cahp program

Colorado Affordable Housing Preservation Fund

The Colorado Affordable Housing Preservation (CAHP) program provides up to $1 million in permanent uninsured financing for critical, fast-acting preservation of existing subsidized or naturally occurring affordable multifamily rental properties with five to 100 units.

Mission-driven.
Community-focused.
Trusted partner.

Eligible Projects

Acquisition and rehabilitation of five- to 100-unit multifamily rental housing properties with or without existing affordability requirements

Program Benefits

- Second mortgage debt for up to 10 years
- 2% interest rate
- 30-60 days processing from receipt of complete application to loan commitment

CHFA-specific Benefits

- Solutions-oriented underwriting team
- Flexible uses and terms available
- Streamlined approval

Loan Limits

- Up to $1 million
- 90% LTV
- Debt Service Coverage: 1.05 when combined with all must-pay debt
- Amount supportable by the project's stabilized net operating income

Loan Terms

- Up to 10 years, depending on rehab need and project plans
- Up to 35 year amortizations allowed

Interest Rates and Fees

- 2% fixed
- Loan Origination Fee: 1.5%

Conditions Include

- AMI restrictions: 75% at 120% AMI or lower, and of the total units, 20% at 80% AMI or lower
- Projects must be at risk of losing their affordability within the next one to two years
- CHFA's Program Compliance Department will monitor compliance with the regulatory agreement throughout the required term.
- Must conform with CHFA Credit Policy, including operating and replacement reserve requirements

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Colorado Affordable Housing Preservation Fund FAQs

Why was this program created?

New resources, quick capital, and innovative solutions are needed to accelerate the preservation of affordable housing options. The need to preserve multifamily rental housing across Colorado has been a consistent challenge. As the state housing finance agency with a mission to finance affordable housing, CHFA created the CAHP Fund to help preserve affordable housing statewide.

How does this program differ from other CHFA multifamily loan programs?

The CAHP program provides reliable acquisition financing to help developers move quickly to compete with market buyers. This second mortgage product provides a more flexible structure and pairs with first mortgages from other lenders to leverage maximum funding opportunities. Flexible terms are available due to use of the Housing Opportunity Fund (HOF), a set-aside from CHFA's net revenue.

CHFA has implemented a streamlined approval process with FirstBank as the senior lender. Other lenders or funders who want to participate in the program should contact Brittney Cousin, Preservation Officer, at bcousin@chfainfo.com.

Does CHFA have environmental requirements?

A current Phase I environmental assessment, at a minimum, is required for all projects. If the project involves an existing building constructed before 1978 that has no documentation of previous abatement, a lead-based paint and asbestos containing materials report must be submitted along with a plan for abatement during rehabilitation and/or an Operations and Maintenance Manual for managing the hazards in place. Radon testing is required after the project is complete and appropriate mitigation provided if radon levels are higher than the EPA-recommended threshold for abatement action.

Does the loan product require CHFA to be the senior lender?

No, CHFA does not have to be the senior lender.

What are CHFA's market analysis requirements?

Market demand is a key factor that CHFA considers when making a loan. A project-specific market study prepared by an experienced market analyst or technical assistance provider, or a completed housing needs section of the appraisal is required and must provide information about the primary market area from which the proposed project is expected to draw its residents, other rental units in the market area (by type, net rents charged, and vacancy rates), estimate of the lease-up period needed to fill the project's units, and population trends in the market.

When does the loan fund?

At acquisition and/or closing of the primary lender's first mortgage.

What are the reserve conditions?

- There is a six-month reserve for operating expenses and debt service.
- Replacement reserves are a minimum of $350/unit/year, increasing annually by 3%, along with an initial deposit as may be recommended by the physical needs assessment (if required).

This document is intended only to highlight certain CHFA program requirements. Loans are subject to other requirements including the CHFA Credit Policy and applicable operating and replacement reserve requirements.