middle-income housing tax credit



2027 allocation plan

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

November 19, 2026.

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definitions

Allocation

The maximum Middle-income Housing Tax Credit amount allowable for a Project by the allocating agency (CHFA in Colorado) as documented in the State Allocation Certificate for Middle-income Housing Tax Credits

Allocation Committee

Tax Credit Allocation Committee

Allocation Plan

Middle-income Housing Tax Credit Allocation Plan, including appendices

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, guarantor, employee, agent, partner, or shareholder who is also an officer, director, 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.

Affordability Period

An affordability period of at least 15 years, starting with the first taxable year of the credit period, and up to 40 years, that the rental units in a building will qualify as middle-income units.

Applicable Fraction

The number of rental units in a building that qualify as middle-income units. The numerator is the number of middle-income units, and the denominator is the total number of residential rental units in the building.

Applicant

The entity that is applying for MIHTC for a Project pursuant to this Allocation Plan. 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 or Allocation of MIHTC. 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 MIHTC process.

Code

Internal Revenue Code of 1986, as amended

Colorado Act

Colorado Revised Statutes, Part 54 of Article 22 of Title 39

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 financial 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 Middle-income Housing Tax Credit Applications

CHFA Executive Director

The CHFA Executive Director/CEO or delegated designee

Department of Revenue

Colorado Department of Revenue

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 Credit

state credit and federal credit

Letter of Intent (LOI)

Letter of Intent to apply for MIHTC

Middle-income Units

A residential unit that is restricted and reserved for occupancy only for individuals and families with incomes between 80 percent and 120 percent of the Area Median Income (AMI), and up to 140 percent AMI in rural resort counties

MIHTC

Middle-income Housing Tax Credit

Owner

The single purpose entity that is awarded MIHTC for a Project pursuant to this allocation plan 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

Pet-inclusive

Allowing one or more pet animals, defined as a dog or cat that is commonly kept in the home as a companionship rather than for commercial purposes, and within allowable reasonable conditions as defined in CRS 24-32-735 (c)(I) and (II), applicable state and local laws governing public health, animal control, and anti-cruelty, and applicable conditions adopted by the authority. Pet inclusive practices do not limit or affect other laws that require reasonable accommodations to be made for an individual with a disability who maintains an animal to provide assistance, service, or support.

Recapture

In the event of noncompliance, credit allocated (including credit allocated to a Governmental or Quasi-governmental Entity or transferee) is subject to recapture in an amount equal to the aggregate decrease in the credit allowed to a qualified taxpayer for all prior taxable years that would have resulted in the accelerated portion of the credit allowable by reason of this were not allowed for all prior taxable years with respect to the reduced amount of qualified basis.

Rural Resort Counties

Any county classified as a rural resort county by the Department of Local Affairs, Division of Housing as specified in the final report of the Colorado Strategic Working Group, dated July 6, 2021, including updates and modifications to the initial classification of a county.

State

The State of Colorado

State Credit

state Affordable Housing Tax Credit (state AHTC)

Transferable Structure

A structure permitting the transfer of credits to a qualified taxpayer that is only allowable for a Governmental or Quasi-Governmental Entity under the Colorado Act. A qualified taxpayer to which a credit is transferred is entitled to claim the credit in the same manner and subject to the same conditions and allocation rights as an owner of a qualified development.

Turn-key Project Services

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 MIHTC Allocation Plan

Many terms used in this Middle-income Housing Tax Credit Allocation Plan are defined in the Code, related IRS regulations, and the Colorado Acts. Readers should refer to these materials and related guidance for proper interpretation.

Requirements and Background

In 2024, to increase housing opportunity, Colorado created the MIHTC program, which provides a tax credit to qualified Owners of middle-income rental housing to reduce their state tax income obligations. This program will support the development of affordable rental housing serving residents with middle income, earning between 80 percent and 120 percent of the Area Median Income (AMI), and up to 140 percent AMI in rural resort counties. CHFA is the allocating agency for the MIHTC program, and the MIHTC Allocation Plan governs, among other things, the selection criteria and preferences for allocating MIHTC.

The MIHTC Allocation Plan is approved by CHFA's Board. It is separate from CHFA's QAP that governs the selection criteria and preferences for allocating Housing Credits.

Public Review/Comment

The MIHTC Allocation Plan was prepared and made available for review by interested parties before approval by the CHFA Board of Directors and final publication. In addition to receiving and considering input from interested parties throughout the year, CHFA presented the draft Allocation Plan for public review and comment 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 MIHTC issues. Housing professionals and experts representing a wide range of interests and specialties participated in these discussions and contributed to the development of the Allocation Plan.

Changes to the MIHTC Allocation Plan

The MIHTC Allocation Plan may be amended as to substantive matters at any time following approval by the Board after an opportunity for public review and comment. Notwithstanding the foregoing, without the need for public notice, CHFA has the right, in its sole discretion:

- To amend, modify, withdraw, or update any provisions of the MIHTC Allocation Plan, including attachments or links, that are inconsistent or in conflict with state or federal laws or regulations;
- To resolve any conflicts, inconsistencies, or ambiguities in the MIHTC Allocation Plan 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 MIHTC Allocation Plan that is not required by the Code, Colorado MIHTC Statute or Colorado Affordable Housing Tax Credit Statute;

- To ensure that the MIHTC Allocation Plan has the flexibility to adjust to changing market conditions or federally declared emergencies, to waive any section of the MIHTC Allocation Plan (not otherwise required by the Code and Colorado Statutes) that would hinder the ability of CHFA to meet the goals and priorities of the MIHTC Allocation Plan.

