colorado housing and finance authority

the housing continuum

white paper | april 2024

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introduction

A housing continuum shows the range of available housing options in a community. This includes everything from short-term shelters for those experiencing homelessness to homeownership opportunities.

Housing options along the continuum serve households across a range of incomes. Housing serving those earning low- or moderate-incomes may be subsidized by one or more programs that enable greater affordability, such as rental vouchers or Housing Tax Credits.

housing affordability defined

As a rule, a household should not spend more than 30 percent of its gross income on housing costs. Gross income is the amount of money earned before taxes and payroll deductions. This helps to ensure that enough money will be available for essentials like food, clothing, transportation, medical expenses, and savings for emergencies and future purchases. For example, a household with a gross income of $85,000 per year—$7,083 per month gross income—should spend no more than $2,125 each month on housing.

For renters, housing costs taken into consideration should include utilities costs. For homeowners, housing costs taken into consideration should include mortgage loan payments as well as other regularly occurring homeownership costs, such as property taxes, homeowners association (HOA) dues, mortgage insurance, and homeowner's insurance premiums.

The United States Department of Housing and Urban Development (HUD) categorizes households spending more than 30 percent of their gross income on housing each month as cost-burdened. Those spending more than 50 percent are considered severely or extremely cost-burdened.[1]

In 2022, it was estimated that more than 750,000 Colorado households—nearly one in three households statewide—were cost-burdened, and over 350,000 Colorado households—approximately 15 percent of households statewide—were extremely cost-burdened.[2]

Figure 1: Housing Affordability

Cost Burden	Owner-occupied	Renter-occupied	Total
Over 30 Percent	23%	51%	32%
Over 50 Percent	10%	26%	15%
Total	1,584,309	800,275	

Source: American Community Survey 2022 1-year estimates, Table B25140

area median income

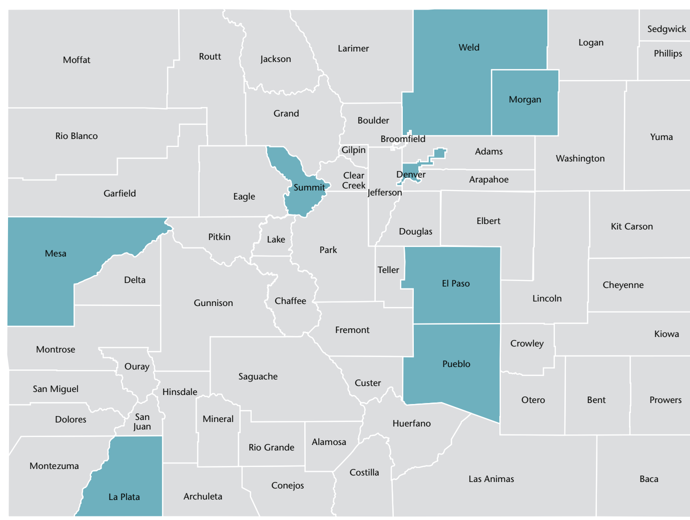
Area Median Income (AMI) is the annual gross income of the "middle" household in a region. In other words, if every household in a region was placed in a line from the household with the lowest income all the way to household with the highest income, the household located in the very middle of the line would represent the median.

AMI is calculated each year by HUD using areas designated by the United States Census Bureau called census tracts. AMIs are calculated by household size, and these calculations play an important role in assessing the affordability of housing as well as determining eligibility for a variety of local, state, and federal housing programs and subsidies.

The figure below shows AMIs from a sampling of Colorado counties, as well as the calculation for the state.

