

affordable rental housing low income housing tax credits (lihtc)

Making Housing Affordable: Financing Tools and Approaches

March 6, 2019



*financing the places where
people live and work*

what is chfa?

- chfa's mission

- we strengthen colorado by investing in housing and community development
- three lines of business

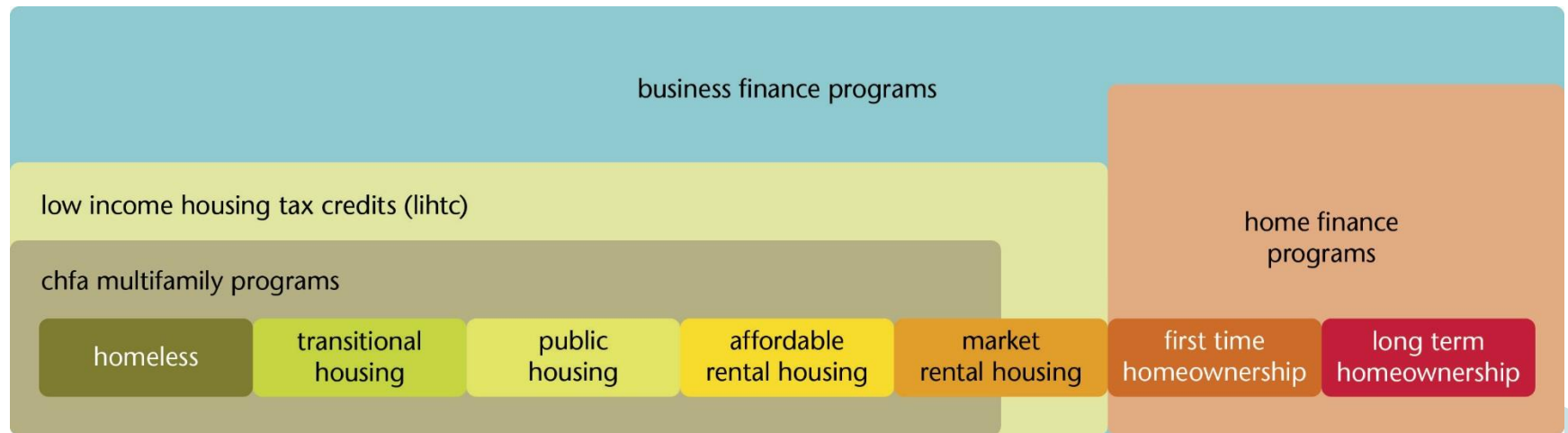
homeownership

affordable
rental housing

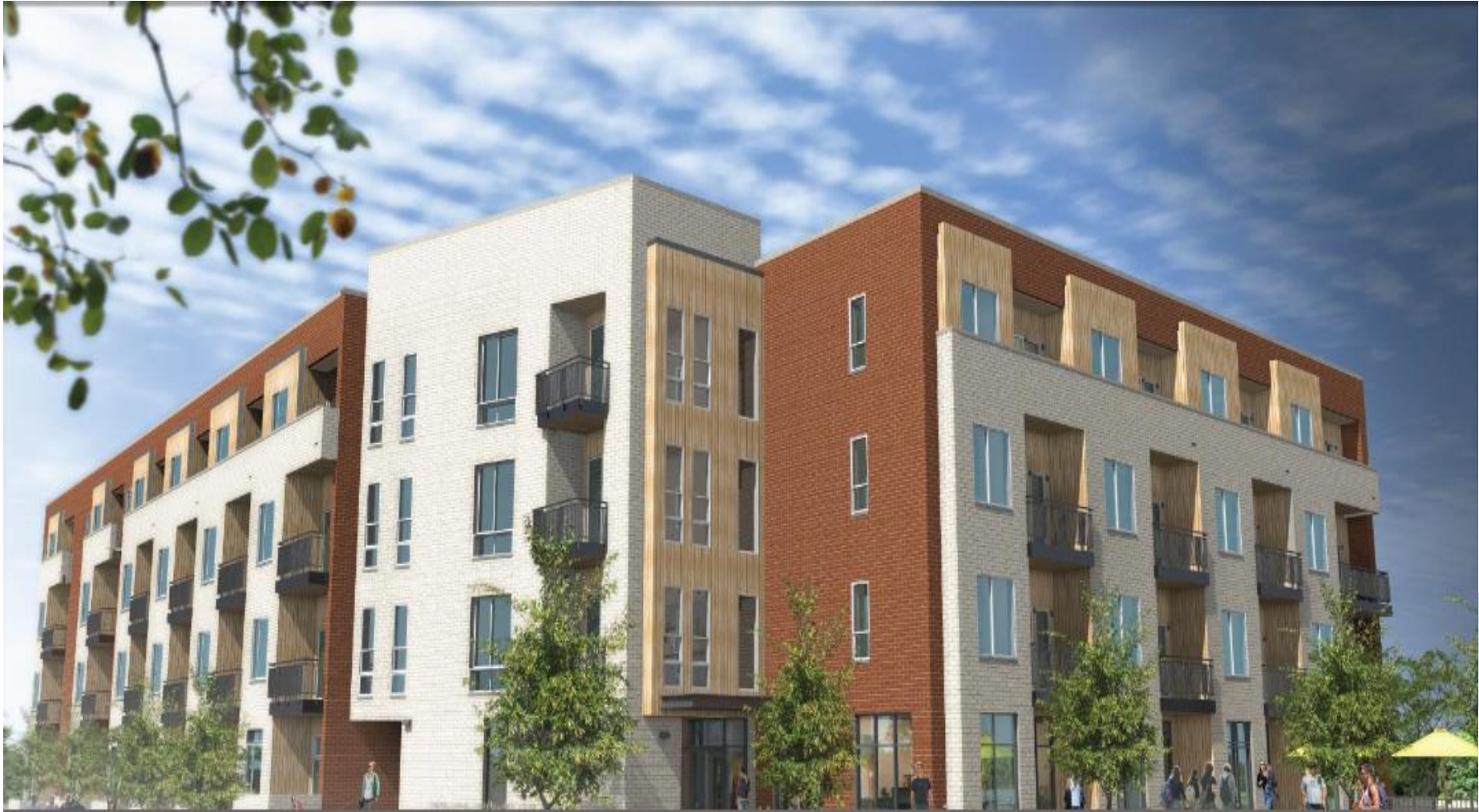
business finance



how chfa serves colorado's housing continuum



lihtc allocation process

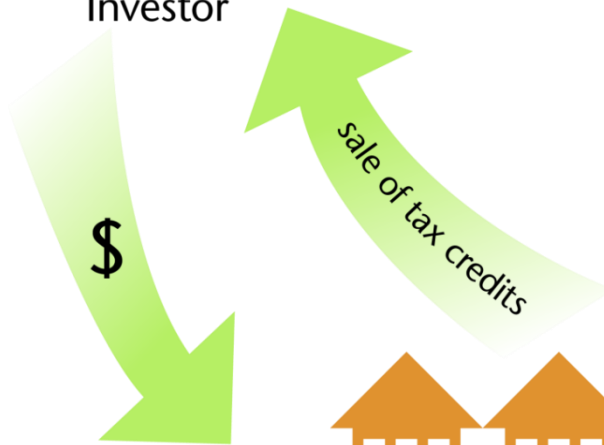
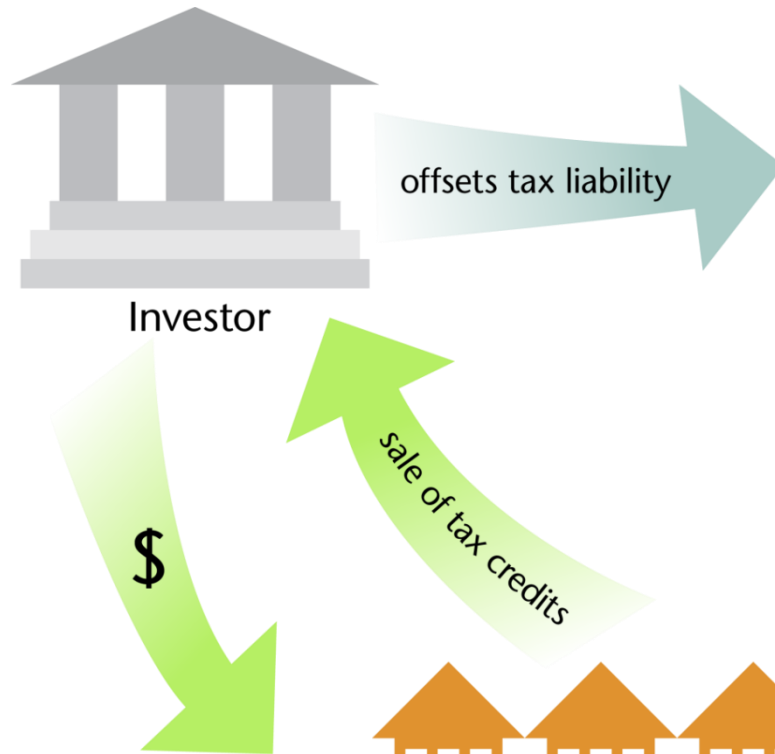


