking studies for multifamily rental projects
- Submittal of a résumé of the parking analyst firm, as well as the firm's individual analysts, detailing affiliations, designations, credentials, certifications, and licenses
- Visit the site of the proposed project and all existing projects examined in the "Comparability Analysis" section of the Market Study. Overnight parking count (3:00 – 5:00 AM recommended). If the site has parking spaces that are un-observable, please note in Comparable Properties Table.

- Sign a certification that the report was prepared according to CHFA's Parking Study Guide, that the information included is accurate, and that the report can be relied upon by CHFA to present a comprehensive assessment of the planned parking for the proposed project. The certification must include the Parking Study completion date and must indicate that the document is assignable to lenders and/or syndicators that are parties to the project's financial structure.

CHFA may remove a parking analyst from the approved list if an analyst's Parking Study is rejected as a result of not meeting the requirements of this guide.

Organization of the Report

The Parking Study must adequately address, and the table of contents must clearly identify items one through six below in the order in which they are listed. Please use the formatting of the tables as shown.

1. Introduction and Scope of Work
2. Certification
3. Summary of Comparable Properties Table
4. Comparable Properties Tables
5. Proximity to Public Transportation Map
6. Parking Analyst Recommendations and Conclusions
7. Resumes

Summary of Comparable Properties Table

Property Type	Number of Properties	Number of Units	Number of Parking Spaces	Spaces Available Per Unit (#spaces/ #units ratio)	Spaces Utilized Based on Overnight Count	Percent Utilized Overnight
Affordable (income restricted)	##	##	##	##:1	##	##%
Market rate	##	##	##	##:1	##	##%
Mixed income (income restricted and unrestricted)	##	##	##	##:1	##	##%

Comparable Properties Tables

Property Information	Proposed Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Property name and address							
Distance from subject							
Number of units							
Occupancy rate							
Number of parking spaces on the property							
Parking ratio							
Number of market rate units							
Number of affordable units							
Number of 1-br units							
Number of 2-br units							
Number of 3-br units							
Number of 4-br units							
Walk score							
Bike score (if applicable)							
Transit score (if applicable)							

Other Multimodal Options	Proposed Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Transit passes for residents included in rent (y/n)							
Bike share available (y/n)							
Car-share available (y/n)							
Bike storage (y/n)							
Bike maintenance room (y/n)							
MOU for shared parking agreement with nearby nonresidential property (y/n)							
Other options							

Site Visit Information	Proposed Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Parking spaces on the property utilized overnight, count							
Parking spaces on the property utilized overnight, percent							
On-street parking available to residents (number of spaces within one block)							
On-street parking available to residents utilized overnight (number of spaces within one block)							

Optional Questions for Market-rate Properties	Proposed Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Number of parking spaces assigned per unit							
Can a tenant receive additional parking beyond what is guaranteed in its lease?							
What is the monthly cost of reserving a parking space? (If applicable, please specify different costs for covered or uncovered parking)							
Is there a waitlist for parking spaces?							
In addition to parking for tenants, does the property provide parking for any of the other users? (please identify which users, e.g. visitors, property management, etc.)							

Proximity to Public Transportation Map

Provide a map showing access to public transportation and other multimodal options within a half mile of the subject property.

Parking Analyst Recommendations and Conclusions

- Summary of findings,
- What parking ratio does the parking analyst recommend the applicant provide based on comparable properties utilization.
- List strengths and weaknesses/mitigating factor of the applicant’s proposed parking ratio.
- Describe any mitigating strategies the applicant is providing (e.g. owner-paid transit passes, secure bike storage/repair room, shared parking agreement, etc.) and how the strategies are relevant to the existing conditions of the site.
- Describe external factors (e.g. public transit access, on-street frontage parking spaces, permitted street spaces, walkability, condition of sidewalks and paths, lighting, safety, bike lane continuity, etc.) that contribute to strengths or weaknesses.

appendix c
Property Conditions Assessment Requirements

Projects applying for a Preliminary Reservation of Housing Tax Credits for rehabilitation must submit a Property Condition Assessment (PCA) that is no older than 12 months from Preliminary Application submittal. The long-term cost/replacement reserve tables, common to the PCA, must cover a period of no fewer than 20 years. The PCA must follow the American Society for Testing and Materials (ASTM) E2018 Standard Guide. The PCA must be conducted by an unaffiliated third party. Only general contractors, engineers, or cost estimators with ASTM training or PCA and/or related experience at a minimum (provide a résumé) shall conduct the third-party PCA.

The assessment must adhere to the ASTM E2018 Standard Guide, including but is not limited to, a site visit and physical inspection of the interior (a minimum of 10 percent of each unit type), all common areas, exterior of units and structures, building material deficiencies, and material building code violations, as well as an interview with available onsite property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies.

The assessment will include an opinion as to the proposed budget for recommended improvements and identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment will include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per-unit, per-year basis. The following components must be examined and analyzed for a PCA:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines
- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage
- Interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixture, and common area lobbies and corridors
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators (mechanical systems must be inspected by a qualified engineer)
- Any noncompliant component or issue relative to the applicable accessibility guidelines of ADA, Section 504, and/or Fair Housing Guidelines
- Detailed description of the scope of work and budget for the scope of work
- Photographs of typical building characteristics and deficiencies

Issues identified by the PCA need to be addressed and resolved during the rehabilitation process and considered in establishing replacement reserve accounts. Applicants must provide scope of work and cost estimate reconciled with the Housing Tax Credit Application.

appendix d
Instructions for Calculation of Qualified Contract Price

Instructions can be found on CHFA's website.

appendix e
CHFA Policy Regarding the Release of the LURA

Overview of Year 15 Issue

The Housing Tax Credit program was created by Congress in the Tax Reform Act of 1986 under Section 42 of the Code. The purpose of the program is to encourage the construction and rehabilitation of low-income rental housing by providing a federal income Housing Tax Credit as an incentive to investors. Both individual and corporate investors may receive 10 years of Housing Tax Credits in return for investing equity capital into the development of eligible housing projects.