Any change to the MIHTC Allocation Plan as permitted in this section shall be fully effective and incorporated herein upon the Board's adoption of such amendments except that any amendments, modifications, or waivers that are done on a case-by-case basis are subject to written approval by the Executive Director/CEO, Chief Operating Officer, or Director of Community Development and are available for review, as requested, by the general public.

Limitations

While CHFA will assist those applying for an Allocation of MIHTC, 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 MIHTC 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 MIHTC. 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 or MIHTC.

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 24-72-210 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 MIHTC.

section 2
MIHTC Priorities and Criteria for Approval

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 MIHTC. CHFA believes it is important to consider how projects supported by MIHTC contribute to promoting equity and economic mobility in the housing industry and for residents and their communities, so that everyone in Colorado has opportunity for housing stability and economic prosperity.

2.A
Priorities

The following characteristics will be used to evaluate how a project meets CHFA's priorities, which will also be used to determine competitiveness among Applications:

Project Marketability

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 market-rate properties in the proposed project's PMA, including vacancy rates, rent concessions, or reduced rents. In reviewing project Applications, CHFA will view a project more favorably that is in a PMA where there are lower vacancy rates and fewer concessions or reduced rents.

CHFA will consider how the amenities support the overall feasibility of the project, balancing financial feasibility with marketability.

Distribution of Applications

CHFA will evaluate the opportunity for MIHTC to serve a diversity of communities, unit types, and AMIs in need of middle-income housing, including in urban, rural, and tribal locations where feasible.

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 MIHTC Milestone requirements identified in the MIHTC Application, within 18 months, as applicable, of Application reservation.

Site and Location 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 within a half-mile walk distance, medical services, and parks/playgrounds, applicable amenities and access to services for

the target population; pet-inclusive; 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.

Development and Management Team Experience

CHFA will evaluate the experience and capacity of the project's Development Team, including:

- 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 rental 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 rental housing projects. This includes the Development Team's participation in and completeness of previous Housing Credit Applications, as applicable.
- The Applicant's and management agent's experience and track record of marketing and leasing housing units on a timely basis.
- The Development Team's track record regarding compliance with affordable housing programs, and CHFA-administered programs, as applicable.

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 with Housing Tax Credits at the time of application, the Preliminary Application will be rejected.

Length of affordability commitment

Projects will more competitively meet priorities that elect for the longest period of affordability.

Advanced Energy Efficiency and Sustainability Commitment

Projects that support affordable housing constructed and certified to advanced energy performance standards, such as the Department of Energy's DOE Efficient New Homes program, Passive House Institute US (PHIUS), Passive House Institute (PHI), or are constructed to be all-electric with high efficiency systems, will more competitively meet priorities.

2.B
Criteria for Approval

In addition to the priorities, CHFA will consider the following criteria for approval, which will also be used to determine competitiveness among Applications.

Market Conditions

CHFA will carefully analyze the assumptions made in the market study regarding discount to market and depth of demand. CHFA will also review whether the project's proposed rents appear achievable in the PMA.

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 MIHTC 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, ongoing utility costs, future energy retrofit needs, and the availability and use of other funding sources. Adaptive reuse and acquisition and rehabilitation projects with less than $75,000 hard costs per unit will be less competitive.

Overall Financial Feasibility and Viability

Consistent with the Colorado Act, CHFA shall allocate the least amount of MIHTC for financial feasibility. CHFA will review each Preliminary Application to determine the minimum amount of MIHTC Credit needed for a project's financial feasibility.

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 initial 15-year affordability 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.

Set asides

CHFA will not consider requests for set-asides.

section 3
MIHTC Application Process – Award through Allocation

The purpose of this section is to provide details on how CHFA Allocation Staff and the Allocation Committee will review projects in a competitive and transparent manner.

All MIHTC requests are subject to review by CHFA and must meet the applicable requirements of the MIHTC Allocation Plan. Misrepresentations of any kind will be grounds for denial or loss of the MIHTC Credits and may affect future participation in Colorado's MIHTC program.

Overview of MIHTC Allocation Process

1. Preliminary Reservation
2. MIHTC Milestone
3. Placed-in-Service Documents
4. Final Application

3.A
Pre-application

3.A.1
Letter of Intent, and Market Study, Parking and Multimodal Options Study (if applicable), Letter of Engagement

Applicants must submit the following by the applicable Letter of Intent deadlines as set forth in this allocation plan:

- 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 prior to submitting the Letter of Engagement Form.
- If applicable, a Letter of Engagement from a CHFA-approved parking and multimodal study analysist

3.A.2
Concept Meeting

A Concept Meeting will be required prior to submission of MIHTC Application.

