



MEMORANDUM

DATE: February 14, 2025

TO: RHA Board of Directors

FROM: Project Moxie

RE: Preservation database and potential preservations strategies for the community and RHA's consideration

BACKGROUND

Following the successful grant application with RHA for the Local Capacity Building Grant, our team began working on multiple initiatives to help the region meet Proposition 123 requirements including supporting the creation and preservation of affordable housing.

As part of our housing preservation efforts, we developed an initial database of publicly subsidized units, conducted interviews with state agencies and property owners to identify preservation challenges and opportunities, and explored resources and strategies for preserving these units. This memo compiles our findings and serves as the final deliverable for this scope of work.

Our goal is to equip RHA and its partners with the information needed to take proactive measures in preventing these properties from transitioning to market-rate housing once their land use regulatory agreements expire.

KEY FINDINGS

Our research highlights several critical insights and strategic considerations for RHA:

1. Housing preservation is more essential than ever. Replacing existing affordable units is not financially feasible, and in the current cost environment, preserving properties is significantly more cost-effective than new construction. Additionally, restrictive land use policies make it increasingly difficult to develop new projects, limiting future production opportunities.

2. State-level resources for preservation are insufficient. Advocacy will be crucial for communities seeking to preserve affordable housing. This includes collaborating with state stakeholders to push for Proposition 123 resources to be allocated toward preservation. While preservation is an eligible use under the proposition, current state priorities focus on new construction. Shifting this focus through advocacy efforts could secure vital resources for preservation projects.
3. Funding models for preservation require strategic coordination. Existing properties seeking preservation funding must apply for Private Activity Bonds (PAB) with 4% Low-Income Housing Tax Credits (LIHTC) or pursue large grant awards from the Division of Housing. These properties will compete with new construction applications, making local coordination key. To maximize funding success, RHA should work closely with the City and County to align PAB allocations, prioritize preservation projects, provide letters of support, and offer matching funds. Without substantial funding tools such as resyndication or multi-million-dollar grants, smaller preservation grant programs will remain inadequate.
4. Property tax exemptions are increasingly critical. Rising operating costs—especially due to insurance increases—make securing property tax exemptions vital for affordable rental properties. Some properties in the area could benefit from these exemptions but lack guidance on the process. The RHA's 2024 strategic plan identifies a formal property tax exemption program as a key priority. RHA should continue implementing this initiative as outlined under Strategy Priority 2 (see attached document).
5. Proactive monitoring and coordination are necessary. RHA staff should regularly review the National Housing Database to track the status of local properties. Checking at least once a year and engaging with property owners about their plans and funding needs will help facilitate successful recapitalization, upgrades, and extended affordability periods.

PRESERVATION OVERVIEW

According to CHFA's preservation website, as of December 2024, affordability restrictions on nearly 21,000 affordable rental housing units across Colorado are set to expire within the next 15 years.

It is a national best practice for community housing agencies to track these properties and actively support preservation efforts whenever possible. Housing preservation is crucial for preventing the loss of affordable units to market-rate conversions, maintaining housing stock, and preventing resident displacement. Additionally, preserving existing housing is more cost-effective than constructing new units, ensuring sustainability and habitability.

Communities can pursue various preservation strategies based on local needs and available resources. Key efforts include:

- **Preserving publicly subsidized housing units**, which are costly to replace but have dedicated resources available for preservation.

- **Protecting mobile home parks**, which face threats from outside investors and redevelopment pressures but require significant funding for acquisition and infrastructure improvements.
- **Sustaining naturally occurring affordable housing (NOAH)**—small and mid-sized rental properties that remain affordable without subsidies. Strategic acquisition can help maintain their affordability.

This memo focuses primarily on preserving publicly subsidized rental housing due to its high replacement costs and the availability of preservation resources. Communities preserving NOAH typically require significant acquisition funding and dedicated preservation partners. Meanwhile, mobile home park preservation remains a critical but financially intensive effort, often requiring millions for acquisition and infrastructure upgrades.

In La Plata County, three mobile home parks have been preserved, but all will need additional funding for infrastructure and unit replacements in the coming years. If RHA is interested in exploring mobile home park preservation strategies, we can recommend consultants with expertise in this area.

PRESERVATION DATABASE

Our team conducted preliminary research on database structures and the most relevant information to capture for preservation activities. We documented our findings in a spreadsheet and shared it with Eva Henson in December. After reviewing the document, Eva suggested only minimal edits, so we proceeded with using this spreadsheet to track project information.

Initially, our goal was to complete the database and provide it to the RHA as a final deliverable. However, after consulting with Robin Wolff at Enterprise Community Partners—a national expert in housing preservation strategies—we determined that it would be more beneficial to guide RHA leadership on navigating the national preservation database rather than supplying a detailed spreadsheet.

