Proposition 123
Prop 123 - Recap

- Approved by Colorado voters in 2022
- Establishes the State Affordable Housing Fund
- A sustainable funding source for Colorado communities to make progress in addressing housing affordability challenges
- OPPORTUNITY to access dedicated and sustainable source of funding for affordable housing projects and initiatives for communities:
  - Municipalities, Counties, Tribal Governments
  - Developers
  - Non-profits
  - Other third party agencies or people
Prop 123 - Recap

- Opting in by Nov 1, 2023 (i.e., submit a commitment) makes your jurisdiction and all developers eligible to apply for 123 funds for projects in your community until Nov 1, 2026.
- Nov 1, 2026 - show your community met the commitment/target number of units and adopted expedited review for affordable housing projects (“Fast-Track”).
What is a Local Government Commitment?

Objective: Increase affordable housing by 3% annually (or 9% over 3 years)

- New housing - permitted
- Existing housing - converted from market rate to affordable with some mechanism to preserve affordability, such as a deed restriction or Land Use Restrictive Agreement (LURA).
Peer communities that have filed so far:

19 DRCOG member governments statewide

Municipalities
★ City and County of Denver
★ City of Aurora
★ City of Lakewood
★ City of Arvada
★ City of Boulder
★ City of Westminster
★ City of Longmont
★ City/County of Broomfield
★ City of Littleton
★ City of Englewood

Municipalities, continued
★ City of Lafayette
★ City of Golden
★ Town of Erie
★ City of Sheridan
★ City of Edgewater
★ City of Lone Tree
★ Town of Bennett

Counties
★ Boulder County
★ Gilpin County
State Affordable Housing Fund

Commitment Accepted!

June 2023 Forecast
- Fiscal Year 2022-2023 - $160 million
- Fiscal Year 2023-2024 - $318 million

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Fiscal Year 2023-2024 - $318 million

Year 1 (act): $96 million
Year 2 (est): $190.8 million

Year 1 (act): $64 million
Year 2 (est): $127.2 million

60% Financing Fund Managed by OEDIT

40% Support Fund Managed by DOLA

CHFA

DOH and DLG

Land Banking
Equity
Concessionary Debt

Affordable Homeownership
Serving Persons Experiencing Homelessness
Local Planning Capacity Development

Colorado Income Tax Revenue 0.1%
Affordable Housing Finance Fund (CHFA/OEDIT)

Year 1 (act): $96 million
Year 2 (est): $192 million

Land Banking
Grants and forgivable loans to acquire and preserve land for affordable housing development

Equity
Equity investment to support the creation or preservation of low- and middle-income multifamily rental development

Concessionary Debt
Loans to support the creation and preservation of affordable rental housing

Modular and Factory-build Finance
Loans to support the creation or preservation of modular and factory build manufacturers

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Year 1 (actual): $64 million
Year 2 (estimate): $127.2 million

Funding - Affordable Housing Support Fund

50% Affordable Homeownership Programs
Down payment assistance and grants and loans for homeownership

45% Programs Serving Persons Experiencing Homelessness
Funding for people experiencing or at risk of homelessness

5% Local Planning Capacity Grant Program
Grants to local & tribal governments to increase capacity of local govt planning departments.
Common Questions & Concerns Addressed

- Local govt commitment unlocks access to new funds
- Opting in allows local govt & all developers, nonprofits, individuals access to funds
- No penalty for not filing or for not reaching the unit target (9% - 3 yrs)
- It’s not solely up to the local govt to develop the units
- Counties commit to an increase in units for unincorporated area only
- Can’t meet target by Nov 1, 2026? Sit out for a year, submit new commitment for 2028-29
- Once filing is accepted, only the community name is published on DOLA’s site
Common Questions & Concerns Addressed

- DOH will only ask you to re-submit your filing if it is incomplete or not compliant with statute.
- Fast Track compliance not required until Nov 1, 2026
- Conversion of units also counts towards the annual target
- Loss of existing affordable units does not affect meeting commitment
- New units count toward commitment at building permit; they do not have to have CO by end of 3 years
- Can start counting units produced as soon as filing is accepted
- Local govts can develop regional partnerships to meet commitments
Questions

DOLA Division of Local Government
- Andy Hill, Director, Community Development Office
- Robyn DiFalco, Program Manager, Local Planning Capacity Grant Program (Prop 123)
Thank You!
What is the Fast-Track Approval Process?

- **Not required** for this first iteration; must be in place for commitment due **November 1, 2026**
- Final decision on a complete application (special permit, variance, or other development permit)
  - 50% or more of the units constitute affordable housing (does not apply to subdivisions)
    - 90 calendar days
  - Option to extend for an additional 90 calendar days at the request of the developer or for a review period required by another local govt or agency where approval is required
  - Grant extensions for additional information or revisions
    - 30 days from response (5 business days to respond)
- DOLA will engage local govt planners, developers, and other stakeholders to develop Fast Track guidance this fall