3.B
Preliminary Application Submission

3.B.1
Application Dates and Available Credit

CHFA will hold one competitive Application round for MIHTC. If MIHTC is available following a competitive Application round, CHFA will accept rolling Applications.

Application Submittal Dates

- Letter of Intent Deadline — March 15, 2027, by 5:00pm MT, and if credit is available, the first business day by 5:00pm MT of the month prior to Application deadline
- Application Deadline — May 17, 2027, by 5:00pm MT, and if credit is available, the first business day by 5:00pm MT of August, September, October, and November

MIHTC Credit Available

A total of $10 million in annual MIHTC is available in 2027.

CHFA reserves the right, in its sole discretion, to (i) carry forward a portion of the current year's MIHTC 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 MIHTC ceiling.

3.B.2
Application Form and Documents

Applicants must submit using the latest Application, checklists and templates located on CHFA's website. All documents must be uploaded to CHFA's secure file delivery site. See the MIHTC Preliminary checklist for set-up instruction. All items must be provided by the applicable Preliminary Application deadline.

Should any required documentation be inadvertently omitted, or reconciliation is needed, 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 #1
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 #2
Market Study

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

- The MIHTC Market Study must follow the format and content requirements contained in the MIHTC 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 MIHTC 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, and/or rents as a result of MIHTC Market Study recommendations or other factors must be accompanied by changes to the Market Study so that both documents match.
- CHFA's considerations of the demand for a project's units may include, but are not limited to, housing needs assessments, economic development analysis, or other applicable documentation to support market demand. Applicants may provide supplemental information to support market demand.
- The market analyst selected must be identified on CHFA's website. The market analyst will complete the Walk Score Chart.
- CHFA reserves the right to reject Applications, in CHFA's sole opinion, if it believes that an insufficient market exists for the proposed project.

Threshold #3
Parking and Multimodal Options Study

For proposed projects not located in Applicable Transit Service Areas as determined by C.R.S. 29-35-306, unless majority of off-street parking is for fee, with three-bedroom unit types or larger and 100 percent serving families with a parking ratio below 0.8:1, the Applicant must provide a completed Parking and Multimodal Options Study that 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 section will result in a denial of the study and the Application.

Threshold #4
Property Management Questionnaire

Applicants must submit the completed "Property Management Questionnaire," which is available on CHFA's website.

Threshold #5
Readiness-to-proceed

Applicants applying for MIHTC are required to have appropriate zoning in place. The Applicant must provide the following documentation for zoning and entitlements:

- 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 status?
- If no, detail the steps to building permit issuance.

Threshold #6
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 #7
Cost Estimate

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 available on the CHFA website and supports the costs in the Development Budget tab in the Application.
- The Applicant must provide a copy of the third-party cost estimate, which supports the data in the CHFA Cost Summary template and Application. The cost detail PDF shall include contact information and must follow the Construction Specification Institute (CSI) standard format (Divisions 01 through 34, and 48 if 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 take off 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 onsite 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:

- A Property Condition Assessment (PCA) report prepared by an unaffiliated third-party professional that 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 #8
Successful Project Team Experience

The Applicant must provide evidence of experience developing new construction multifamily rental housing. To ensure opportunities for all Applicants, partnering or contracting with experienced consultant(s), or experienced individuals providing Turn-key Project Services is accepted.

If a development team does not have previous experience with Housing Tax Credits, they must use a Colorado-based consultant with previous Housing Tax Credit experience. Résumés must be provided for the entire project team.

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

An Application not meeting the required experience will be rejected.

Threshold #9
Minimum Amenities for All Units and Projects

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
- Disposal
- Air cooling system
- 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.
- Elevator requirement for projects that are four floors or more, and for age-restricted projects that are two floors or more

Threshold #10
Energy Efficiency and Sustainability Requirements

The Applicant must provide evidence that the proposed project will receive a green building certification.

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

Threshold #11
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 MIHTC. The narrative should begin with a one-page Executive Summary addressing CHFA's Priorities and Criteria for Award 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; middle-income housing demand; bedroom mix; location; amenities; services, if provided; description of energy efficiencies; and type(s) of financing.

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

Threshold #12
Appraisal

For acquisition/rehabilitation projects, the appraiser preparing the report must contact CHFA's Staff Appraiser prior to preparing the appraisal for the project.

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 rent restrictions if the property is not subsidized, if applicable. 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 # 13
Relocation Plan

For acquisition/rehabilitation and adaptive reuse projects, the Applicant must provide a comprehensive Relocation Plan that identifies both temporary and permanent relocation for residential and commercial tenants.

3.C
Preliminary Application Consideration

3.C.1
Quiet Period/Anti-lobbying

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 MIHTC 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 due date of Preliminary Application and ends on the announcement of the applicable MIHTC 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
Initial Review

The process of Preliminary application consideration begins with an initial review. All documentation for the project is due at initial submission. Applications that have missing items will not be allowed to proceed. CHFA Staff will conduct the initial review, relying upon the information provided in the Application. This review will be presented to the Allocation Committee to determine each project's ability

to satisfy the priorities and criteria for approval of the MIHTC program. Applications will be selected by the Allocation Committee for advanced review and those not selected will not advance in the process and therefore, will no longer be considered for approval of a MIHTC award.

