



COLORADO
MAKING AFFORDABLE HOUSING A REALITY IN SMALL COMMUNITIES
 CML 96th Annual Conference – Vail, CO
 June 19-22, 2018
 Presented by: Tim Gough, DOLA Division of Housing




WHAT IS THE DIVISION OF HOUSING (DOH)?

Who We Are
 Created by statute in 1970 to improve the access of all Coloradans to decent, affordable housing.

A division within the Department of Local Affairs (DOLA), which also includes:

- Division of Local Government
- Division of Property Taxation
- Disaster Recovery Unit
- Board of Assessment Appeals

Where We Work
 Statewide, with staff in Denver + three regional offices



DOH GOALS AND PRIORITIES


- Housing construction and preservation for persons with lowest incomes
- Regulatory role as Building Department
- Regulatory role as Statewide Housing Authority
- Certification of factory/manufactured structures shipped to state





WHAT WE DO (AND WHAT WE FUND)

- Preservation of affordable housing
- Acquisition and rehabilitation of rental housing
- New construction of multi-family rental and single family housing
- Down-payment assistance and owner rehabilitation
- Special needs housing
- Permanent supportive housing (PSH)
- Homeless shelters
- Transitional housing
- Housing Choice Vouchers (HCV, tenant based Section 8) and other tenant based rental assistance (TBRA)
- Fort Lyon supportive housing community
- **Provide Technical Assistance to Communities, Nonprofits, Housing Authorities, Developers, & Service Providers**



2017 ACCOMPLISHMENTS BY THE NUMBERS

- Served >32,000 households
- Created >3,500 new affordable housing opportunities
- Average voucher recipient household income: \$11,730
- >83% of vouchers serve people with disabilities




WHY SHOULD HOUSING BE A PRIORITY?

A diversified housing inventory supports strong economic development.

- It can help in attracting new businesses.
- It ensures exiting businesses can recruit and retain staff.
- It can provide a better quality of life for all residents of the community.



WHAT ARE THE CHALLENGES?

Attracting development in smaller communities can be challenging as developers consider:

- Economics - Can a reasonable rate of return be expected?
- Risk - Is the area economy stable and not dependent on a single employer or industry?
- Regulations - Do local regulations add costs and time to the project?
- Capacity - Can this project be efficiently managed in this location?



WHAT ARE THE NEXT STEPS?

First and foremost, there needs to be the political will to tackle housing issues, then the work can begin.

- Understand your local housing market by completing a Housing Needs Assessment.
- Develop a community housing plan.
- Access local capacity to determine if other resources will need to be utilized to implement the plan.



WHAT ELSE CAN BE DONE?

If developers aren't beating down your door, other things to consider are:

- Consider acting as developer through partners or consultants.
- Seek out mission driven organizations that aren't necessarily profit motivated.
- Reduce the impact of regulations that might deter development.
- Contribute land to a project.



- Provide financial assistance to a project.
- Reduce, defer or waive development fees.
- Establish a land banking program to ensure land for future development.
- Allow exemptions for property tax or sales and use taxes.
- Allow "fast tracking" of planning and zoning approval for prioritized housing projects.
- Work with your Division of Housing Development Specialist to determine if other types of development or operating subsidies might be available.



HOW CAN THE HOUSING DEVELOPMENT SPECIALIST HELP?

- Serve as a sounding board: helping your community determine how to proceed with project ideas, guidance with funding applications, providing technical assistance and expertise.
- Finding ways to "think outside the box" without straying too far from the box where our regulated (bureaucratic) funding sources live.
- Prioritizing the lowest- and lower- income residents of your community in developing housing: DOH has income level priorities for our funding:
 - Single Family Homeowner Rehab - up to 80% of AMI
 - Down Payment Assistance - up to 80% of AMI
 - Rental Housing (multi-family OR single family) - up to 60% of AMI with priority focus on 30% and 50% of AMI households.



