



## HB24-1316: Middle-income Housing Tax Credit Pilot Program

Sponsored by: Rep. William Lindstedt, Rep. Mandy Lindsay, and Sen. Jeff Bridges

Building on the successful state Affordable Housing Tax Credit, HB24-1316 Middle-income Housing Tax Credit will leverage private sector investment to support the development and/or preservation of housing affordable to households earning between 80% and 120% of Area Median Income (AMI), or up to 140% AMI in rural resort counties.

### What is the Middle-Income Housing Tax Credit?

The first of its kind in the nation, this pilot program authorizes CHFA to competitively award five-year, Middle-income Housing Tax Credits (MIHTC) as follows: \$5 million in 2025-2026 and \$10 million in 2027-2029. Developments supported with MIHTC will be required to meet a minimum 15-year affordability period.

MIHTC may be allocated to both for-profit and nonprofit affordable housing developers as well as governmental and quasi-governmental entities, including the Middle Income Housing Authority. As such, the credit allocated to a governmental or quasi-governmental entity may be transferred and will require the entity's acceptance of all compliance and recapture risk.

### What is Middle-income Housing?

Middle-income households are generally defined as households earning between 80% and 120% AMI. They are often referred to as the "missing-middle" because tenants earn too much to qualify for subsidized rental housing, but not enough to afford market-rate rent without being cost-burdened. This is most often experienced in high-cost regions, and in regions where housing supply is limited. In fact, in more than half of Colorado's counties, a two-person household with each person working a 40-hour minimum wage paying job is defined as middle-income, earning more than 80% AMI.

### Why Middle-income Housing Tax Credits?

In 2017, based on strong community feedback about the need for more housing options affordable to middle-income households, CHFA created its Middle-income Access Program (MIAP). This program provided a small amount of mezzanine debt financing to help finance middle income rental housing development. In 2022, the state further supported CHFA's initial investment with \$25 million authorized under SB22-146. Since that time, the MIAP has supported 932 middle-income units across eight developments in communities such as Breckenridge, Commerce City, Denver, Estes Park, Gypsum, Keystone, Silverthorne and Steamboat Springs. To date, CHFA has fully committed resources available for the MIAP.