3.C.3
Advanced Review

Applications selected for advanced review will undergo greater analysis of all documents in order to evaluate priorities and criteria for approval.

Staff may send a clarification memo to the Applicant, requesting the Applicant to answer questions and/or address any issues or concerns related to the information submitted or the proposed site. The Applicant will have five business days to address any concerns or issues in the clarification memo, and 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.

Staff will conduct a site visit.

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

Applicant Presentations

After the site evaluation and advanced review, but before the Preliminary Applications are considered for approval, all Applicants will be given the opportunity to present their project and the merits of their Preliminary Application to the Allocation Committee. CHFA Allocation Staff will 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.

Approval

After review of the items above, before Applicant presentations and any additional requested information, staff will present the proposed projects to the Allocation Committee, who will determine whether to recommend approval to CHFA's Executive Director.

3.D
Preliminary Reservation

Projects that receive approval from CHFA's Executive Director are given a Preliminary Reservation of MIHTC documented by a Preliminary Reservation letter, which will only be issued after the required Reservation fee is received by CHFA.

CHFA provides a Preliminary Reservation documenting the reservation of MIHTC to a project awardee. CHFA requires Applicants to meet the MIHTC Milestone. All buildings for the project must place in service no later than end of the third calendar year from year of award. Once the project places in service and the Applicant meets the requirements of the allocation plan's Placed-in-Service Documentation, a LURA incorporating MIHTC requirements will be executed and recorded. Once the allocation plan requirements for the Final Application process are met, CHFA will issue a Colorado Allocation Certification form for the project.

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. 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 final allocation fee.

3.E
MIHTC 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 MIHTC 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.

3.F
Placed-in-Service Documentation

Once the Milestone requirements are met, the project must place in service no later than the close of the third calendar year following the date of the Reservation Letter or the MIHTC Credits are subject to recapture. 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.

The remaining requirements for the Final Allocation must be received within nine months from the date of receipt of the Placed-in-Service Documentation. Starting with the 10th month, a $2,000 per-month late fee may be assessed until the remaining requirements are received.

3.G
Final Application

CHFA will make Final Allocations of MIHTC no later than the end of the year in which an eligible building or project which has received a reservation 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 MIHTC amount that will be allocated is based on CHFA's final determination of the qualified basis for the project based on an accountant's certification of final costs provided by the Applicant and a final determination of the MIHTC amount. The MIHTC amount allocated may be less than the amount reserved.

The Application for a Final Allocation must be entered on the latest Application. A minimum of 45 business days is required for processing and review of the complete Final Application. The 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.H
Quarterly Status Reporting

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

3.I
Changes to Project

Until a project is placed in service, any material changes to any project, since Preliminary Application, such as changes to the Applicant or Affiliate(s) of the Applicant or in the site, scope, costs, amenities, or design as submitted in the Application will require written notification to CHFA. 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.L. Changes in project characteristics that were the basis, in whole or in part, of CHFA's decision to reserve or award MIHTC may result in a revocation of the reservation or award or a reduction in the amount of the MIHTC.

3.J
Equitable Distribution of Unit and Affordability Mix

For mixed-income projects, CHFA requires that MIHTC 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.

Both market-rate and MIHTC units must have the same design regarding unit amenities and square footage. 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 middle-income, CHFA requires that the units at different targeting levels (80 percent AMI, 100 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, covered parking, in-unit washer/dryers, mountain views, city views, water views, and other premium views.

Regardless of the income mix of the property, CHFA 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 such as, free surface parking. Local codes and Fair Housing laws may have additional requirements. For projects that contain 100 percent structured parking, the number of spaces required is that required by local code and the maximum rents for all MIHTC units must include parking.

3.K
LURA

In accordance with the Colorado Act, CHFA requires that a project be subject to "a restrictive covenant requiring the development to be maintained and operated as a qualified development for the length of the compliance period or longer." 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 MIHTC or after the submission of the Placed-in-Service Application, whichever is sooner. The LURA sets forth, as covenants running with the land, the middle-income unit set-asides, the percentages of median income to be served, and such other requirements as CHFA may apply based on the allocation plan.

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 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 determines that such acquisition is part of an arrangement made to cause such termination.

3.L
Transfers of Reservations

Preliminary reservations generally may not be transferred or assigned by an Applicant to a third party, except when allowed by Transferable Structure. An Applicant, however, may assign a reservation 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.

A Governmental or Quasi-Governmental Entity is required to notify the Department of Revenue of the identity of the qualified taxpayer transferee.

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

section 4
MIHTC Determination, Underwriting, and Requirements

4.A
Maximum Credit Award

CHFA will accept Applications for no less than $1,000,000 of MIHTC and up to $5,000,000 maximum of annual MIHTC for any one new construction, adaptive reuse, or acquisition and rehabilitation 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 approval of the MIHTC Milestone), the amount requested in the Application will count against a subsequent Application.

