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2027-2028 pilot coordinated funding and concurrent awards

questions and answers

CHFA, the Department of Local Affairs Division of Housing (DOH), and the Office of Economic Development and International Trade (OEDIT) are piloting a coordinated funding framework pilot that aligns Housing Tax Credit awards with eligible state gap financing resources beginning in 2027.

Under the approach outlined in the draft 2027-2028 Qualified Allocation Plan (QAP), applicants may request eligible OEDIT Proposition 123 Concessionary Debt financing or DOH gap funding as part of their Housing Tax Credit application in competitive allocation rounds starting with 2027 Round One.

The proposed coordinated process is intended to provide greater funding certainty, streamline applications, and help move affordable housing developments more efficiently from award to construction. The combined and coordinated gap resources will support more Housing Tax Credit awards across Colorado, ultimately resulting in more affordable units.

Competitive Criteria, Amounts and Process questions:

- **How much state gap funding is committed in the pilot coordinated funding?**

The total amount of state gap funding committed in the pilot coordinated funding is \$74 million in 2027 and \$63 million in 2028. The pilot coordination aligns constrained and finite resources.

OEDIT Proposition 123 Concessionary Debt:

2027: \$44 million - \$25 million in Round One and \$19 million in Round Two

2028: \$33 million - \$18 million in Round One and \$15 million in Round Two

DOH gap funding:

2027: \$30 million - \$12 million in Round One and \$18 million in Round Two

2028: \$30 million - \$18 million in Round One and \$12 million in Round Two

CHFA worked with OEDIT and DOH to align state gap funding commitments with federal and state credit amounts available and anticipated in 2027 and 2028.

- **Will the Housing Tax Credit Qualified Allocation Plan (QAP) guide the determination of state gap funding awards?**

Yes. The QAP establishes the process to apply for Housing Tax Credits and the criteria and elements that determine competitive awards. The coordinated funding pilot incorporates, if requested, application for state gap funding into the application for competitive Housing Tax Credits. There will not be distinct or separate state

gap funding criteria or a separate review for state gap funding requests ahead of Housing Tax Credit determination. However, subsequent Proposition 123 loan underwriting and closing reviews will include Proposition 123 Loan Committee approval, and subsequent DOH application will include State Housing Board approval. More information about the gap funding process after conditional awards is forthcoming.

- **Will state gap funding require a separate application to be submitted to state gap funders concurrently along with a Housing Tax Credit application?**

No. If requested, state gap funding should be included in the Housing Tax Credit application as a source on the financing tab. No additional information is required at the time of Housing Tax Credit application. Please see the next bullets for next steps if awarded Housing Tax Credits and state gap funding.

- **Will an award of Housing Tax Credits be accompanied by an award of state gap funding?**

Yes. The pilot coordinates funding and awards. If state gap funding is requested at the time of Housing Tax Credit application and the project is awarded credits, a *conditional award* from either DOH or OEDIT will be offered.

- **What happens after a conditional award of a state gap funding?**

Following a conditional award from DOH, the Applicant must formally apply in any quarterly round published on [DOH's website](#). Funding must be approved by the State Housing Board.

Following a conditional award from OEDIT, CHFA's Multifamily team, as contracted by OEDIT for Proposition 123 administration, will provide guidance for Proposition 123 Loan Committee approval.

- **Will DOH gap funding be from state or federal sources?**

DOH gap funding will be state funds as a loan or grant source unless the awarded project is otherwise 'federalized' by other sources such as awards of more than eight project-based vouchers or CDBG, HOME, or HTF funding from a local community.

AMI midpoint questions:

- **What is the definition of AMI midpoint?**

The AMI midpoint is the sum of the project's units multiplied by the AMI for each unit divided by the total units.

