



PARTNERSHIP OBJECTIVES & CRITERIA



Housing Catalyst strives to increase the availability of affordable housing throughout Northern Colorado.

One way we do this is by partnering with others. Housing Catalyst brings many benefits to these partnerships, including fee waivers, low-interest rate financing, tax exemption, affordable housing development, property management, and human services expertise.

Currently, there is a backlog of projects as finite state and local resources are already being maximized in Northern Colorado. These highly competitive resources include Low Income Housing Tax Credits (LIHTC), Private Activity Bonds (PAB), and all gap fillers. Housing Catalyst will review requests with regard to our mission and prudently consider whether participation will strengthen a project without weakening our ability to further our core work.

For those wishing to apply for a partnership with us, we have included a list of application requirements and the minimum criteria used for evaluation. Applications will be reviewed for potential partnerships with public, private, and/or nonprofit entities, as well as for housing development opportunities.

If the project meets minimum threshold criteria, and if Housing Catalyst has the capacity to become a partner in the proposed project, the applicant will be asked to submit a pre-application (if a support letter and/or bond inducement resolution is being requested for a tax-credit application) and, if approved, an application. Applications will be evaluated for approval by the Housing Catalyst Board of Commissioners.

- The project must:
 - be located in Northern Colorado,
 - align with Housing Catalyst’s mission,
 - serve households earning no more than 80% of the AMI, and
 - create new affordable rental housing or preserve or sustain existing affordable rental housing at risk of being lost or adversely affected.
- The applicant must:
 - have site control as defined by CHFA policy (see CHFA policy PDF), and
 - be an experienced developer of affordable housing with demonstrated capacity to successfully construct or renovate the project and place it in service (see Developer Capacity Requirements, page 5).
- Where possible, the proposed partnership with Housing Catalyst deepens the affordability level of the units or provides a greater number of affordable units than would be possible without the partnership.
- Property tax exemption must not be used solely to increase the applicant’s profit margin. Tax exemptions should not lower the deferred developer fee below 25% or as reasonably determined by Housing Catalyst staff.
- The proposal, by itself or in combination with other Housing Catalyst property tax exempt partnerships, must not have an unreasonable impact to the property tax base for affected taxing districts.
- The applicant must demonstrate that it has explored other funding sources or other mechanisms to deepen the affordability, or meet the needs of the property or project, prior to submitting an application for a property tax exempt partnership.

General Guidance and Considerations

- Housing Catalyst will consider whether proposed projects maximize deepened affordability.
- Projects in which all or a portion of the units are designed to serve a special needs population, such as the elderly or persons with disabilities, may receive special consideration.
- **Early coordination is essential.** Housing Catalyst prefers to be involved at the outset of projects to ensure they meet the quality standards expected of its developments and partners. Early coordination also helps maximize and preserve shared local resources—such as CDBG, HOME, and Private Activity Bonds—used by all affordable housing developers. Accordingly, a pre-application consultation meeting is required as part of the SLP application process.
- To further protect and utilize local resources wisely, Housing Catalyst prefers to work with partners with a local footprint. For instance, we prefer a project with local nonprofit ownership or a local developer whose developer fees are used to further affordable housing in Northern Colorado.





Partnership Criteria include but are not limited to:

Mission & Affordability

- How Housing Catalyst resources will increase benefit to low-income households, through an increased number of affordable units, lower housing costs, or both, and/or access to support services
- Market information demonstrating demand for the proposed project
- That the project will not directly compete for resources or market with an active Housing Catalyst project and/or lessen Housing Catalyst's ability to achieve its core mission
- Long-term affordability, with a preference for projects that achieve permanent affordability
- The project's proximity to employment, transportation, schools, retail, and recreation

Partnership Structure and Deal Terms

- Opportunity for Housing Catalyst ownership, and/or buy-out options after 20-30 year affordability period
- The extent to which Housing Catalyst will share in the developer fee
- Housing Catalyst's role in the long-term management of the project, including the opportunity to earn a reasonable management fee
- Degree and nature of risk for Housing Catalyst
- Degree to which Housing Catalyst's ownership interest is commensurate with the financial benefits it brings to the project

Applicant Capacity

- Demonstrated development capacity, experience, and commitment to the targeted population, per the Developer Capacity Requirements listed

DEVELOPER CAPACITY REQUIREMENTS

The developer must have the organizational capacity to implement the project. Developer capacity will be evaluated on information demonstrating experience and skills as provided in the funding application.

