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December 29, 2020

Internal Revenue Service
Attn: CC:PA:LPD:PR (Reg-119890-18)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

RE: Comments on Reg-119890-18 Regarding Low Income Housing Tax Credit Average Income Test Regulations

To Whom It May Concern:

Colorado Housing and Finance Authority (CHFA) appreciates the opportunity to submit this letter of support to accompany the National Council of State Housing Agencies (NCSHA) comments dated December 17, 2020. Since the inception of the Housing Credit program, CHFA has allocated Housing Credit to support the development or preservation of more than 71,000 affordable rental housing units across Colorado.

The Average Income Test (AIT) has been available to Housing Credit applicants starting in 2020 and to date, CHFA has awarded multiple developments selecting AIT. This minimum set-aside option is important in Colorado where housing challenges span Area Median Incomes up to 80 percent in multiple metropolitan and rural markets. CHFA shares the support for property average incomes to be maintained at 60 percent, yet CHFA shares the concerns articulated in the NSCHA letter regarding policy that would create excessive and unnecessary risk for investors and developers that would chill AIT development. CHFA is concerned the proposed rule makes practical implementation of the AIT extremely challenging in developments with multiple buildings and/or buildings financed with multiple subsidies including rental assistance.

Thank you for considering the concerns outlined by NCSHA and shared by CHFA.

Sincerely,

A handwritten signature in black ink that reads "Cris A. White".

Cris A. White, CHFA Executive Director and CEO