4.B
Determination of MIHTC Amount

The Colorado Act requires that CHFA allocate no more than the amount of MIHTC that CHFA determines necessary for the financial feasibility of the project and its viability as a qualified project throughout the minimum affordability 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;
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 MIHTC dollar amount used for project costs other than the cost of intermediaries;
6. 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 MIHTC 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 MIHTC projects.

This analysis to determine MIHTC necessary will be done (i) at the time of Preliminary Application, and (ii) 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 MIHTC amount to reflect the changes and the MIHTC amount may be reduced.

4.C
Calculation of MIHTC Amount

CHFA will estimate the MIHTC amount needed by a project using three calculation methods. The amount of MIHTC 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 multiplied by the applicable percentage rate divided by five years equals the annual MIHTC amount.

Method Two – Gap Calculation

- Total uses of funds minus total sources (excluding equity from the sale of MIHTC) of funds equals the gap (equity needed from MIHTC)
- Gap divided by MIHTC equity factor divided by five years equals the annual MIHTC amount

At the time of the Preliminary Application, the equity factor to be used for this calculation is listed in the Preliminary Application. 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 RSMeans cost information and other 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.

4.D
Contractor and Developer Fee Limits

CHFA will limit contractor (builder's profit and overhead) fees and developer fees in calculating the amount of MIHTC to be allocated to a proposed project as indicated below (a reduction in fees will result in a reduction of eligible basis).

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
- Onsite Work
- Contingency
- Accessory Structures

Project Type	Number of Units	w/ Identity of Interest**	w/o Identity of Interest**
New Construction and Rehabilitation	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

Developer Fee shall be 7 percent of total project costs minus the following costs:

- Amounts exceeding the maximum allowable contractor fee
- Land
- Developer/Consultant Fee Category
- Project Reserves

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 MIHTC Application and loan Application, manage local government approvals, act as Owner agent during project construction).

4.E
Underwriting Criteria

4.E.1
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.

Operating reserves must remain with the project for a minimum of three years from the time the project is placed in service. 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.E.2
Minimum Replacement Reserve Requirements

Minimum replacement reserves must equal $300/unit annually.

4.E.3
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 – 7 percent on all project income, 10 percent vacancy rate for any retail/ commercial income
2. Annual Rental Income Growth – 2 percent
3. Annual Operating Expense Growth – 3 percent
4. PUPA – $4,500 excluding replacement reserves
5. Debt Coverage Ratio – Minimum 1.15 for all amortized debt throughout the initial 15-year pro forma period

4.E.4
Applicable Percentage Rate for MIHTC

The applicable percentage rate (APR) for new construction with the total five-year allocation of MIHTC is 30 percent of Qualified Basis. The APR should be reflected in the MIHTC application.

With justification, an increase may be requested up to 40 percent APR for consideration to allow application to meet minimum credit request under 4.A.

4.F
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.

4.F.1
Green Building Certification

The accepted green building certification programs are:

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

CHFA accepts green building certification under 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 Form, signed by the developer and architect, indicating which certification program the project will pursue (EGC, LEED, or NGBS) at Preliminary Application.
2. Submit evidence of project registration under EGC, LEED, or NGBS at MIHTC Milestone Documentation;
3. Provide proof of EGC, LEED, or NGBS certification or proof of final filing for certification at Final Application and before issuance of the Colorado Allocation Certificate.

4.F.2
Electric Vehicle (EV) Ready Parking Spaces

All projects must have a minimum number of EV-ready parking spaces except rehabilitation projects.

- 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 Two 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 Two EV charging station) that is located in close proximity to the proposed EV-ready parking space(s). Generally, one termination point can support two 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 Two chargers is not required, though is encouraged.

4.F.3
Higher Levels of Energy Performance

To achieve a higher level of energy performance, the project must obtain additional certification under programs such as DOE Efficient New Homes, Enterprise Green Communities Plus (EGC+), PHIUS, and PHI.

Other higher level energy efficiency certification programs may be considered, provided the program requires net zero carbon emissions or net zero carbon emissions ready. 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.

4.F.4
"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

4.F.5
Post-construction Energy Use Intensity Reporting

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

section 5
MIHTC Fees

5.A
Application Fees

Application Fee

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

5.B
Preliminary Reservation Fee

A reservation fee based on the annual MIHTC amount 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 MIHTC reservation. This fee will not be adjusted if the final MIHTC amount is reduced or returned or unused.

5.C
MIHTC Milestone Fee

An application fee is due with the submission of the MIHTC Milestone documents.

5.D
Final Allocation Fees

A Final Allocation fee based on the annual MIHTC amount allocated is payable at the time of Application for a Final Allocation of MIHTC.

If an Applicant does not provide the requirements for Final Allocation on or before nine 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 10th month, until the remaining requirements are received.

5.E
Compliance Monitoring Fees

A compliance monitoring fee per MIHTC 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 affordability 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 MIHTC) will be based on the number of MIHTC units, any designated manager and/or maintenance units, the affordability period, and then present value. The payment of this fee will be required prior to the issuance of the Colorado Allocation Certificate. The amount of the compliance-monitoring fee for the remainder of the contractual affordability 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.

