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2017 Qualified Allocation Plan (QAP)

Colorado Low Income Housing Tax Credit (LIHTC) Program

Highlight of Proposed Changes

❖ **Section 2, Priorities**

- CHFA will no longer have a priority for projects in counties impacted by a natural disaster.

❖ **Section 2, Additional Eligibility Requirements and Priorities for State Credits**

- New Construction for state credits is no longer a priority. CHFA will accept state credit applications for acquisition/rehabilitation projects.
- Eligibility requirements for projects impacted by a natural disaster will no longer apply since there are no disaster recovery state credits available in 2017.

❖ **Section 2, Criteria for Approval, Experience and Track record of the Development and Management Team**

- Language will be inserted in this section to emphasize CHFA's requirement that this criteria applies to competitive 9%, state credit, and non-competitive 4% LIHTC applications.
- Applicants' demonstrated track record of submitting complete application packages on time and responding timely to clarification requests from CHFA staff will favorably impact the applicants' ability to compete successfully in 9% and state LIHTC rounds.

❖ **Section 3.A.5, Threshold Criteria for Preliminary Tax Credit Applications**

- Language will be added to emphasize that all threshold criteria must be met prior to the application

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submission deadline in order to be considered for an application. None of the criteria will be subject to the five-day clarification letter period.

- If portions of documentation for threshold #2 (Site Control) were inadvertently omitted or reconciliation with the application is needed for threshold #3 (Market Study), applicants will be allowed to submit the missing documentation within 24 hours. If not submitted within 24 hours, the application will be rejected.
- Threshold #6, Readiness to Proceed
 - Having proper zoning in place will be added as a threshold requirement.

❖ **Section 3.A.5, Preliminary Application Documents Checklist**

- All applicable documents on the Preliminary Application Documents Checklist (pages 18 through 20 of the QAP), must be submitted prior to the application deadline as a threshold requirement for preliminary applications.
- Language will be added to the checklist to emphasize the requirement of an appraisal by a third party accredited appraiser for acquisition/rehabilitation projects. The appraisal must calculate the value of the property in “as is” condition based on the assumption it is operated at market rents. The land value contribution must be reported separately.

❖ **3.E, Amount of Credit Available Annually**

- CHFA will allocate the total \$5 million in annual state credit that is available for 2017 and will forward reserve the \$5 million of 2018 annual state credit in 2017.



❖ **3.G, Maximum Credit Award**

- A maximum of \$1,000,000 in annual state credit will apply per project or developer. All other requirements in this section will remain the same.

❖ **Section 4, Underwriting Criteria**

- The minimum Per Unit Per Annum (PUPA) will be increased to \$4,700 and \$5,000 for permanent supportive housing or project-based Section 8 projects. The \$20,000 for assisted living facilities will remain the same. Lower amounts may be acceptable based on three years of audited financials.

❖ **Section 6, Fees**

○ **6.A.1, Application Fee (9% Applications)**

- The application fee for preliminary applications will be increased from \$5,000 to \$10,000 for all 9% preliminary applications.

○ **6.E.1, Application Fee (noncompetitive 4% applications, and noncompetitive 4% applications with state credit)**

- The application fee will be increased from one percent of the annual federal (4%) credit amount or \$5,000, whichever is greater, plus \$1,000 for state credit; to one percent of the annual federal (4%) credit amount or \$10,000, whichever is greater plus \$1,000 for state credit.

❖ **Miscellaneous**

- CHFA is considering adding “areas of opportunity” the QAP’s Guiding Principles as something CHFA will support for projects when feasible – not as a



requirement for all projects. “Areas of opportunity” would be based on HUD’s indicators:

- Education
 - Employment
 - Transportation
 - Low poverty exposure
 - Environmentally healthy neighborhoods
- HUD provides indices for the above indicators. CHFA will do further research to determine whether this would be feasible.