
COLORADO DIVISION OF HOUSING ADVANCES

Historic Affordable Housing Development

Historic buildings are an integral part of our Colorado communities. Increased development and "suburbanization" threaten the disuse and abandonment of many historical structures. The rehabilitation of these buildings into affordable housing can provide shelter for working families and the restoration of a historic landmark within a community. Housing developers looking to restore historic buildings for affordable housing can benefit from the combination of several state and federal funding sources. The funding sources that are available for "bricks & mortar" construction projects include, but are not limited to:

Colorado State Historical Fund - these funds can be used for acquisition and development of historical structures , but are normally used for exterior rehabilitation. Grants range from a minimum of \$10,000 to \$200,000. To qualify for this funding the property must be listed on the National Register of Historic Places, the State Register of Historic Properties or the Local Landmark Register. Applications are taken semi-annually. For more information contact the Colorado Historical Society at (303) 866-2825 or www.coloradohistory.org.

Colorado Historic Preservation Income Tax Credit - this rehabilitation tax credit is intended to encourage developers to renovate and preserve older buildings. The building must be over fifty (50) years old and historically designated on one of the "registers" mentioned above. The property owner must not sell the property for five years and rehabilitation cost must be over \$5,000. In addition, the projects must receive approval **prior** to beginning the work and must be completed within 24 months. Available credit is 20% of rehabilitation cost up to \$50,000. The credit directly reduces the income taxes owed to the state and can be carried forward for five (5) years. For any tax year, reduction in taxes is limited to \$2,000 plus 50% of the remaining taxes owed that year. For more information contact the Colorado Historical Society at (303) 866-3395 or www.coloradohistory.org.

Low-Income Housing Tax Credits - The Tax Reform Act of 1986 authorizes tax credits for developers of low-income rental housing. In essence, the tax credit is a subsidy to help the owner of affordable housing earn market returns while keeping the rents low. Tax credits are annual credits for a period of ten (10) years. An owner who substantially rehabilitates a historic building is eligible for an annual credit equal to 4% or 9% of the rehabilitation cost for ten (10) years. The 9% tax credits are competitive and there are stipulations regarding the use of tax-exempt financing or federal loans. A building may qualify for both Historic Income Tax Credit and the Low-Income Housing Tax Credits. For more information and application deadlines, contact the Colorado Housing and Finance Authority at (303) 297-2432 or www.colohfa.org.

Colorado Division of Housing (DOH) Grants and Loans - The DOH finances the acquisition and rehabilitation of housing that will benefit people of moderate or low-income. The DOH is interested in historic preservation projects that increase the supply of affordable housing and enhance commercial or

residential neighborhoods. In addition to having grants and low-interest loans available, the DOH provides on-site assistance to aid the developer of affordable housing. Applications for this funding are taken on an on-going basis. For more information and telephone number of the DOH staff person who can assist you locally, contact the Colorado Division of Housing at (303) 866-2033. Further information can be obtained at www.dola.state.co.us/doh/index.htm.

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