5.F
Other Fees

Changes to Project Name after Preliminary reservation for MIHTC.

section 6
Compliance Monitoring Process

The Colorado Act mandates all placed-in-service MIHTC projects be monitored for compliance with the provisions of CRS Part 54, article 22 of title 39. The statute mandates that CHFA and the Colorado Department of Revenue (DOR) shall promulgate rules necessary for the respective administration of the MIHTC program and that CHFA, in consultation with DOR, shall monitor and oversee compliance. As required, CHFA will report specific occurrences of noncompliance to DOR, as it may relate to required recapture.

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 restricted units or an extended use period.

CHFA has assembled and will make available to project Owners a Compliance Manual on the CHFA website that explains the monitoring process in detail. The Compliance Manual is amended from time to time, 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 the State Credit Allocation Certificate. 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 chfareach training program. A schedule of classes offered by the chfareach training program may be found on the CHFA website.

Owners and agents are required to register with CHFA's secure online Insight System. 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 to receive important program updates.

In general, CHFA will monitor the following matters for compliance:

6.A
Recordkeeping, Record Retention, and Inspection Provisions

1. The Owner of a MIHTC property is required to keep records for each qualified middle-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 middle-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 middle-income unit

e. The middle-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 middle-income tenant per unit

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

h. The eligible basis and qualified basis of the building at the end of the first year of the MIHTC period

i. The character and use of the nonresidential portion of the building included in the building's eligible basis under the statute (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 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 state income tax return for that year. The records for the first year of the MIHTC period must be retained for at least six years beyond the due date (with extensions) for filing the 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 7.C. Retention of such original reports or notices is not required once CHFA reviews them and completes an inspection, unless the violation remains uncorrected.

6.B
Certification Provisions

1. A copy of the completed State Credit Allocation Certificate must also be submitted to CHFA within 90 days of filing with the DOR.

2. The Owner of a MIHTC property 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.

3. The annual certifications referenced in paragraphs B.2 of this section are required to be made at least annually through the end of the 15-year compliance period under the statute and the extended use period, and the certifications are to be made under penalty of perjury.

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

6.C
Inspection and Review Provisions

1. CHFA will review the Owner certifications submitted pursuant to paragraph B.2 of this section for compliance with the requirements of the Colorado Act.

2. Between the time a building is placed in service and applies for a Final Allocation of MIHTC, and prior to the issuance of an 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 the 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 middle-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 middle-income units in the project, rounded up to the nearest whole number of units, or
    - The number of middle-income units as provided in the Low-Income 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 middle-income units, inspect the units, 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 middle-income units in the project, rounded up to the nearest whole number of units, or
    - The number of middle-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. CHFA will generally give no more than 15 days' notice. CHFA will randomly select which middle-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.3 and C.4 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 DOR.

7. CHFA has the right to perform an audit of any MIHTC property 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 8.A. The auditing provision of this paragraph C.7 is in addition to any inspection of MIHTC certifications and documentation under paragraphs C.1 through C.6 of this section.

6.D
Notification of Noncompliance Provisions

1. CHFA will provide prompt written notice to the Owner of a middle-income housing project if CHFA does not receive the certifications described in Section 6.B or does not receive, or is not permitted to inspect, the tenant income certification, supporting documentation, and rent records described in Section 6.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 will report on the noncompliance or failure to certify to the DOR no later than 45 days after the end of the Cure Period, whether or not the noncompliance or failure to certify is corrected. The report will describe 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 39-22-5405 is an event of noncompliance that must be reported under this paragraph.

3. When CHFA reports uncorrected noncompliance or failure to certify to the DOR, 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 within three years after the end of the correction period, CHFA will report the correction of the noncompliance or failure to certify to the DOR.

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.

6.E
CHFA Record Retention Provisions

CHFA will retain records related to reported noncompliance for six years after the noncompliance is reported.

6.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 affordability 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 middle-income units, any designated manager and/or maintenance units, and the affordability period, and then present valued. The payment of this fee will be required prior to the issuance of the State Allocation Certificate. Please refer to Section 5 for the compliance monitoring fee amount. The amount of the compliance monitoring fee for the remainder of the contractual affordability period will be determined in year 15.

6.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.

6.H
Rent Increase Restrictions

Rent increases may be applied only at lease renewal and in accordance with Colorado state and local law.

6.I
Fees Not Included in Rent

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

6.J
Utility Allowance

Developments 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 MIHTC application submission date. If the MIHTC 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 at least 60 days before the property begins leasing.

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

6.K
Changes in Management Agent

CHFA must be notified within 30 days whenever the Owner makes a change in management agent. The notification form, 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.

6.L
Ownership Changes

Throughout the MIHTC 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 middle-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 affordable housing programs in Colorado, CHFA may require, as a condition to the transfer consent, that CHFA-administered compliance training is completed and/or that a compliance consultant be engaged.

appendix a
MIHTC Market Study Guide

MIHTC Market Study Requirements

Along with the MIHTC Preliminary Application, the Applicant must provide a MIHTC 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 Microsoft 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 Allocation Plan 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 submission of 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 Market Rate 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 MIHTC in any amount. CHFA reserves the right not to reserve or allocate MIHTC to any Applicant or project, regardless of that Applicant's total points. CHFA will in all instances reserve and allocate MIHTC consistent with its sound and reasonable judgment, prudent business practices, the exercise of its discretion, and in accordance with the MIHTC Allocation Plan.