It's important to recognize that preservation data is highly sensitive. Both national and state database systems emphasize the need for discretion when sharing this information for community strategy discussions. The concern is that if private investors or developers gain access to this data, they may use it to acquire properties and convert units to market rate before communities have the opportunity to extend their affordability period.

Below is a list of national databases we researched, with our team finding the national database to be the most valuable resource.

Database Resources:

National Housing Preservation Database: Created by the **Public and Affordable Housing Research Corporation (PAHRC)** and the **National Low Income Housing Coalition**

(NLIHC) in 2011 in an effort to provide communities with the information they need to effectively preserve their stock of public and affordable housing. [National Housing Preservation Database](#)

- The data in the *NHPD* come from the US Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA), and include ten federally subsidized programs. This database does not include information on state and local subsidies.
- In order to access the data, you must fill out detailed contact information and share what your entity plans to do with this data. Licenses are only required if resharing property level data on an internal or external facing website for mapping tool. Data licenses aren't needed if just aggregating NHPD data, creating static maps to reference in a report, or sharing data directly with colleagues and clients.
 - The *NHPD* is updated four times a year in January, April, August, and October. The data are cleaned and duplicate information is removed using an automated process in addition to manual checking.

CHFA's Colorado Affordable Housing Database Map: CHFA has provided this map as a resource for external partners to help understand the existing affordable housing stock across Colorado. It reflects properties from CHFA's portfolio as well as data from external partners including; DOH, City and County of Denver, USDA, and HUD. The data does not share subsidy expiration dates or ownership information.

<https://chfa.maps.arcgis.com/apps/instant/basic/index.html?appid=d90075bcf7e041b99b219e7b241a21db>

USDA Rural Development Datasets: Contains information on multi-family housing 514 & 515. <https://www.sc.egov.usda.gov/data/MFH.html>

RESOURCES AND PROGRAMS

CHFA and Enterprise Community Partners have been actively working on preservation data and strategies for several years. Enterprise Community Partners, a national nonprofit, offers resources, training, grants, and other tools to support rural and urban communities in preserving and developing new affordable housing. Below is a summary of their current initiatives and available resources.

CHFA Resources

CHFA's preservation initiative launched the Housing Preservation Network, bringing together key stakeholders—including the U.S. Department of Housing and Urban Development (HUD), Colorado Division of Housing (CDOH), Public Housing Agencies (PHAs), U.S. Department of Agriculture (USDA), nonprofits, and developers—to collaboratively tackle affordable housing challenges.

Key Focus Areas:

- Preserving aging affordable housing
- Protecting existing affordable inventory
- Mapping Colorado's multifamily housing stock
- Engaging with managers and owners of income-restricted properties

The initiative prioritizes the development and maintenance of a comprehensive database to track affordable housing inventory, identify at-risk properties, and implement a coordinated strategy to ensure long-term affordability. <https://www.chfainfo.com/rental-housing/preservation>

The *Colorado Preservation Network*, led by the Colorado Housing and Finance Authority (CHFA) and Enterprise, plays a key role in preserving both restricted and unsubsidized affordable rental housing statewide. Through the development of the Colorado Affordable Housing Preservation Database, the Network has cataloged all price-restricted rental units, implementing strategies to re-capitalize and maintain affordability as restrictions expire. To date, this initiative has helped preserve over 9,000 at-risk units.

Recognizing the unique challenges of preserving unsubsidized affordable housing, the Network recently supported the creation of a proprietary dataset focused on smaller, unsubsidized properties. By aggregating data from local governments and county assessors across 17 of Colorado's most populous counties, this effort enables a more strategic use of data, positioning preservation as a vital tool for expanding the state's affordable housing supply.

Preservation at Enterprise Community Partners

Enterprise Community Partners is committed to providing research and resources to aid in preservation, citing it as an essential strategy to one day ensure everyone can be stably and affordably housed and recognizing that we simply cannot build our way out of the affordable housing crisis. Enterprise believes in preserving the affordability of currently affordable rental homes through recapitalization, acquisition, rehabilitation, and adaptive reuse.

Preservation Next: Preserving Affordability in small to medium multifamily properties and protecting residents from displacement. This program is centered upon the belief that medium sized properties provide a crucial foundation for affordable housing. Colorado's Preservation Next team includes Jennie Rodgers, Brandyn Walker, and Christi Smith. [Preservation NEXT](#)

Enterprise has released two tools under the *Preservation Next* program:

Financial Modeling Tool: A tool to which provides a starting point for completing a financial model including 5 worksheets: Development Costs; Operating Budget; Capital sources; 15 Year Operating Pro Forma; Sources and Uses Statement.