HOUSING DEVELOPMENT TOOLS

[Affordable Housing Guide for Local Officials](#)

- Understanding the housing needs in your jurisdiction
- Information on housing programs and funding
- Governmental authority
- Policies, strategies and actions to encourage housing development

[Colorado Demographic Profiles](#) from State Demographer's Office

- All communities have profiles completed located on the State Demography Office Website

[Housing Development Training Workshops](#)

- Developer's Toolkit
- Hammering Out The Deal

[DOLA DOH Mailing List](#)

- sign up to and choose which communications you wish to receive.



The image features a scenic background of a mountain range with yellow autumn foliage in the foreground. Overlaid on the left side is the Colorado Department of Local Affairs logo, which consists of a white triangle containing a mountain peak, a sun, and the letters 'CO'. To the right of the logo, the text 'COLORADO' is written in a large, bold, sans-serif font, with 'Department of Local Affairs' in a smaller font below it.

CO **DOLA**
COLORADO
Department of Local Affairs

Questions?

Visit us online:
www.colorado.gov/pacific/dola/division-housing


making affordable housing a reality in small communities

CML Annual Conference
June 21, 2018
Karen Harkin, CHFA




about CHFA

- CHFA was established in 1973 by the Colorado General Assembly.
- Not a state agency. No direct appropriations.
- CHFA received authority to do commercial loans in 1982.
- To date, approximately \$17 billion has been raised and invested in Colorado.
- Three business lines: single family homeownership; multifamily rental housing; small business lending.
- Allocator of federal and state low income housing tax credits (LIHTC).
- Private Activity Bond partner.





CHFA's work since 1973 (as of 12.31.2017)

- \$13.0 billion in Home Finance production with 103,041 customers served with loans or MCCs.
- \$2.4 billion in multifamily loan production, with 902 developments consisting of 62,493 units in portfolio.
- 61,275 affordable multifamily units allocated Low Income Housing Tax Credits, totaling \$281.1 million.
- \$1.2 billion invested in business lending serving 5,037 businesses and directly supporting 63,296 jobs.




which kind of housing is which?

- Permanent Supportive Housing – housing + services
- Low income housing – government subsidy
- Affordable housing – public/private subsidy
- Attainable housing – affordable to a wide range of people whose income comes from various sources
- Workforce housing – affordable to local workers
- Market rate housing – market price to live (rent or own)


housing continuum



employment wages in colorado*


20% 25% 30% 35% 40% 45% 50% 55% 60% 65% 70% 75% 80% 85% 90% 95% 100%

Economic/Affordable Housing | Transitional | Permanent Supportive (PSH) | Affordable Rental Housing | Market Rental Housing | Mid-End Homeownership | High-End Homeownership



what kind of housing does a community need (vs. want)?

- Housing needs assessment – 10,000 foot view of a community & what housing is necessary
 - Don't rely on anecdotal information or resident's & politician's opinions!
- Market study – necessary to support a particular development
- Economic development & downtown revitalization vs. housing – different financing tools for each

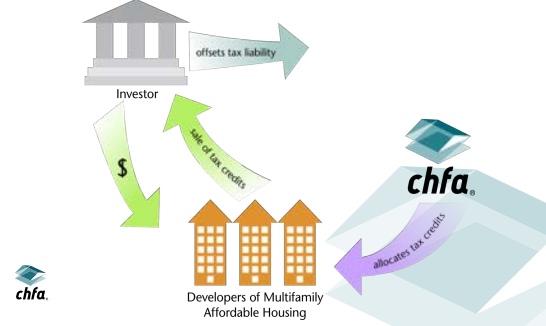


community development/housing financing tools from CHFA

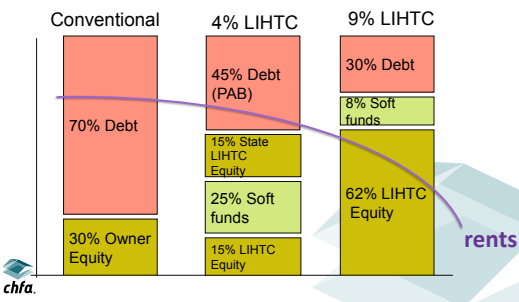
- Low Income Housing Tax Credit (LIHTC) – Federal and State; competitive and non-competitive credits
- Tax exempt Private Activity Bonds(PAB) ([http://www.cml.org/Issues/Finance/Bonds/2018-03-08-Webinar-\(recording\)--Private-Activity-Bonds/](http://www.cml.org/Issues/Finance/Bonds/2018-03-08-Webinar-(recording)--Private-Activity-Bonds/))
- Taxable bond financing
- Housing Opportunity Fund (HOF)
- Fund administrator – Denver Revolving Affordable Housing Loan Fund and others
- Access to FHA and other federal credit



low income housing tax credits (lihtc) – how does it work?



