

Proposition 123 Modular Finance Program

The program provides debt financing for modular and factory-build housing manufacturers to fund a new or existing innovative housing manufacturing facility located in Colorado.



Guidelines 10-03-2023

Program Benefits	<ul style="list-style-type: none"> • Below-market interest rates • Flexible financing terms, including traditional loans, lines of credit, and/or Cash Collateral Support • Use of funds includes, but is not limited to, working capital, equipment, and real estate improvements
Eligible Recipients	For-profit and nonprofit organizations that are modular and factory-build housing manufacturers
Eligible Projects	<ul style="list-style-type: none"> • New or existing innovative housing manufacturers, including modular, panelized, tiny homes, kit homes, and potentially 3D-printed (if there's an off-site component) • The produced innovative unit must be attached to a permanent foundation and utilities.
Program Allocation	\$18 million
Program Limits	Up to \$5,000,000 for 10 years
Interest Rate and Fees	<ul style="list-style-type: none"> • Borrowers will propose an interest rate, term, and lien position • Partial loan balances may be forgiven if agreed performance metrics are achieved • 1% Origination Fee • Cash Collateral Support Fee: 3% of deposit amount for 3 years • Standard loan closing costs • Environmental Report required for transactions greater than \$750,000 and secured by real estate • Construction loans only: <ul style="list-style-type: none"> • \$40,000 outside legal counsel (if applicable) • \$15,000 construction monitoring (if applicable) • \$5,000 Commitment Fee
Priorities Note: Items in bold are the primary evaluation characteristics.	<ul style="list-style-type: none"> • Existing manufacturers and new facilities with final financing needs. • New manufacturers that are able to increase the supply of affordable units in less than 12 months of an award • Sustainability and energy efficiency of units produced: At a minimum, all units should be manufactured to be Electrification-ready, including providing the necessary panel capacity and wiring for all appliances, potential solar and EV-ready/charging. In addition, to the extent that it can be completed by the applicant, all units produced for a project in Colorado should be manufactured to the 2021 IECC Standards. • Applicant's ability and overall time to produce and bring units to market • Number of units anticipated to be produced per year • Percentage of affordable units produced by the factory versus market rate units produced • Economic impact/jobs created by the manufacturing facility

This chart is intended only to highlight certain program requirements. Loans are subject to other requirements, including the CHFA Credit Policy and applicable operating and replacement reserve requirements. To view all program details, please read the program guidelines.

FAQs

What is the purpose of the program and how is it funded?

CHFA administers the Proposition 123 Modular Finance program on behalf of the Office of Economic Development and International Trade (OEDIT). The program is a component of the Colorado Affordable Housing Financing Fund established by Proposition 123. Proposition 123 Modular Finance provides for debt financing for modular and factory-build housing manufacturers.

How do I determine if my project is eligible?

Applicants may be a for-profit or nonprofit organization that is a modular or factory build housing manufacturer. Applicants may request funds for a new or existing innovative housing manufacturing facility located in Colorado. Out-of-state applicants are eligible to apply as long as the facility being funded is located within Colorado. The end unit that is produced must be attached to a permanent foundation and utilities. Eligible product types include modular, panelized, tiny homes, kit homes, and potentially 3D-printed (if there is an off-site component).

In the first round of funding, prioritization will be for existing manufacturers who need financial support or new manufacturers that can increase the supply of affordable units in less than 12 months of an award.

How may funds be used?

Funds may be used to finance traditional loan structures, lines of credit, or serve as cash collateral support for a third-party bank or lender loan. Use of funds can include, but are not necessarily limited to, construction, working capital, equipment, inventory, raw materials, factory production deposits, leased-facility deposits, and other uses approved by CHFA and OEDIT.

How to Apply

Please contact innovativehousing@chfainfo.com to request an application. Borrowers will be limited to receive funding for one project per State funding cycle.

Application Timeline

October 9, 2023	CHFA will begin accepting applications.
November 3, 2023	The application submission window closes at 11:59pm MT.
January 2024	Awards will be announced.

Contacts

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