- **Why not higher AMI midpoints for DOH gap funding, or for nonprofit or Housing Authority led applications, or for applications outside of metro locations?**

The AMI midpoints were set to distinct, specific thresholds to clearly divide eligibility between OEDIT and DOH gap funding, ensuring that eligible projects in the pilot receive state gap financing without exhausting the funds committed to the Housing Tax Credit round. To coordinate funding in this pilot, a total amount of both OEDIT and DOH gap funding is committed specifically to each competitive Housing Tax Credit round. CHFA, DOH, and OEDIT staff worked collaboratively to establish per-unit and per-application funding caps higher than recent historical averages. By combining state resources and modestly reducing maximum Housing Tax Credit caps per project, the pilot aims to stretch available funding further, ultimately supporting the goal of awarding a greater number of projects, resulting in more total affordable units.

- **Can the AMI midpoint be determined based on discounted rents rather than AMI affordability of units?**

No.

Maximum federal and state credit questions:

- **Why not increase maximum federal and state credit amounts for applications that do not request state gap funding or applications that are Supportive Housing?**

This pilot aligns finite state resources by committing a dedicated pool of combined OEDIT and DOH gap funding to each competitive Housing Tax Credit round. By coordinating state gap funding per round while modestly decreasing the combined maximum federal and state Housing Tax Credit amounts, the pilot supports the goal of awarding a greater number of projects, resulting in more total affordable units.

State Gap Funding amount, position, and location questions:

- **Are applications that are in areas that did not opt in to Prop 123 precluded from getting DOH gap funding?**

No. DOH gap funding will be available instead of OEDIT gap funding for projects that otherwise would not qualify due to statutory ineligibility for Proposition 123 funding.

- **Can OEDIT Proposition 123 Concessionary Debt loans be in first position?**

Yes.

- **Can the OEDIT or DOH gap funding loan total be based on less than the total number of units in a project if limited by debt capacity or need?**

Yes. In this case, the requested OEDIT or DOH gap funding loan would be less than the maximum per project and less than the total amount determined by the per unit amount but still based on the per unit amount.

- **Can OEDIT or DOH per unit amounts be flexible and treated as an up to amount?**

No. If requested, the per unit amount up to the maximum per application determines the state gap funding to include in the Housing Tax Credit application. A total loan that is less than the per unit amount of total units may be requested.

- **Why not award DOH funds to nonprofit and Housing Authority applicants exclusively?**

DOH funds are not reserved exclusively for nonprofits and Housing Authorities because the pilot relies on an objective framework to distinguish eligibility by AMI midpoint and project type rather than applicant type. This approach ensures every eligible project can access state gap funding. By committing a dedicated pool of OEDIT and DOH gap financing to each competitive Housing Tax Credit round, the pilot coordinates finite state resources under shared eligibility criteria and clear award caps. To balance individual project needs with broad reach, the pilot sets per-unit and per-application maximums higher than recent averages while modestly reducing maximum Housing Tax Credit caps per project. This approach maximizes overall impact, allowing CHFA, DOH, and OEDIT to collaboratively fund a greater number of projects, resulting in more total affordable units.

- **To be eligible for DOH gap funding, what is the definition of a Supportive Housing project?**

To be eligible for DOH gap funding, the application will need to meet the Priority for Projects serving Persons experiencing Homelessness in the QAP with at least 25 percent of units set aside.

- **Are applications for Special Populations eligible for DOH gap funding?**

Yes, if the application meets AMI midpoint eligibility for DOH gap funding. Applications for Special Populations may still meet a priority in the QAP.

Application for state gap funding outside of the pilot funding coordination questions:

- **Will DOH accept subsequent gap applications, if necessary, after a conditional award through this pilot?**

Yes. Applicants may apply through any funding round published on [DOH's website](#). For any request above a conditional award or any new request, DOH competitive criteria will apply.

- **Will subsequent OEDIT Proposition 123 Concessionary Debt applications be accepted, if necessary, after a conditional award through this pilot?**

Yes. Proposition 123 Concessionary Debt specific criteria will apply.