CHFA is the designated State allocating agency for Colorado and is responsible for designing and implementing the program in Colorado. All projects must comply with the rent and income

requirements through a 15-year compliance period and a 15-year extended-use period, for a total of 30 years. The requirements are enforced through a LURA that is recorded against the property. The LURA may be enforced by prospective, present, and former tenants of the project, as well as CHFA.

Under the Code and IRS guidance, there are three statutory methods to terminate, or suspend, the 15-year extended-use period after the 15-year compliance period: (1) The Right of First Refusal method, (2) the Qualified Contract method, and (3) Foreclosure or by Deed in Lieu of Foreclosure.

1. Right of First Refusal

If an Owner of a Housing Tax Credit project is interested in selling the property after the 15-year Housing Tax Credit compliance period, then the Owner can opt to sell the property to a qualified nonprofit organization, a government agency, or certain types of tenant organizations. A Housing Tax Credit project will not lose its tax benefits if there is a Right of First Refusal in favor of such parties to purchase the property for the Code-mandated minimum purchase price. The Code defines the minimum purchase price as the sum of the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the five-year period ending on the date of the sale to the tenants), and all federal, state, and local taxes attributable to such sale.

The Right of First Refusal method can be used by an Owner that is interested in converting low-income rental units to affordable for-sale units only on projects that were awarded with the intent to convert to homeownership after the 15-year compliance period has been satisfied. The IRS authority for this approach is limited and subject to change. Although conversion of rental to homeownership units is permissible through the Right of First Refusal option, CHFA’s primary goal is to preserve the existing rental housing stock available in the marketplace.

If a multifamily project was financed with Housing Tax Credits, CHFA will look to ensure that the property is maintained as an affordable rental property, to the extent practical. There may be instances, however, in which converting rental units to homeownership units is a more viable and financially feasible alternative. Requests to convert rental units to homeownership units, where this intent was not demonstrated at the time of Housing Tax Credit award, will be reviewed for consideration on a case-by-case basis by CHFA staff.

There is a variety of factors that will be considered in reviewing such requests, including:

- Reasons for Conversion
- Impact on Existing Inventory
- Long-term Affordability
- Regulatory Compliance

A more detailed look at each of those factors is discussed below.

Reasons for Conversion

The request for converting affordable rental units to homeownership units only applies to projects awarded with the intent to convert after the 15-year compliance period has been satisfied and needs to make a compelling case for the conversion. How does the statutory sales price compare to the current for- sale product of similar unit mix and size? Based on the proposed pricing and an estimate of mortgage interest rates, how does the housing cost compare to the current affordable rental rates? Is the project no longer feasible as a rental property? To answer this question, CHFA will require a thorough feasibility analysis, with a project budget for the acquisition (if applicable) and rehabilitation of the project and a proposed pricing and financing structure.

Impact on Existing Inventory

CHFA will require a thorough inventory of both the affordable and market-rate multifamily rental stock in the primary market area of the project. This information will be used to determine if the conversion of the project will have a negative impact on the availability of affordable and/or market-rate rental units in the primary market area. While local government approval is not a prerequisite for CHFA approval, CHFA may require comment from the local government stating their position on the conversion of rental units.

Long-term Affordability

CHFA will require that subsequent sales of the units remain affordable for future buyers or renters for the remainder of the extended use period through a deed restriction on the property.

Compliance with Section 42 of the Code

The proposal must meet the requirements of Section 42 of the Code, particularly Section 42(i)(7) provisions regarding the statutory minimum purchase price and right of first refusal. Owners should not view conversion to homeownership as a means of escaping low-income restrictions, but rather as a way to comply with those restrictions in a modified form.

2. Qualified Contracts

These provisions only apply to projects that received awards of Housing Tax Credits prior to 2019.

In accordance with Section 42(h)(6)(E)(II) of the Code and applicable regulations, Owners of some projects may have the option to offer a Housing Tax Credit project for sale once the 15-year compliance period has expired. Owners can exercise this option by making a request to CHFA for a "qualified contract" as defined in Section 42(h)(6)(F) of the Code after the fourteenth year of the compliance period. If CHFA is unable to present a qualified contract for the acquisition of the low-income portion of the building by any Person who will continue to operate such portion as a qualified low-income building, the LURA will terminate. During the three-year period following the termination of the LURA, existing tenants of low-income units cannot be evicted without cause and rents can only be increased within defined limits.

The process for the Owner to make a formal request to CHFA for a qualified contract is detailed on the CHFA website. This option does not apply to Owners who have waived their rights under Section 42(h)(6)(E)(II).

Owners who make a formal Qualified Contract Request to CHFA will no longer be eligible to apply for Housing Tax Credits in Colorado.

3. Foreclosure

The extended-use period can also terminate if the building is acquired by foreclosure or by deed in lieu of foreclosure. As with the Qualified Contract provision, existing tenants of low-income units cannot be evicted without cause and rents can only be increased within defined limits for a three-year period following the termination of the extended-use period. The low-income restrictions will not terminate upon foreclosure if CHFA or the IRS determines that such foreclosure is a part of an arrangement with the Owner to terminate the extended-use period.