1. Experience

Considerations include, but may not be limited to, the following skills of the developer and development team:

- Recent, similar, successful experience
- Similar project location, size, and scope
- Years of experience developing affordable housing
- Managing affordable rental projects
- Using multiple funding sources
- Staff skills and experience
- Previous working history with Housing Catalyst's Real Estate Development Department

2. Skills

Considerations include, but may not be limited to, the following skills of a developer and the development team:

- Project management
- Market analysis
- Site selection and control
- Property management
- Planning and construction
- Design, architecture, engineering
- Legal and accounting
- Federal funding rules
- Other funding source rules

3. Fiscal Soundness

Considerations include, but may not be limited to, the following:

- Evidence of financial ability to implement the project, including commitments from other funding sources, current financial statements, and proof of sufficient reserves or a line of credit available, if necessary, to complete the project
- The expected financial role of Housing Catalyst and the financial need for the partnership

ANTICIPATED PARTNERSHIP TERMS

The following are the anticipated partnership terms for Housing Catalyst's participation as a Class B Special Limited Partner (SLP) in a LIHTC partnership to develop an affordable housing project:

- An upfront facilitation fee to be negotiated between the partners
- An on-going facilitation fee to be paid annually in the amount of \$100 per unit escalating at 3% per year
- Housing Catalyst is appropriately indemnified and held harmless from actions by the other partners
- The applicant agrees to pay Housing Catalyst's out of pocket expenses including, but not limited to, consultants, legal counsel, and other miscellaneous costs regardless of whether the partnership closes
- Expectations for right of first refusal and end of compliance exemption

Each partnership request must follow the application process outlined below. It will be the responsibility of Housing Catalyst's Executive Team to carry forward a recommendation to the Board of Commissioners based on the information provided by the applicant. *Please see page 8 for a full description of acknowledgements and terms.*

Pre-Application Consultation

Affordable housing owners, developers, and organizations interested in partnering with Housing Catalyst must first meet with its Chief Real Estate Officer to present a summary of the proposed project. If the initial proposal meets minimum Threshold Criteria, and if Housing Catalyst has the capacity to become a partner in the proposed project, the applicant will be invited to proceed with the application process. ***This consultation must be held prior to the applicant applying for any project funding, including Private Activity Bonds.***

Submit a Pre-Application

(applies only to Projects Seeking a Support Letter and/or Bond Inducement Resolution for Tax Credit Application)

If the applicant is notified of preliminary approval following the pre-application consultation, and the applicant is requesting a letter of support and/or bond inducement resolution for inclusion in a tax credit application, they must submit a pre-application that includes all the Pre-Application Requirements (see page 7). Pre-applications are subject to review and approval by the Housing Catalyst Board of Commissioners. Approval of a bond inducement resolution depends on the applicant pursuing bond cap from other available sources and on Housing Catalyst's available bond cap.

Submit an Application

If the applicant is invited to proceed following the consultation or pre-application, they must submit an application that includes all materials listed under Application Requirements (see page 7), including the \$10,000 application fee per application. For projects pursuing tax credits, this application should be submitted following a tax credit award. Applications are subject to review and approval by the Housing Catalyst Board of Commissioners.

Application Deadlines

Pre-Applications and Applications are due 6 weeks prior to Board meeting where the partnership request will be considered. Board meetings are generally held the 3rd Thursday of each month.

Applicant is responsible for determining when Housing Catalyst's decision is needed within their project timeline.

LOI for Partnership

Following partnership approval by the Board, Housing Catalyst's attorneys will draft a term sheet that will establish expectations for the SLP inclusion or other partnership role. This term sheet will include indemnifications, fees, right of first refusal, and other items for negotiation.

The amended and restated partnership agreement will include an addendum that establishes Housing Catalyst as the SLP and outlines partnership terms. This addendum will be executed along with the A&R LPA.

Notification Requirement of Project Changes During Application Process

If additional funding sources or regulatory requirements are identified or if there are any material changes to the project or its deal structure at any time in the application process, the applicant must notify Housing Catalyst and provide an opportunity for strategic discussion to maximize or preserve local resources prior to funding being requested or material changes being implemented. Written agreements will require compliance with this condition. Non-compliance may result in termination of any preliminary or final partnership approval. As outlined in the above Partnership Criteria, Housing Catalyst will not participate as a partner if doing so puts the organization in direct competition with our own projects and/or diminishes our ability to further our core work.

Pre-Application Requirements

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- Memo/Narrative that includes:
 - Project summary with emphasis on the ways the project meets the Partnership Threshold Criteria (see page 3), including unit mix, income restrictions, and populations served
 - Outline of specific request(s) that includes estimated value of property tax and sales and use tax exemption (as applicable)
- Proforma with planned funding sources
- Unit and AMI Mix and Rents
- Renderings or Existing Conditions Photos
- Location Map
- Market Study
- Project timeline
- Development team
- Developer experience and capacity description