Figure 2: Sampling of AMI by County and Household Size[3]

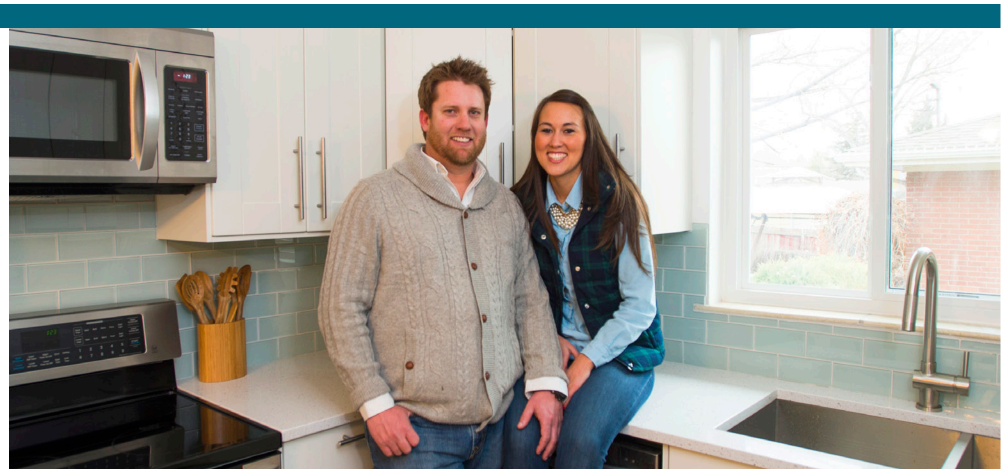
County	1-person	2-person	3-person	4-person
Denver	$86,900	$99,300	$111,700	$124,100
El Paso	$68,300	$78,000	$87,800	$97,500
La Plata	$72,800	$83,200	$93,600	$103,900
Mesa	$60,900	$69,600	$78,300	$87,000
Morgan	$60,900	$69,600	$78,300	$87,000
Pueblo	$60,900	$69,600	$78,300	$87,000
Summit	$77,600	$88,700	$99,800	$110,800
Weld	$73,400	$83,900	$94,400	$104,800
Statewide	$77,100	$88,200	$99,200	$110,200



Source: FY 2023 income limits summary, https://www.huduser.gov/portal/datasets/il/il2023/select_Geography.odn