[Financial Modeling Tools | Preservation NEXT](#)

Funding Sources Inventory:

When filtered to Colorado, the following funding sources are identified:

- Colorado Affordable Housing Preservation Fund
- Colorado Housing Development Grant Fund
- Colorado Small-scale Housing Program
- HOME Investments Partnerships Program
- Housing Opportunity Fund
- Local City or County Funding Sources

[Funding Sources Inventory | Preservation NEXT](#)

Rural Rental Preservation Academy: Colorado's Rural Rental Housing Preservation Academy launched in April, 2020 and consisted of a series of sessions designed to help rural housing providers acquire and/or preserve USDA Rural Development, HUD, LIHTC, and other restricted rental housing in rural Colorado. Webinar recordings from the Academy can be viewed here:

[Colorado Rural Rental Preservation Academy | Enterprise Community Partners](#)

More information on the national Rural Rental Preservation Academy can be found here: [Rural Rental Preservation Academy | Enterprise Community Partners](#)

FUNDING

Colorado Affordable Housing Preservation Fund (CAHP)

The CAHP provides up to \$1 million in permanent uninsured financing for critical, fast-acting preservation of existing subsidized or naturally occurring affordable multifamily rental properties with five to 100 units. This second mortgage product provides a more flexible structure and pairs with first mortgages from CHFA or other lenders to leverage maximum funding opportunities.

Please see the CAHP website for eligibility and program requirements: [Colorado Affordable Housing Preservation Fund \(CAHP\) Program](#)

CHFA Small-scale Housing Permanent Loan

This is a new source of funds for the following uses:

- New construction, acquisition/rehab of rental housing properties with between 4-19 units
- Non-recourse mortgage debt for up to 20 years
- Up to \$2.5 million
- Lesser of 85% LTV or 90% development costs
- 10-20 year terms-20-30 year amortizations
- Loan origination fee of 1%, minimum \$5,000
- LOI/Application Fee- \$1,000
- At least 20% of units affordable to renters at 80% or less of AMI; up to 75% of total units at or below 120% AMI; 25% can be unrestricted

CDFIs:

- *Impact Development Fund*: Financing and consulting for the preservation, rehabilitation and development of affordable housing and community facilities throughout Colorado. IDF's commercial lending program can be used for rehabilitation projects. [Impact Development Fund](#)
- *Colorado Housing Accelerator Initiative (CHAI)*, program of Weave Social Finance: CHAI is an impact-first social enterprise that pools mission-driven capital and deploys it to middle-income housing projects in Colorado through both debt and equity funding [Colorado Housing Accelerator Initiative](#)

INTERVIEW WITH MERCY HOUSING

The team met with Kassidi Boening, Vice President of Mercy's National Portfolio Management division (kboening@mercyhousing.org), to discuss ongoing improvements to their three properties in Durango. When asked how the local community could support preservation efforts, particularly within this portfolio, they emphasized the need for increased state-level grant funding for immediate upgrades. They also affirmed our strategy regarding the formal property tax exemption program in La Plata County, which could help these properties qualify for tax credits and extend their affordability periods. Additionally, they highlighted that having Private Activity Bond (PAB) cap available from local governments would facilitate future property resyndication. Lastly, they noted that one of their properties has a loan with the city set to mature in 2033, suggesting that closer collaboration with the City as that date approaches could help extend or potentially forgive the loan to maintain affordability.

PROPOSED STRATEGIES FOR RHA

1. RHA should have a tax credit/finance consultant on retainer if it wants to assist with preservation efforts on existing subsidized properties. The strategies and applications are very complex and will require this level of support to provide meaningful assistance to these properties in the future.
2. Support the allocation of Private Activity Bonds (PABs) for tax credit applications that resyndicate existing affordable properties, ensuring sufficient funds for necessary upgrades and the extension of affordability restrictions.
3. Provide political backing for projects that require substantial grant funding from DOH but face competition from new construction. These projects will need additional advocacy to remain competitive. Consider offering match funds for applications, including property tax exemptions, to enhance the competitiveness of these properties at the state level.
4. Establish a formal property tax exemption program to simplify the process for properties seeking exemptions to remain operationally sustainable and improve their ability to

secure state resources. This may involve hiring an attorney to draft the necessary documents and create a streamlined process for the RHA.

5. Engage in state-level training and advocacy efforts, as properties currently have limited funding options for preservation initiatives without access to Proposition 123 grant funds.
6. We have attempted several times to reach CHFA's preservation staff lead with no success. We encourage RHA to also reach out to learn more about their efforts beyond what is presented in this memo. The contact at CHFA is *Brittney Cousin, Preservation Officer*—bcousin@chfainfo.com