



middle-income housing tax credit

January 30, 2025



middle-income housing tax credit

- New pilot state housing tax credit for middle-income rental housing
- 80% to 120% AMI, up to 140% AMI in rural resort counties
- 5-year standalone credit, claimed ratably
- Minimum affordability term: 15 years
- Authorization timeframe: 2025-2029 (5 years)





mihtc – pilot program

annual amount to award

\$5M	2025
\$5M	2026
\$10M	2027
\$10M	2028
\$10M	2029
\$40M	Total

mihtc – rural resort counties

affordability designation up to 140% AMI

- Archuleta County
- Chaffee County
- Eagle County
- Grand County
- Gunnison County
- La Plata County
- Ouray County
- Pitkin County
- Routt County
- San Juan County
- San Miguel County
- Summit County



mihtc – credit features

Modeled after federal LIHTC program

- Definitions of Applicable Fraction and Qualified Basis
- Units are both income and rent restricted (30% of imputed income limit)
- Recapture – prospective loss and recapture of credit
- Land Use Restriction Agreement (LURA) recorded

Modeled after state AHTC program

- Allocation Certificate
- Claimable against the same types of state taxes – income or insurance premium
- Three-year carryforward if amount of credit allocated exceeds taxes due
- Specially allocable among members of the partnership

mihtc – transferable structure

Available only to a governmental or quasi-governmental entity

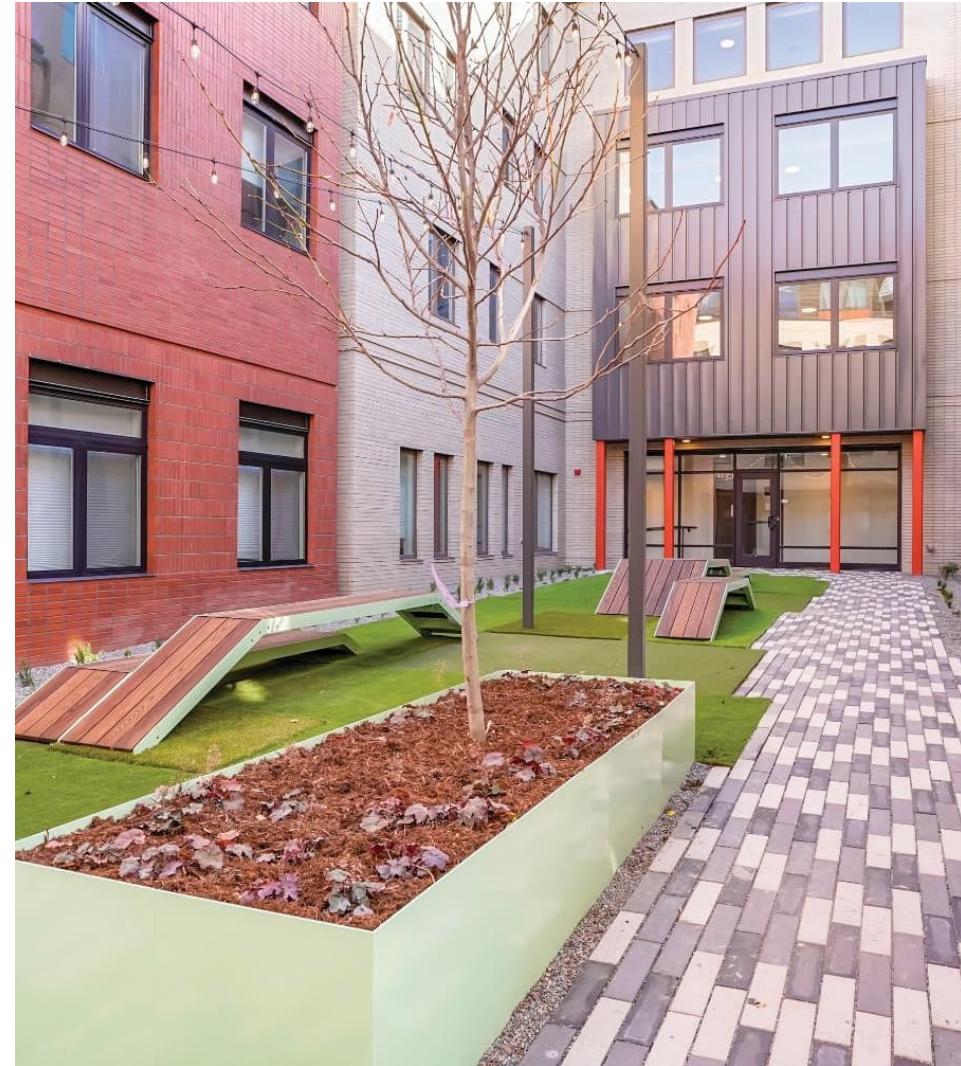
- Compensation must be invested in the development
- Credits claimed in same manner as an owner
- Credit is subject to recapture