conventional financing vs. 4% lihtc vs. 9% lihtc





- 80 units built in two phases (48 units & 32 units)
- 1, 2 & 3 bedroom units
- 30%, 40%, 50% & 60% AMI
- New construction
- 9% competitive LIHTC

chfa. Villas at the Bluff I & II, Delta



- 50 units
- 1, 2 & 3 bedroom units
- 30%, 50% & 60% AMI
- New construction
- 9% competitive LIHTC
- Phase II in process

chfa. Lumien Apartments, Durango



- 40 units
- 1 & 2 bedroom units
- 50% AMI
- New construction
- Project based Section 8
- Permanent Supportive Housing
- 9% competitive LIHTC

chfa. Pathways Village, Grand Junction
Photo courtesy of Cardinal Capital Management

affordable homeownership: a workforce attraction & retention strategy

- Affordable housing is still available in many smaller cities, towns & counties
- Many state HFAs don't offer as many products or have them available all the time
- Down payment assistance options
- Conventional and government financing options
- Homebuyer Education

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chfa urban/rural myths:

- CHFA doesn't have loan funds.
 - **Incorrect.** CHFA has funds available every day at competitive interest rates.
- CHFA only helps first time homebuyers.
 - **Incorrect.** CHFA has loan programs for non-first time homebuyers and for refinances of existing CHFA and non-CHFA loans.
- CHFA's loan processes are too slow and cumbersome.
 - **Incorrect.** CHFA's processes match a regular mortgage process, including being paperless. CHFA has one day turnaround on most complete loan files.

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more myths:

- CHFA's income limits are too low.
 - **Incorrect.** This is a sample of the income limits in some rural/western Colorado counties.

county	income limit non-targeted		income limit targeted	
	1-2 person	3+ person	1-2 person	3+ person
Kit Carson	\$99,100	\$115,600	\$99,100	\$115,600
Lake	\$82,600	\$94,900	\$99,100	\$115,600
La Plata	\$82,600	\$94,900	\$82,600	\$94,900
Larimer	\$85,100	\$97,800	\$102,100	\$119,100
Las Animas	\$99,100	\$115,600	\$99,100	\$115,600
Lincoln	\$82,600	\$94,900	\$82,600	\$94,900
Logan	\$82,600	\$94,900	\$99,100	\$115,600
Mesa	\$82,600	\$94,900	\$82,600	\$94,900
Mineral	\$99,100	\$115,600	\$99,100	\$115,600
Moffat	\$82,600	\$94,900	\$82,600	\$94,900
Montezuma	\$99,100	\$115,600	\$99,100	\$115,600
Montrose	\$82,600	\$94,900	\$99,100	\$115,600
Morgan	\$82,600	\$94,900	\$99,100	\$115,600
Otero	\$99,100	\$115,600	\$99,100	\$115,600
Ouray	\$82,600	\$94,900	\$82,600	\$94,900
Park	\$89,900	\$103,300	\$89,900	\$103,300
Phillips	\$82,600	\$94,900	\$82,600	\$94,900

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still more myths!

- CHFA doesn't lend on manufactured housing.
 - *Incorrect.* CHFA can purchase loans for single-wide and double-wide manufactured housing units if they are permanently affixed to a foundation and the title is purged.
- CHFA can't help with down payment and closing cost assistance.
 - *Incorrect.* CHFA can provide up to 5% down payment and closing cost assistance in the form of a grant or a 0% deferred loan, depending on the CHFA program. CHFA DPA can also be paired with local DPA programs (like DOH funded programs) to provide deeper assistance.



contact information:

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CML 96th Annual Conference – Vail, CO
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USDA Rural Development
Single Family Housing Programs


Presented by
 Scott Wilson, Housing Programs Director



What is USDA Rural Development?