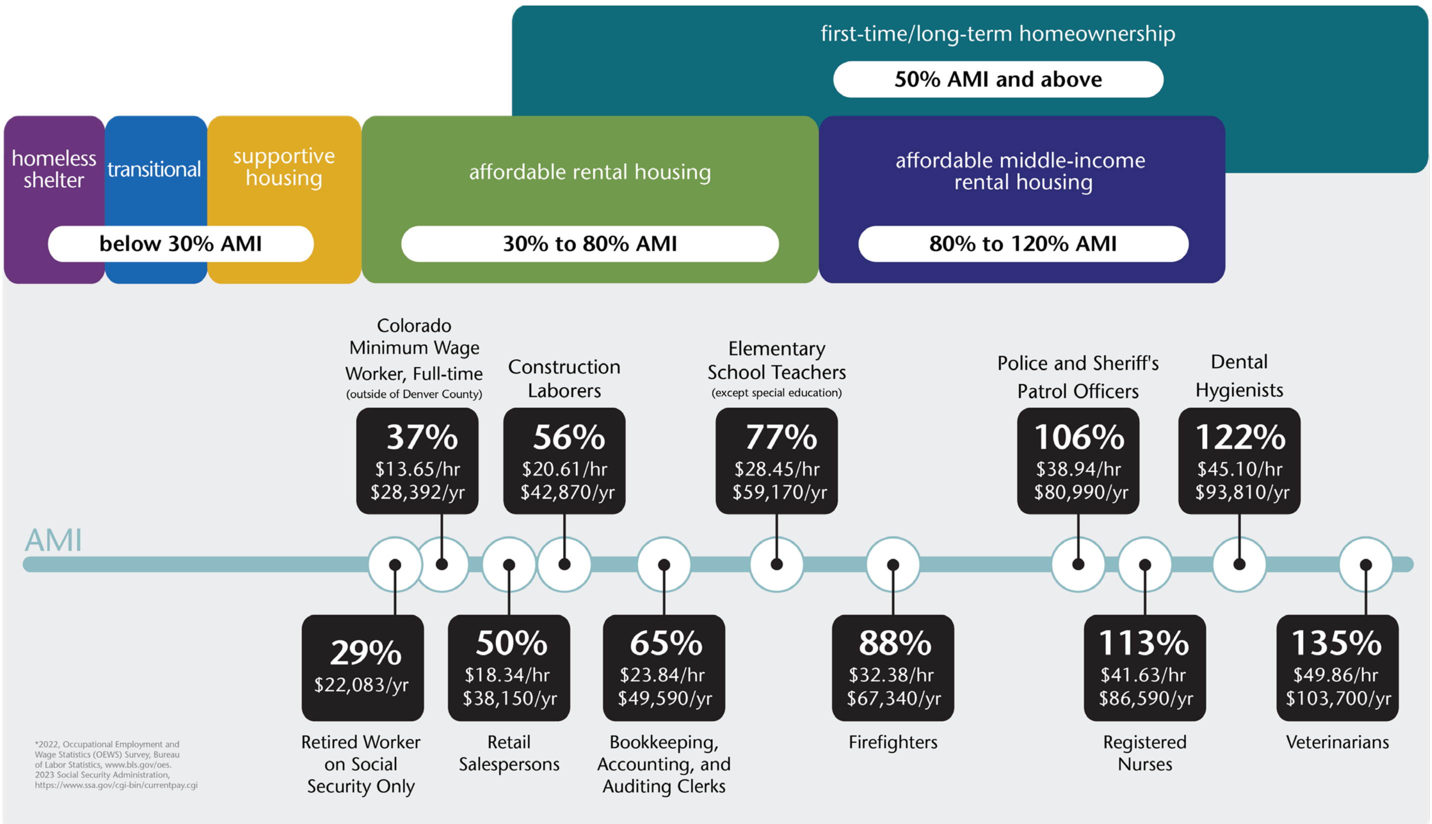
Brittany

CHFA homeownership customer



the housing continuum

Figure 3: The Housing Continuum with Employment Wages in Colorado



Source: 2022, Occupational Employment and Wage Statistics (OEWS) Survey, Bureau of Labor Statistics, https://www.bls.gov/oes/.
2023 Social Security Administration, https://www.ssa.gov/cgi-bin/currentpay.cgi

the housing continuum explained

Homeless, Transitional, and Supportive Housing (below 30 percent AMI)

Homeless shelter

A homeless shelter is a facility where unhoused people may stay overnight for free. Shelters are designed to provide temporary sleeping accommodations, and they may include onsite services such as meals, showers, and resource navigation. Some shelters are open to anyone experiencing homelessness, while others are dedicated to serving specific populations such as victims of domestic violence, veterans, or senior adults. It is common for shelters to have waitlists and limited availability of beds each night.

How a shelter operates, who it serves, and what services it provides often depends on how it is funded and the organization that operates it. Some shelters are run by nonprofit organizations that receive private donations, while others receive public funds from a municipality or the state. Some rely on a combination of public and private funding.

Transitional housing

Transitional housing is designed to be an intermediate step between a homeless shelter and Permanent Supportive or long-term housing. Typically, transitional housing includes programs, services, and case management designed to support this transition. Often these services are provided over the course of one or two years. Like homeless shelters, transitional housing may be designed to serve specific populations such as unhoused youth or individuals overcoming addiction.

Whereas a homeless shelter may include a congregate or shared space for sleeping such as a large room with bunk beds, transitional housing usually offers more private accommodations, such as a room in a shared facility. Some transitional housing operates in a scattered-site model, where individuals may live in a private residence such an apartment with regular visits from service providers or case managers.

Supportive Housing

Supportive Housing is a specific type of affordable rental housing designed to provide individuals and families who have previously experienced homelessness with support and onsite services to promote long-term stability.

By combining affordable rents or rental assistance with voluntary services for residents, Supportive Housing has been shown to be effective in promoting positive outcomes for those previously experiencing chronic homelessness.[4] Provided services are intended to support the transition from homelessness or transitional housing to long-term stability, independence, and wellbeing. These services often include case management to support the individual needs and goals of each resident.

