

Prop 123 & Colorado Middle- Income Housing Authority

Thank you Common Group, CHFA and Gary Communities

Prop 123 (OEDIT/CHFA)

Beginning 1/1/2023, dedicates 0.1% of state taxable income to a state affordable housing fund and exempts this revenue from TABOR

- Estimates ~\$300m annually starting in year 2
 - 60% to OEDIT
 - 40% to DOLA

MIHA & Prop 123

- **Equity Financing** could support MIHA developments that average 90% ami (requires a Tenant Equity Vehicle component)
- **Concessionary Debt** could support MIHA developments that have financing gaps and meet the ami requirements
- **Land Banking** would be unlikely due to the ami requirements

Why middle-income housing?

Middle-income, essential workers in Colorado face a **rising shortage of affordable housing**—a gap that is unfilled by private market development and existing affordable housing programs.

9th

Least affordable state for housing¹

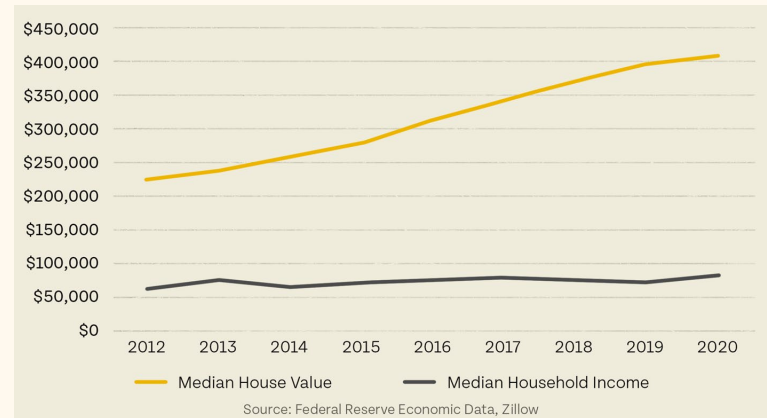
Half

Of renters in Colorado spend more than 30% of their income on housing²

500k

New housing units needed between now and 2030¹

Colorado Median Income & House Value¹



1. Source: [Bell Policy Center](#)

2. Source: [Denver Post](#)

What is MIHA?



Mission

The Middle Income Housing Authority (MIHA), established by SB 22-232, is a special purpose authority (an arm of the state) whose purpose is to **promote affordable rental housing projects for middle-income workforce housing** throughout Colorado.

Authority

MIHA is authorized to exercise the power to:

- Issue bonds and other financing payable solely from revenues from affordable rental housing projects
- Enter into public-private partnerships and contract with experienced real estate professionals to develop and operate housing projects

1. Additional authorized powers can be found in SB 22232.

What is MIHA (Con't)

SB22-232

- \$1 million funded
- Purpose to build affordable rental housing for middle income individuals and families
 - Income 80-120% county area median income
 - Rural resort: 80-140% AMI
 - Goal of not more than spending 30% of income on rent

Projects

- Up to 3,500 units
 - 80% new construction, up to 20% rehab existing
- Local veto right (90 days)
- AMI
 - At least 30% of units for 80% AMI
 - Can include <80% AMI if required by local ordinance, etc.

Scope of MIHA Pilot Program

On or before April 1st, MIHA will launch an **initial pilot solicitation**, seeking applications from projects that serve a majority middle-income population.

Who

Open to entities and organizations of all kinds to apply as project sponsors

What

Open RFP soliciting proposals for housing projects where at least 60% of its units serve middle-income families or individuals

When

Application process will launch on or before April 1st, with anticipation of two application stages (LOI followed by RFA)

Why

MIHA intends to bring more middle-income housing units to market, while setting up the infrastructure for MIHA to scale beyond this pilot

MIHA Financing Opportunities

Project sponsors will have access to **tax-exempt bonds**, as well as property tax-exemptions.

Project Financing

Authorized by MIHA	Requires Partnership Beyond MIHA
<i>Tax-Exempt Bonds/other financing</i> + <i>Property/Sales Tax Exemptions</i>	<i>Additional Land or Capital</i>

Additional capital or subsidized land may be available through partnership with local municipalities, state and private employers, impact investors, and others.

Anticipated Evaluation Criteria

Given the “pilot” nature of the initial RFP, we anticipate **keeping application requirements broad** to allow for innovative and diverse project proposals to come forward.

Threshold Requirements

Minimum requirements to move forward with scoring

- **Foundational viability** (e.g., financing, meets development codes, etc)
- Project team with **strong track record**
- Alignment with **middle-income community needs**
- Evidence of **community support**

Evaluation Criteria

Expected and prioritized criteria against which projects will be evaluated (in addition to Threshold Requirements)

Expected

- # of units
- Delivery timeline
- % of units available for middle income housing
- Viability of investment (proforma projections)

Prioritized

- Geographic classification
- Amenity proximity
- Sustainability
- Compelling capital stack
- New developments (over acquisitions and rehabs)
- Local Gov’t support

Under development, not final

Innovative Housing Incentive Prog. Updates

- Guidelines published 12/1/22
- Grant program (\$20m) opened 12/15/22
 - 14 pre-applications
 - 3 full applications
- Loan program expected to open in the next few months
 - Help to finance new manufactured home factories

Q&A