Application Requirements

- Overall project narrative, including detailed descriptions of:
 - Programming, project status, funding sources, timelines, and explanation of deal structure with emphasis on the ways the project meets the Partnership Threshold Criteria (see page 3)
 - The reasons the applicant is seeking a partnership with Housing Catalyst and the benefits that a partnership will provide to the region
 - How developer fees and other tools will be reinvested into our local community
 - Changes to funding sources, uses, or overall budget since pre-application (if applicable)
- Demonstration of financial need by providing the assumed sources and uses with and without the benefits provided by the partnership with Housing Catalyst and the basic assumptions, including the assumed value of:
 - Property tax exemption for the project
 - Sales and use tax exemption (holding all things equal) and how the exemption valuation was calculated
- Description of developer capacity and experience and list of all key team members (such as owner/developer, accountants, legal counsel, etc.)
- List of LIHTC developments closed over the past 3 years, along with investor references for each
- Master Developer Pro Forma, including deal structure, terms, timelines, assumptions, etc. and any schedule or timing issues related to closing the partnership
- CHFA complete Application Workbook, including LIHTC Pro Forma
- Most recent GMP Detailed Budget, highlighting any areas you expect to see budget changes
- New construction or renovation scope and budget
- CD Plan Set
- Any due diligence studies and reports, including market study
- Appraisal or other valuations for the project and/or improvements and associated liabilities that will be paid off upon partnership closing
- All funding commitment letters
- Executed LOIs/Term Sheets with investor and lender
- Proposed partnership organization chart
- Financial statements may be required to provide to demonstrate financial capacity
- Partnership application fee of \$10,000 per application

Housing Catalyst may consider information provided by an applicant in evaluating the Applicant's proposal and may independently obtain any additional information from any source concerning the applicant or the applicant's proposal that Housing Catalyst may deem relevant to its evaluation of the applicant's proposal in Housing Catalyst's sole and absolute discretion. Please be aware that any information submitted by an applicant or independently obtained by Housing Catalyst may be considered a public record available for review by anyone who requests it, including the media. Housing Catalyst may accept or reject any proposal in its sole and absolute discretion. The application process is not a competitive process. Each project will be evaluated on its individual merits. By beginning the process of considering a proposal Housing Catalyst is not making any commitment whatsoever to proceed through Housing Catalyst's entire process and may terminate the process and reject the application at any point in the process. Housing Catalyst may amend, modify, waive, add to, or supplement any of its adopted criteria at any time in its sole and absolute discretion.

By commencing the Pre-Application and/or Application process, Applicants acknowledge, agree, and accept that:

(i) During the course of the Application process Housing Catalyst, acting by and through one of its subsidiaries or Affiliates, may participate as a partner or special limited partner in other projects and may file applications for loans, grants, tax credits, bonding capacity, and other forms of financing from various private, nonprofit, and governmental agencies, including but not limited to the Federal government, the State of Colorado, the City of Fort Collins, Larimer County, and the Colorado Housing and Finance Authority, all of which may compete directly or indirectly with applications filed by the Applicant with the same organizations for the same loans, grants, and tax credits.

(ii) Housing Catalyst, its subsidiaries and Affiliates may engage in or possess any interest in other projects, independently or with others, including, but not limited to, owning, financing, leasing, operating, managing, and/or developing other affordable housing projects. The fact that Housing Catalyst, its subsidiaries and Affiliates may encounter opportunities to purchase, otherwise acquire, or develop other projects and may take advantage of such opportunities or introduce such opportunities to entities in which Housing Catalyst, its subsidiaries and Affiliates, may have an interest shall not subject such Housing Catalyst, its subsidiaries and Affiliates, to liability to the Applicant on account of the lost opportunity. The Applicant shall have no right by virtue of having submitted a SLP application with Housing Catalyst, in or to any such ventures or opportunities, or the income or profits derived therefrom, and the pursuit of ventures or opportunities, even though competitive with the Applicant's proposed project, shall not be deemed wrongful or improper. Any common law or statutory "partnership opportunity doctrine" shall not apply under any circumstance arising out of the Applicant's application with Housing Catalyst or any partnership that may result from such application between the Applicant and Housing Catalyst.

(iii) Housing Catalyst, as a body corporate and politic organized and existing under the Colorado Housing Authorities Act, its subsidiaries, affiliated entities, managed entities, entities in which it has an ownership interest, departments, boards, commissions, committees, officers, employees, and officials are immune from liability under the Colorado Governmental Immunity Act for all claims which lie in tort or could lie in tort regardless of whether that may be the type of action or the form of relief chosen by a claimant. Consideration of an SLP Application shall not be construed as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, contained in the Colorado Governmental Immunity Act.

(iv) The decision to accept or reject any application shall be made at the sole, absolute, and unreviewable discretion of Housing Catalyst Board of Commissioners. As a governmental authority, no agent or employee has the authority to bind Housing Catalyst to any representation, warranty, commitment, understanding, or agreement except as expressly authorized by the Board of Commissioners. Applicants may not rely on any representation, warranty, commitment, understanding, or agreement made by any person purporting to act on behalf of Housing Catalyst. Under no circumstances shall Housing Catalyst, its subsidiaries, affiliated entities, managed entities, entities in which it has an ownership interest, departments, boards, commissions, committees, officers, employees, agents, and officials be liable for actual, consequential, indirect, incidental, special, exemplary, punitive, or enhanced damages; lost profits, revenues, or diminution in value; regardless of (i) whether such damages were foreseeable, (ii) whether or not Housing Catalyst was advised of the possibility of such damages, or (iii) the legal or equitable theory (contract, tort, or otherwise) upon which any claim may be based.



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