Affordable Homes Next to the Yale Station Light Rail in Denver

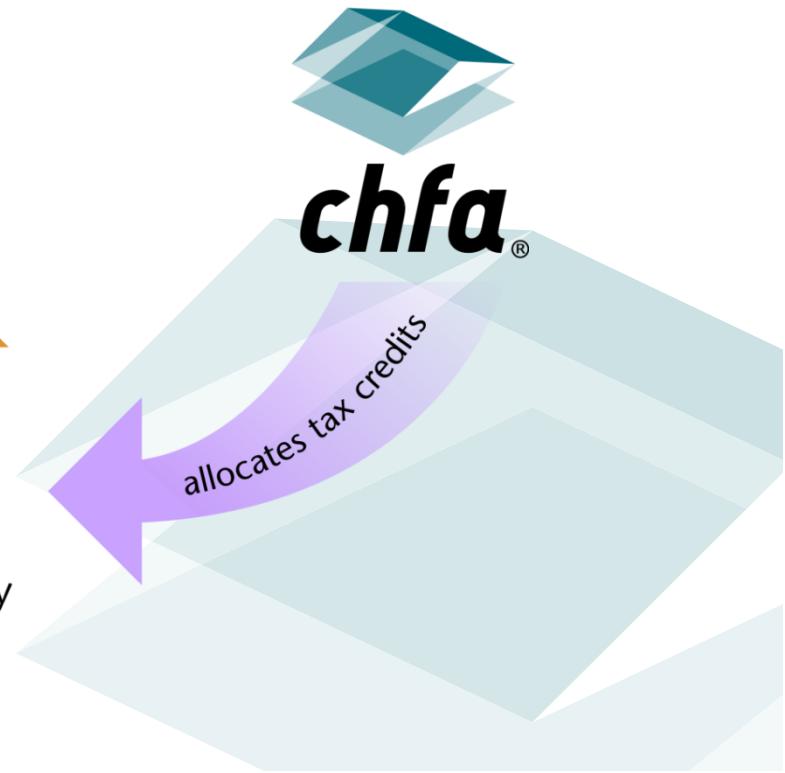
lihtc allocation process



lihtc allocation process



Developers of Multifamily
Affordable Housing



how is market rate housing financed?

70% debt
30% equity



how is affordable housing financed?

