

Meeting Proposition 123 Commitments: Unit Count & Expedited Review Guidance October 2025



COLORADO
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Section 1 - Introduction and Background

Section 1A - How to Use These Guidelines

This document provides guidance on how to count affordable housing units under Colorado Revised Statutes (C.R.S.) Article 32 of Title 29, which created the State Affordable Housing Fund, otherwise known as Proposition 123, approved by Colorado voters in 2022, and amended by the Colorado Legislature in HB23-1304. These statutory provisions establish the requirements for affordable housing commitments, tracking, and reporting for participating jurisdictions.

The Colorado Department of Local Affairs (DOLA) developed these guidelines with input from stakeholders to help local governments, tribal governments, and housing providers understand and meet program requirements.

Organization

The guidelines are structured so that each section builds upon the last, with an introduction to Proposition 123 and an understanding of program requirements, providing context on how the law applies. Next, each qualifying housing category has its own section explaining when units should be counted and what documentation is needed, in order for jurisdictions to verify that their local government commitments have been achieved. The qualifying housing categories consist of: New Construction, Preservation & Conversion, and Naturally Occurring Affordable Housing (NOAH).

The Special Considerations section addresses Rural Resort Communities, mobile home parks, group living and special needs housing, and tribal government considerations. This is followed by a submission package overview, detailed definitions section, and resource glossary in the appendix.

To make navigation easier:

- Each section follows a logical sequence, from eligibility to reporting.
- Submission package overview is included in [Appendix A](#) to help jurisdictions track and document affordable housing units.
- Statutory references provide citations to the requirements in the law.

By following this structure, jurisdictions can count and document affordable housing units while ensuring compliance with Proposition 123.

Implementation Approach

Before diving into unit counting, we recommend taking time to familiarize yourself with this entire document. This will help you understand how different requirements interact and ensure you're collecting the right information from the start.

We encourage you to:

- Set up an organized documentation system before you begin counting units.
- Verify the Area Median Income (AMI) to ensure consistent affordability calculations.
- Consider opportunities for regional collaboration that might help achieve your goals.

- Develop a plan for monitoring and reporting at the end of each Proposition 123 three-year commitment cycle.

Flexibility, Local Context, and Addressing Unclear Situations

These guidelines establish clear standards for counting affordable housing units while recognizing that unique local situations may require different implementation approaches. However, any approach must be verifiable—meaning it is documented, measurable, and aligned with statutory requirements—and must support the intent of Proposition 123 to increase the supply of affordable housing.

What to Do If You Encounter Unclear Situations

If something isn't explicitly addressed in these guidelines, we encourage you to:

- Reach out to the [Proposition 123 Community Support Team](#) early for guidance and technical assistance.
- Document your reasoning and decision-making process to maintain transparency.
- Consider how your approach aligns with the **intent** of Proposition 123.
- Keep detailed records of your methodology for future reference.

Maintaining transparency and clear documentation will help ensure compliance while allowing for local adaptation, ultimately supporting the law's intent of increasing affordable housing opportunities across Colorado.

Section 1B - Introduction to Proposition 123

Colorado voters approved Proposition 123 in November 2022 to create the State Affordable Housing Fund, a dedicated revenue stream for affordable housing development. Funded by 0.1% of state income tax revenue, this program aims to support a broad range of housing initiatives, including new construction, preservation, land banking, and rental assistance.

In June 2023, the Colorado legislature refined the original measure through House Bill 23-1304, which clarified compliance requirements, strengthened provisions for regional partnerships, and adjusted certain eligibility criteria. Together, these statutes—now codified under C.R.S. § 29-32-101—form the legal foundation for ensuring that local and tribal governments can effectively increase their supply of affordable housing.

Defining Affordable Housing Under Proposition 123

Proposition 123 defines affordable housing differently for each funding program, and for purposes of the local government commitment, establishes Affordability Thresholds as follows:

- (1) (a) Rental housing at or below 60% AMI, or
 - (b) For-sale housing at or below 100% AMI, and
- (2) Which costs the household less than 30% of its monthly income.

Recognizing that housing challenges differ across regions, the law also provides flexibility in certain cases:

- Rural Resort Communities may submit a petition to DOLA to use alternative AMI thresholds if they can demonstrate local affordability challenges (C.R.S. § 29-32-105.5).
- Some Proposition 123 funding programs allow for AMI averaging, including:
 - The Equity Program, which permits an average AMI of 90% per project.
 - The Concessionary Debt Program, where the 60% AMI threshold applies unless the project is subordinate to other funding sources (C.R.S. § 29-32-104).

Participating in Proposition 123

To participate in Proposition 123, a jurisdiction must [file a commitment](#) to increase its affordable housing stock above its baseline by a required percentage based on its entry year and commitment cycle. DOH anticipates opening commitment filings each year by June 1. The deadline for submissions annually is November 1 (C.R.S. § 29-32-105(1)(a)).

Jurisdictions may file their commitment with the increase in affordable housing units varying as follows:

- Entry in Year 1 (Full Cycle): 9% total increase over three years
- Entry in Year 2: 6% total increase over remaining two years
- Entry in Year 3: 3% total increase in final year

Baseline of Affordable Housing & Commitments

The baseline is your jurisdiction's number of affordable housing units at the time of commitment. The baseline is calculated using one of the following sources (C.R.S. § 29-32-105(1)(c)):

- [American Community Survey \(ACS\) 5-Year Estimates](#)
- [HUD Comprehensive Housing Affordability Strategy \(CHAS\) data](#)
- [DOLA's Baseline Assistance Tool](#)
- [DOLA's Baseline Reference Table](#)
- Local Housing Needs Assessment
- Other verifiable data source

Jurisdictions may choose to use the AMI of a neighboring county or the state if it more accurately reflects their local economic conditions.