Homelessness in Colorado

At the beginning of each year, HUD coordinates a Point-In-Time (PIT) Count in coordination with local service providers across the nation. The PIT Count is conducted on a single night to capture an estimate of how many individuals are experiencing homelessness at a given point in time, and it includes an estimate of the number of individuals experiencing sheltered and unsheltered homelessness. While the PIT Count is a useful tool, it is generally considered to be an underestimate of those experiencing homelessness, and it cannot always account for less visible forms of homelessness such as those who are "doubling up" by staying with friends or family, or who are within institutions such as hospitals or jails.[5]

Based on the most updated Point-In-Time (PIT) count data[6], there were an estimated 11,316 Coloradans experiencing homelessness as of January 2023. Of those, 4,117 were unsheltered; 5,825 were in a homeless shelter; and 1,374 were in transitional housing.

Learn more about how CHFA invests in Supportive Housing at **chfainfo.com/sh.**

Mason Place, Fort Collins

Mason Place is a 60-unit Supportive Housing community located in midtown.

Salida Ridge Apartments, Salida

Salida Ridge is a 48-unit affordable rental housing development serving individuals and families earning 30 to 50 percent AMI.

Affordable Rental Housing (30 to 80 percent AMI)

Affordable rental housing is rental housing that is provided at a rent that is affordable to households at 80 percent AMI or below. In some communities, there may be market-rate rental housing that is affordable to certain households at or below 80 percent AMI, especially those earning nearer to 80 percent. This is sometimes referred to as Naturally Occurring Affordable Housing, or NOAH.

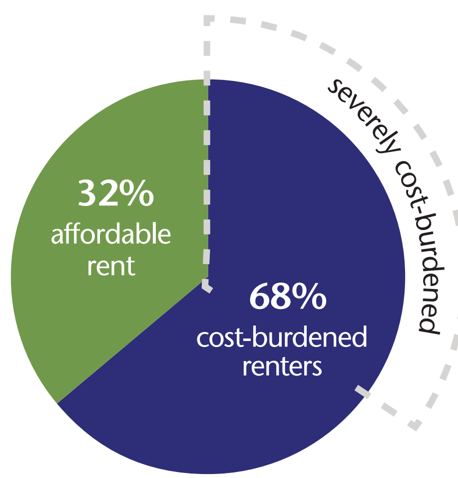
To increase the number of units available to those earning lower incomes, developers of affordable housing often utilize various private- or public-sector subsidies that reduce the cost of development. These subsidies ultimately enable the property to offer below-market-rate rents to qualifying residents. These subsidies may include state or federal Housing Tax Credits, donations of land or materials, favorable loan terms, grants, and development fee waivers.

In most cases, properties receiving subsidies for the development of affordable housing are subject to requirements that the property remain affordable for a specified period of time to renters who earn a specified AMI range. Residents applying for affordable rental housing will usually be asked to show that their household income aligns with the affordability restrictions of the development.

Subsidies may also be provided directly to the resident rather than the property, such as in the form of housing vouchers or rental assistance. In these cases, the resident receiving direct assistance may not necessarily live in an affordable housing development, but their housing costs are affordable thanks to the assistance provided.

Based on the latest available data, more than 450,000 Colorado renter households earn 80 percent AMI or less.[7] Of those households, 32 percent are paying an affordable rent, while the remaining 68 percent are cost-burdened, paying more than 30 percent of their gross income toward housing. Of those who are cost-burdened, 51 percent are severely cost-burdened, spending more than 50 percent of their monthly income on housing. CHFA's portfolio includes 74,502 affordable housing units serving households at or below 80 percent AMI, with 7,000 additional units under construction.

Figure 4: Colorado Renter Households Earning 80 Percent AMI or Less



Affordable Middle-income Rental Housing (80 to 120 percent AMI)

"Middle-income" generally refers to those with incomes too high to be eligible for subsidized affordable rental housing or direct assistance such as housing vouchers, but who may not be able to afford market-rate rent. Typically, the "middle-income" is comprised of households whose income is between 80 and 120 percent AMI, but this may vary depending on the local housing market.