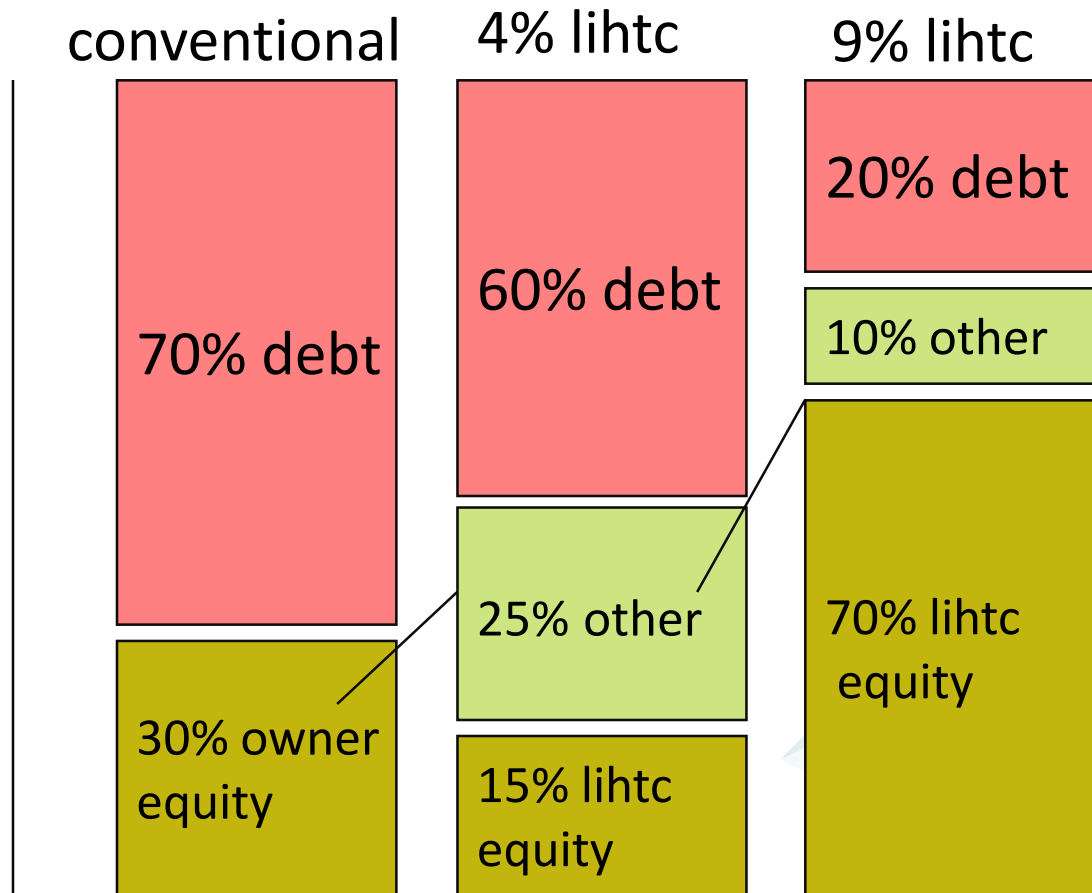
30% debt



70% gap



conventional vs. 4% vs. 9% lihtc



example: impact of 9% tax credits @ \$.95

<u>Total Project Costs</u>	<u>\$15,000,000</u>
Tax Credit Equity	\$9,932,692 66%
Project Debt	\$4,167,308 28%
Grants	\$500,000 3%
Deferred Developer Fee	\$400,000 3%

9% lihtc volume cap per state

- \$2.70 x state population for 2019
- \$15,000,000 in annual credit for Colorado
- Approx. \$140,000,000 in equity for projects



the good, the bad, and ugly aspects
of developing projects with lihtc



the good

- the developer agrees to long-term affordability
- private sector assumes risk for project success
- competitiveness generates strong projects
- each state customizes its program through a qualified allocation plan



the bad

- Very, very, very competitive process of getting awards of lihtc
- It's complicated
- Because of lower rents – need multiple funding sources in addition to lihtc equity
 - Multiple restrictions
 - Multiple partners



the ugly

- Neighborhood opposition
- High cost of building
 - Land costs
 - Additional municipal requirements
 - Geotechnical challenges
 - Construction labor shortages



lihtc investment in Colorado (as of 1.1.2019)

- 832 lihtc properties
- 62,657 affordable units
- 50,968 jobs impacted
- \$11,121,092,053 total economic impact



questions

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