Affordable Housing Programs - SFH and MFH
Business Programs
Community Programs

We serve all of Colorado with the State Office in Lakewood, CO + rural offices in Alamosa, Cortez, Craig, Delta, Las Animas and Wray.




Rural Development Mission

- Do Right and Feed Everyone.
- Improve the quality of life for those living in Rural America.




SFH Programs

- 502 Guarantee Loan
- 502 Direct Loan
- 504 Grant and Loan
- 523 Self-Help Loan



502 Guarantee Loan

100% LTV (based on appraisal)
 1% Upfront Guaranteed fee, can be rolled into loan for 101% LTV
 .35% Annual Fee (based on principal balance)
 Incomes up to 115% of AMI
No Mortgage/Loan Limits!
 90% Guarantee to Lender
 Electronic filing/upload of docs
 Flexibility in credit/ratios



502 Guarantee Loan

Fixed interest rate:
 Not higher than the 30-year, 90-day actual/actual Fannie Mae rate plus 100 basis points (rounded up to nearest ¼%)

30-year loan term

Lender underwrites the loan, not RD


Lender fees and closings cost: Meet CFPB limits, similar to those charged for other transactions

Seller contributions: Up to 6%




502 Direct Loan

- Rural Development is the Lender & Servicer
- 100% Financing Allowed
- Serve applicants 80% of AMI and below
- Terms: 33 and 38 years, fixed rate
- Mortgage/Area Loan Limits apply
- Payment Assistance (subsidy) provided to qualifying applicants to make loans affordable




504 Repair Loan

- Same rural areas/communities
- Must be a current homeowner & live in the home
- Do not need to be RD Borrower
- Must be Very Low income (50% AMI or below)
- Loans up to \$20,000
- Terms: 20 year repayment @ 1% interest rate
- Used to repair, modernize, address health/safety issues




504 Repair Grant

- Must be age 62 or older (No Exceptions)
- Must own & occupy the home
- Up to \$7,500 grant (maximum/lifetime)
- Terms: Forgivable after 3 years
- For health and safety repairs only
- Can be used for handicap accessibility
- Can be combined with 504 loan



523 Self-Help Loan

- Nonprofit Housing Agencies (Grantees) assist borrowers with building their own homes.
- Borrowers build 65% of the home.
- The loan used is a 502 Direct Loan.



Types of Properties Financed

Existing (SFH detached, townhome, condo, ½ duplex)
 Newly Built (take out financing of construction loan)
 New Construction
 *Single close construction
 New and some Existing manufactured (**)


**RESTRICTIONS ON EXISTING



Single Close Construction loans

- Lenders approved by RD state office
- 2 Years experience in construction lending
- Acceptable state licensing, and insurance
- Lenders approve builders
- Distribute escrow funds
- Obtain Documentation of completed construction
- Can be used for SF dwellings, manufactured and site condos


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Single Close Construction loans

- RD issues LNG at original closing, prior to build
- Realtors are paid at closing, prior to build
- Interest Reserve can be established with loan funds
- Contingency reserve allowed
- Reserve for full PITI payments.
- Interest rate during construction may exceed Max allowable Int. Rate up to 200 basis points, if using a warehouse line of credit.

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Single Close Construction Lenders in Colorado

1st Signature Lending, Douglas Johnson II, 720-441-3023

Bank2, Rebecca Tucker, 405-949-7000

GSF Mortgage Corp., Robbin Nichols, 317-217-0533

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Existing Manufactured Pilot Program*

- Built 2006 or after
- On Permanent foundation (per HUD HB 4930.3)
- At least 400 square feet
- Taxed as real estate (title purged)
- Economic life at least 30 years
- Will allow moving home to a permanent site
- Manual Underwrite required

* Limited to specific states

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Questions on 502 Direct Loans or Repair Loans/Grants?

Contact:

codirinquiries@co.usda.gov

or

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Bernice Williams, 720-544-2919
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