While some communities may have market-rate rental housing that allows for those earning 80 to 120 percent AMI to pay an affordable rent, middle-income earners may be cost-burdened or even severely cost-burdened by market rates in other local housing markets. This dynamic has led to the emergence of programs such as CHFA's Middle-income Access Program (MIAP), which offers favorable financing options to support the development and rehabilitation of units reserved for those in the middle-income bracket. Since 2010, the number of households earning 80 percent AMI or higher who are cost-burdened has increased by 48 percent across Colorado.[8] CHFA's Middle-income Access Program was among the first of its kind in the nation and resulted from local partners expressing the need for housing resources to bridge between those served by Housing Tax Credit properties, and those served by market-rate apartments. The historic lack of state or federal resources targeted towards middle-income housing needs has resulted in this segment of the housing continuum also commonly being referred to as the "missing-middle."

First-time and Long-term Homeownership (50 Percent AMI and Above)

Home purchases are usually made through a mortgage loan. Mortgage loans are provided to qualified homebuyers to finance the purchase of detached single family homes, condominiums, and townhomes, often over the course of an extended time period such as 30 years. In most cases, a portion of the loan will be due upfront. This is called a down payment. Unlike renting, where monthly payments are made by the resident to the property owner or landlord, homeowners make monthly mortgage payments to a lender and build equity—an increasing share of ownership—over the course of the loan.

First-time homeownership

There are a range of programs and mortgage options available for those who are purchasing a home for the first time. HUD defines a first-time homebuyer as an individual who has not owned a home in the last three years. This definition includes some exceptions, such as for single parents whose prior homeownership in the last three years was with a former spouse.[8] In 2023, approximately 32 percent of homebuyers in the United States were first-time homebuyers, based on data from the National Association of REALTORS®.[9] This represented an all-time low since the data collection began in the early 1980s. This translates to an estimated 27,000 sales to first-time homebuyers in Colorado in 2022, according to the Colorado Association of REALTORS®.[10]

Long-term homeownership

Long-term homeownership is the successful maintenance of homeownership over a prolonged period. This could include refinancing or paying off a mortgage loan or selling a home and acquiring a new property as one's primary residence. In 2022, according to data from the United States Census Bureau American Community Survey, Colorado's rate of homeownership was 66.4 percent, and the national average was 65.2 percent.[11]

The effects of historical discriminatory practices such as redlining, in which financial institutions would not offer loans to applicants who lived in majority-minority communities, can still be seen today in homeownership rates. In Colorado, the Black and African American homeownership rate is 42 percent, while the White homeownership rate is 70 percent.[12] Disparities are also observed in the Hispanic or Latino community, which has a 55 percent homeownership rate, and the Native American community, which has a 49 percent homeownership rate.[13]

To support homeowners in their homebuyer journey, CHFA published an online interactive resource called the Homebuyer's Roadmap. It includes various "stops" on the journey to purchasing a home, with opportunities to dig deeper into topics of interest. It is available at **chfainfo.com/homebuyer-roadmap.**