CHFA must monitor the distribution of MIHTC for 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 discount to market and depth of demand in a particular market or area of the state. Particular attention will also be paid to comparable market-rate projects that are performing below market occupancy and/or rents. Any such property will be examined and discussed. 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 be negatively impacted by existing or proposed multifamily housing or other developments in the market area.

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 current and historical demographic data on the primary market area as well as three- and five-mile radii (in urban areas), municipality, metro area, and state for comparison. Demographic data must include historical trends for population, employment, and household income. Demographic and other relevant data must be referenced in the report with the information sources clearly identified.
- Sign a certification that the report was prepared according to CHFA's MIHTC 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 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. Market Conditions and Comparability Analysis
6. Demographic Data and Capture Rate
7. Drivers of Demand and Discount to Market
8. Strengths and Weaknesses
9. Recommendations and Conclusions

1. Market Study Synopsis

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, and parcel size.

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 MIHTC Application.

Unit Number, Mix, Size, and Type

	80% AMI	90% AMI	100% AMI	110% AMI	120% AMI	130% AMI	140% AMI	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 MIHTC Application. These rents should be reflected consistently throughout the market study.

Per Unit	80% AMI	90% AMI	100% AMI	110% AMI	120% AMI	130% AMI	140% AMI	Unrestricted
1 br								
2 br/1 ba								
2 br/2 ba								
3 br								
4 br								
Total								
Comp. Rents*	80% AMI	90% AMI	100% AMI	110% AMI	120% AMI	130% AMI	140% AMI	Unrestricted
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. 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						

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 MIHTC 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 schedule and anticipated date for delivery of units.

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, and unsightliness, 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, Transit Score and Bike Score

Walk Score is the first large-scale, public-access walkability index and can be calculated at the Walk Score website. 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	Bikeable – Where there is some bike infrastructure
0-49	Somewhat Bikeable – Minimal bike infrastructure

Please report the Walk Score, Transit Score and Bike Score for the proposed site as available. 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 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.

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 age, size, unit mix, income restrictions, design, amenities, rents, and location. If there are numerous projects in the market area, at least six should be selected. In rural areas where few multifamily projects exist, provide the most relevant information available, to include mobile homes and single family homes that are rented on a long-term basis, to assess the competition. It is also acceptable to survey comparable properties slightly outside the primary market area, if such properties are more relevant to the Subject. 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.)

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

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 childcare						
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.

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

Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 br						
Market						
2 br/1 ba						
Market						
2 br/2 ba						
Market						
3 br/2 ba						
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.

Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Rent per unit						
0 br						
Market						
1 br						
Market						
2 br/1 ba						
Market						
2 br/2 ba						
Market						
3 br/2 ba						
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 middle income and market-rate 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 and Capture Rate

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 population trends within the primary market area as well as three- and five-mile radii (for urban projects), municipality, metro area, and state for comparison. Demographic

data must include historical trends for population, employment, and household income. This information can be obtained from any reliable source, such as the U.S. Census/American Community Survey, Ribbon Demographics, ESRI, Nielsen/Claritas, USDA, and/or other studies. 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 examples.

Demographic Analysis					
Population	3-Mi Radius	5-Mi Radius	Municipality	MSA	State
2010 Total Population					
2023 Total Population					
2028 Total Population					
Annual Growth % - Past					
Annual Growth % - Projected					
Households	3-Mi Radius	5-Mi Radius	Municipality	MSA	State
2010 Total Population					
2023 Total Population					
2028 Total Population					
Annual Growth % - Past					
Annual Growth % - Projected					
Income	3-Mi Radius	5-Mi Radius	Municipality	MSA	State
2010 Total Population					
2023 Total Population					
2028 Total Population					
Annual Growth % - Past					
Annual Growth % - Projected					

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.

PMA Renter Households						
Current Year						
	1-person household	2-person household	3-person household	4-person household	5+-person household	Total
$60,000 - $74,999						
$75,000 - $99,999						
$100,000 - $124,999						
$125,000 - $149,999						
$150,000 - $199,999						
$200,000+-						
Total						

Capture Rate

Next, the market analyst should present the number of income-qualified households and capture rate for each AMI and the capture rate required. There should be now allowance for in-migration without CHFA approval and in-migration must be supported with empirical data. Anecdotal data is not acceptable.

In tabulation form, the market analyst should show the distribution of income-qualified households that will be available to the proposed project.

	50%	60%	70%	80%	Total
Income-qualifying households in market area					
In-migration of households (if any)					
Total qualifying households/demand					
Proposed subject units					
Capture rate required					

7. Drivers of Demand and Discount to Market

This section should discuss demand drivers for the Subject's market area or MSA and economic factors that may impact feasibility of the Subject. Sources such as Moody's Analytics Précis® Metro Indicators, ESRI, or others are acceptable, as well as independent research that can be verified. Any known employers coming to or leaving the market area should be noted.

The following are examples of relevant data.