If recaptured, the governmental or quasi-governmental entity shall notify the Colorado Department of Revenue of transferee identity



mihtc – allocation plan overview

- One year plan
- Maximum annual award per project up to \$1.65M
- Award approximately three projects
- New construction only in 2025



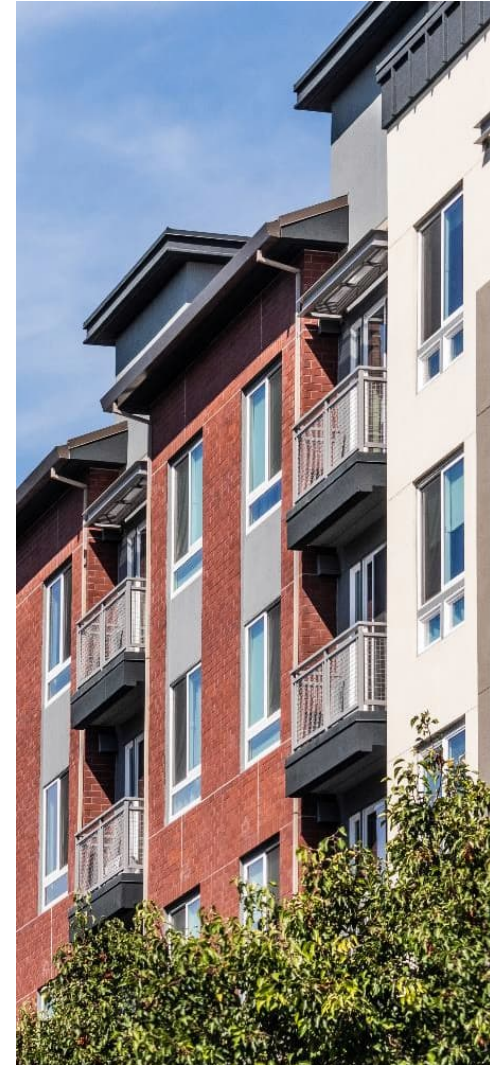
mihtc – application process

- Concept Meeting, required – February through April 2025
- Letter of Intent to apply, required – March 17, 2025
 - Including letter of engagement with Market Analyst
 - Including letter of engagement with Parking Analyst, if applicable
- Application date – May 19, 2025
 - Initial review application fee \$5,000
 - Advanced review application fee \$10,000



mihtc – application requirements

1. Application
2. Site control
3. Market study
4. Zoning in place and entitlement timeline
5. Financing letters of interest
6. Environmental report(s)
7. Cost estimates and project drawings
8. Project team experience
9. Minimum amenities
10. Energy efficiency and sustainability requirements
11. Narrative



mihtc – minimum underwriting

- 7% developer fee
- 7% vacancy
- 1.15 debt coverage ratio (DCR)
- \$4,500 per unit per annual (PUPA)
- 2% income / 3% expense trending
- Minimum 4 months operating reserves
- \$300 replacement reserves
- Green Building Certification



mihtc – two-phase review process

Initial Review

- Review of applications to determine ability to meet priorities
- Selection by allocation committee of project for advanced review
- Applications not selected will not be considered for award

Advanced Review

- Additional review and site visit
- Applicant presentation to allocation committee
- Award determination



mihtc – priorities and criteria for approval

- Project marketability
- Distribution of awards
- Project readiness
- Site and location
- Team experience
- Length of affordability commitment
- Advanced energy efficiency commitment
- Market conditions
- Project costs
- Overall financial feasibility and viability



mihtc – market study

Parallel with QAP:

- Market Study Synopsis
- Project Description
- Location Analysis
- Identification of Market Boundaries
- Market Conditions and Comparability Analysis
- Demographic Data and Capture Rate
- Strengths and Weaknesses
- Recommendations and Conclusions



mihtc – market study

Specific to MIHTC:

- Drivers of Demand
- Discount to Market
- Analysis of supplemental market data welcome
 - Housing needs assessment
 - Data from school districts
 - Employer surveys



mihtc – post-award process

Milestone application

- Within 18 months from award

Placed-in-service application

- Within 45 days of certificate of occupancy
- Record LURA

Final application

- MIHTC State Allocation Certificate



mihtc - compliance

- Key differences to lighten administrative burden on residents and property management:
 - Flexible income verification methods
 - Basic Annual Recertification for 100% income-restricted units
 - Asset certification and verification not required
- Three-year compliance reviews and physical inspections
- Monthly occupancy and demographic data submissions
- Annual owner certification required





thank you