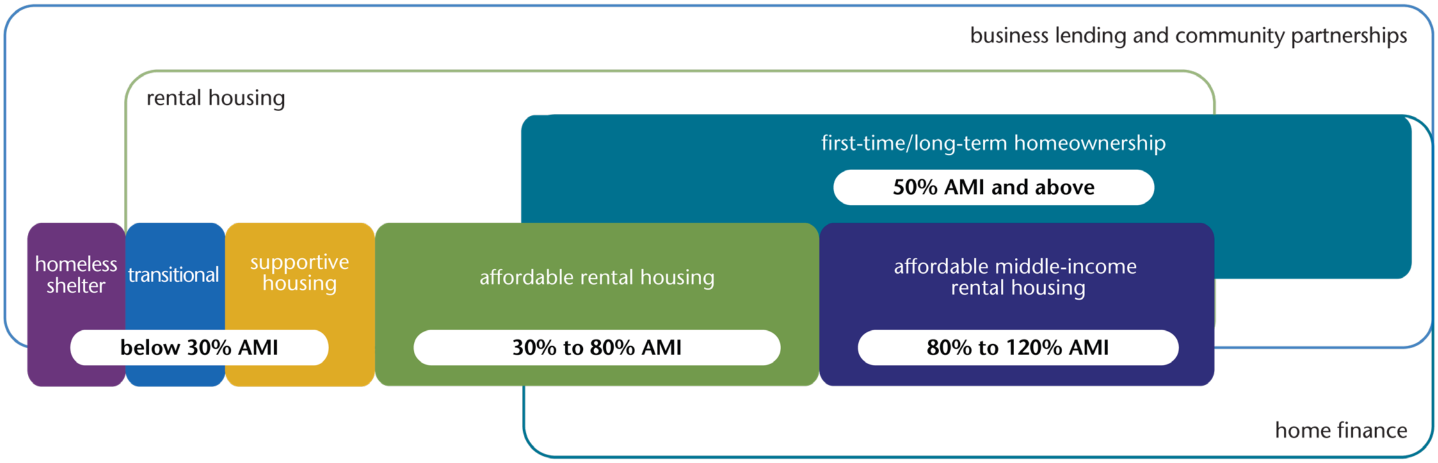
Wintergreen Apartments/ The Village at Wintergreen, Keystone

The Village at Wintergreen is a 196-unit community. Forty of these units are supported by Housing Tax Credits and serve individuals and families earning 30 to 60 percent AMI. The remaining units are available to those earning up to 100 percent AMI.

the housing continuum and chfa programs

In pursuit of its vision that everyone in Colorado will have the opportunity for housing stability and economic prosperity, CHFA is proud to offer a suite of programs that supports strategic investments across the housing continuum.

Figure 5: The Housing Continuum and CHFA Programs



Rental Housing Programs

A number of CHFA programs support the development and preservation of affordable rental housing throughout Colorado. In addition to allocating state and federal Housing Tax Credits, CHFA offers flexible financing tools to support safe, decent, and affordable rental housing for Coloradans. Furthermore, CHFA partners with affordable rental housing owners, property management staff, and residents to provide resources and educational training to ensure the long-term success of these developments. Trainings and housing education opportunities may be explored at chfainfo.com/chfareach.

Housing Tax Credits

CHFA allocates federal Housing Tax Credits (also known as Low Income Housing Tax Credits or LIHTC) as well as the state Affordable Housing Tax Credit (state AHTC). Housing Tax Credits are awarded to developers of qualified affordable housing projects. Developers use these tax credits to attract private-sector capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow, enabling the property to charge more affordable rents.

Homeownership Programs

Through a statewide network of approved lenders, CHFA offers mortgages to support responsible, affordable homeownership as well as down payment and closing cost assistance. These offerings are paired with homebuyer education courses designed to explain the homebuying process to buyers. CHFA is also committed to bridging the homeownership gap by providing homebuying resources to communities of color through its Mi Hogar microsite for Spanish-speaking homebuyers as well as the Own Your Tomorrow initiative to support Black and African American homeownership.

Business Lending

CHFA Community Development offers a range of tools and financing options to support local businesses and nonprofits. CHFA's investments in economic and community development support the preservation and creation of jobs and the revitalization of communities.