Employment						
MSA/Region	2019	2020	2021	2022	2023	YTD
Labor Force						
Employment						
Unemployment Rate (%)						
Colorado	2019	2020	2021	2022	2023	YTD
Labor Force						
Employment						
Unemployment Rate (%)						

Major Employers		
Name	Product/Service	# Employees

2023 ANNUAL AVERAGE NONFARM EMPLOYMENT BY INDUSTRY (000s)								
Category	Denver MSA	Boulder MSA	CMSA	% of Total	Colorado	% of Total	U.S.	% of Total
Mining, Logging and Construction	111.7	5.9	117.6	6.4%	205.5	7.0%	8,693	5.5%
Manufacturing	69.4	20.8	90.2	4.9%	151.1	5.1%	12,991	8.2%
Wholesale Trade	78.7	7.7	86.4	4.7%	117.7	4.0%	6,178	3.9%
Retail Trade	137.7	16.7	154.4	8.4%	273.3	9.3%	16,048	10.2%
Transportation and Utilities	79.3	2.1	81.4	4.4%	115.5	3.9%	6,837	4.3%
Information	52.8	8.6	61.4	3.3%	77.7	2.6%	3,028	1.9%
Financial Activities	118.3	7.2	125.5	6.8%	180.5	6.1%	9,265	5.9%
Professional and Business Services	318.4	43.3	361.7	19.7%	498.5	16.9%	22,965	14.6%
Educational and Health Services	204.6	27.0	231.6	12.6%	369.9	12.6%	25,980	16.5%
Leisure and Hospitality	173.6	21.3	194.9	10.6%	351.8	12.0%	16,485	10.5%
Other Services	68.7	8.6	77.3	4.2%	127.1	4.3%	5,846	3.7%
Government	214.2	39.2	253.4	13.8%	473.3	16.1%	23,368	14.8%
Total	1,627.4	208.4	1,835.8	100.0%	2,941.8	100.0%	157,684	100.0%

Source: Colorado Dept. of Labor and Employment, U.S. Dept. of Labor, updated March 2024.

Current Employment by Occupation Sector						
Occupation Sector	City of Aurora		Denver-Aurora-Lakewood, CO MSA		Colorado	
Administrative Support	25,450	11.9%	164,802	9.6%	302,597	9.7%
Management/Business/Financial	34,882	16.4%	387,848	22.7%	642,428	20.5%
Professional	46,495	21.8%	477,761	27.9%	862,121	27.5%
Sales and Sales Related	18,314	8.6%	159,561	9.3%	287,909	9.2%
Construction/Extraction	14,865	7.0%	81,850	4.8%	164,541	5.3%
Farming/Fishing/Forestry	509	0.2%	3,899	0.2%	14,239	0.5%
Installation/Maintenance/Repair	6,663	3.1%	43,121	2.5%	88,273	2.8%
Production	8,906	4.2%	51,327	3.0%	107,789	3.4%
Transportation/Material Moving	19,771	9.3%	110,646	6.5%	209,288	6.7%
Total Employees (16+ Occupation Base)	**213,344**	**100.0%**	**1,709,947**	**100.0%**	**3,132,933**	**100.0%**

Source: ESRI; Compiled by Newmark

Discount to Market

Provide discount to market for each bedroom type and AMI as applicable.

If the discount to market is less than 10 percent, please provide an opinion of reasonableness and any factors that may mitigate market risk.

Rents	Rents	1-bedroom	2-bedroom
Market	$1,600	$2,000	$2,500
Subject 80%	$1,500	$1,600	$2,000
80% Discount to market	%	%	%
Subject 100%	$100	$400	$500
100% Discount to market	%	%	%
Subject 120%	$	$	$
120% Discount to market	%	%	%

Demand estimates 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 MIHTC 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
- 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.

8. Strengths 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.

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 toward the Applicant and not toward 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 80 percent AMI.

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

- Assess the demand for the proposed project. Address the discount to market discount. If the discount is less than 10 percent, 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 the proposed project.
- 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, and the free market. 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.

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

appendix b
Parking and Multimodal Options 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 and Multimodal Options Study is required. The purpose of the Parking and Multimodal Options 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 and Multimodal Options 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 submitting 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 and Multimodal Options Study should include data from six 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 and Multimodal Options Study Guide, including formatting and comparable properties; and
- Data older than one year is updated to present time and matches the Application.

If any of the above items are not addressed in the Parking and Multimodal Options 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. Conduct an overnight parking count (3:00am to 5:00am 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 and Multimodal Options 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 and Multimodal Options Study is rejected as a result of not meeting the requirements of this guide.

Organization of the Report

The Parking and Multimodal Options 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. Résumés

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 0-br 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							

Comparable Properties Tables (continued)

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 MIHTC Application.

With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority prohibits unlawful discrimination against applicants or employees on the basis of age 40 years and over, race, sex, sexual orientation, gender identity, gender expression, color, creed, religion, national origin, ancestry, disability, military status, genetic information, marital status or any other status protected by applicable federal, state or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, TDD/TTY 800.659.2656; CHFA, 1981 Blake Street, Denver, Colorado 80202-1272; chfainfo.com/nondiscrimination, available weekdays 8:00am to 5:00pm.