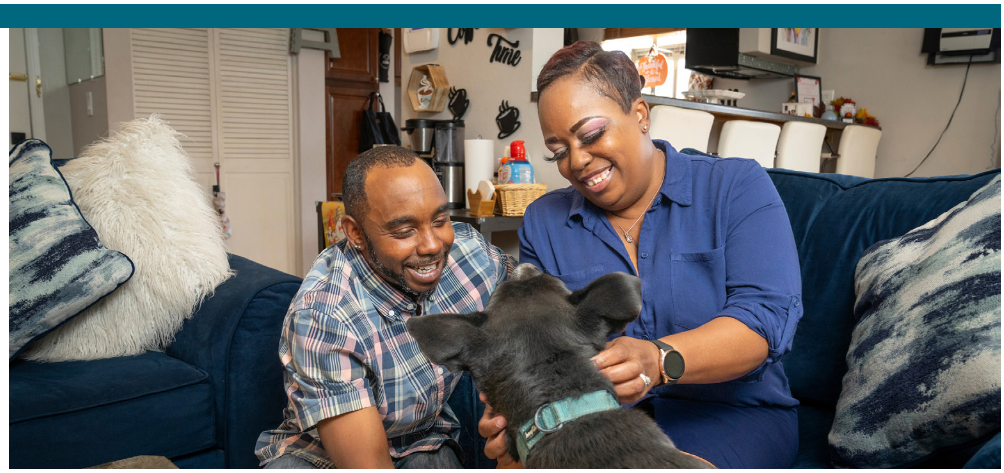
These investments promote stronger communities and greater economic opportunity for individuals and families across the housing continuum.

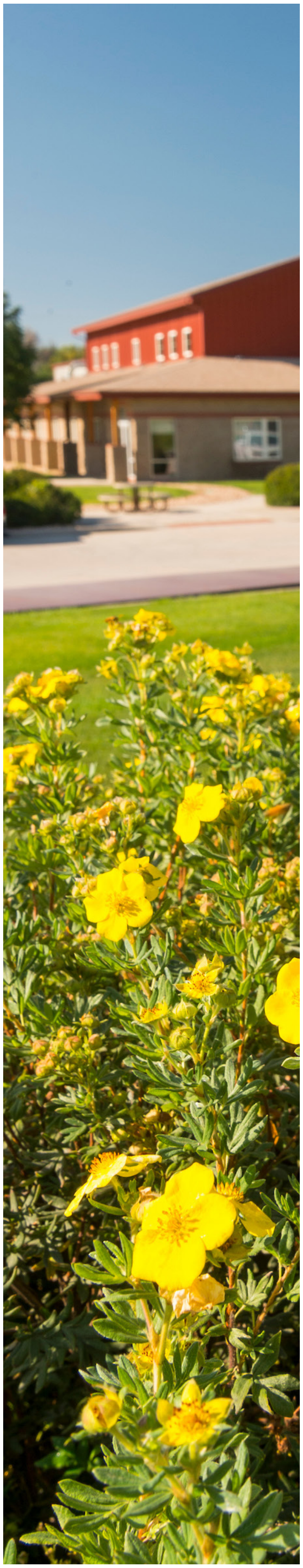
Community Partnerships

Grants, donations, sponsorships, and technical assistance are offered through CHFA's regional engagement and community partnerships work. Through its Direct Effect Awards, CHFA provides grants to nonprofit organizations whose missions align with CHFA's work to strengthen Colorado by investing in affordable housing and community development. CHFA also awards pro-bono technical assistance and predevelopment grants to catalyze new construction and preservation or rehabilitation of small-scale affordable housing developments.

Terri and Lamont

CHFA homeownership customers





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what is chfa?

CHFA's mission is to strengthen Colorado by investing in affordable housing and community development. CHFA invests in loans, down payment assistance, and homebuyer education to support responsible homeownership. We provide loans and Housing Tax Credits to developers of affordable rental housing, so all Coloradans may have access to a place to call home; and we help business owners access capital to help them grow and support jobs. CHFA strengthens local capacity through nonprofit and community partnerships providing technical assistance, grants, sponsorships, and donations.

CHFA's programs and services are informed by statewide community engagement. CHFA is self-funded. We are not a state agency. CHFA's operating revenues come from loan and investment income, program administration fees, loan servicing, and gains on sales of loans. CHFA receives no direct tax appropriations, and its net revenues are reinvested in its programs and used to support bond ratings. This document was designed and printed in house without the use of state general fund dollars.

CHFA's work revitalizes neighborhoods and creates jobs. We are proud to invest in Colorado's success. Visit chfainfo.com for more information.

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