Baselines reset at the beginning of each three-year commitment cycle using the most recent data available, and local governments can choose to make a new commitment for that new cycle if they want the ability to apply for Proposition 123 funds.

Maintaining Eligibility

To remain eligible for funding, jurisdictions must:

- Meet their [committed growth targets](#) by the end of the cycle.
- Implement an expedited review process.

What Happens if You Don't Meet Your Growth Commitment?

If a jurisdiction is unable to meet its housing commitment to increase affordable housing units it will not be eligible for Proposition 123 funding in the first year of the next commitment cycle. There is no clawback of funding. Jurisdictions may reapply in subsequent years.

Expedited Review

To remain eligible for Proposition 123 funds in the next three-year cycle, local governments must demonstrate they have implemented an expedited review process for housing projects where at least half of the units are affordable. The law mandates that review of applications be completed within 90 calendar days of a complete application submission (C.R.S. § 29-32-105(2)(a)).

While the statute specifies the 90-day timeframe, there are additional details to consider. [DOLA's guidance](#) does not prescribe a one-size-fits-all approach but instead offers a list of strategies and approaches. Each community will need to determine which strategies are most effective for their local processes. [Grant funding](#) is available to support local governments with the implementation process.

Applicability

The expedited review requirements apply specifically to housing projects where affordable housing constitutes 50% or more of the units. Developers have the option to opt-out of the expedited review process if they choose.

Implementation Strategies

DOLA provides various strategies and examples to assist local governments in creating an expedited review process tailored to their unique local context. The goal is to streamline the development review process, saving time and resources and creating an efficient review process for affordable housing developers.

Exemptions

DOLA recognizes that the expedited review requirement is generally not applicable for tribal governments, as housing projects within sovereign lands are typically managed internally. Similarly, when a local government serves as its own applicant for a project within its own review process, the expedited review requirements of Proposition 123 would not apply (C.R.S. § 29-32-105(2)(a)).

Demonstrating Compliance with Expedited Review Requirements

To [demonstrate compliance](#), jurisdictions are required to include the following in their Expedited Review Submission:

- Provide a description of how the jurisdiction has demonstrated or codified the expedited review process on affordable housing projects.
- Date of policy adoption
- Documentation of an expedited review process through an ordinance, *resolution, land use code, or administrative policies and procedures document.

- Refer to [Legal Requirements of fast track](#) and the [self-assessment checklist](#) to ensure compliance.
- *Note: A resolution is appropriate when a community's review process is already under 90 days. If your jurisdiction has a review process that exceeds the 90-day review, please provide a land use code update, ordinance, and any other codified evidence that illustrates the changes made to successfully create the expedited review/fast-track process.

Jurisdictions are encouraged to reach out to the [Division of Local Government](#) for a courtesy review of their process.

Failure to Implement Expedited Review

If a jurisdiction has not implemented the expedited review requirement by January 1, 2027, the jurisdiction would no longer be eligible for Prop 123 funding indefinitely, or until the jurisdiction can demonstrate compliance with this requirement. In this situation, ineligibility would extend to residents, developers, and other types of applicants for projects within that jurisdiction, other than funding from DOLA's Homelessness Support Programs, which are not subject to these requirements.

Working Together: Regional Collaboration

Affordable housing challenges often cross jurisdictional boundaries. Proposition 123 allows and encourages local and tribal governments to work together—pooling resources, aligning strategies, and sharing credit for affordable housing units developed through regional collaboration.

This approach offers flexibility, efficiency, and mutual support, helping jurisdictions of all types and sizes meet their housing goals while building stronger regional partnerships.

Under C.R.S. § 29-32-105(3)(d)(II), statute states:

“Regional collaboration and partnership is encouraged. Local governments and tribal governments may enter into written agreements with other local governments and tribal governments that allow each jurisdiction to receive partial credit towards the local government’s or tribal government’s growth requirement for the purpose of calculating whether a local government or tribal government has met the requirements of subsection (1) of this section. The sum of the total units credited to the local governments and tribal governments shall not exceed the total number of units produced through the collaboration.”

How Unit Attribution Works in Regional Projects

Under C.R.S. § 29-32-105(3)(d)(II) jurisdictions must establish a formal written agreement (e.g., IGA, MOU) that:

- Clearly identifies all participating jurisdictions
- Ensures the total credited units do not exceed the units actually produced
- Ensures that no one unit is counted twice

- Establishes a collaborative framework under which the jurisdictions will support the production of affordable housing and share unit credit toward each jurisdiction's Proposition 123 growth requirement

The written agreement should be submitted as part of the compliance document package. [Additional guidance on regional collaboration](#) and examples are available online.

Whole Unit Counting - No Fractional Attribution

To maintain consistency and verifiability in unit counting, jurisdictions must report whole units, not fractions. While statute does not explicitly prohibit fractional counting, Proposition 123 reporting and compliance systems do not accommodate partial unit credits (e.g. a jurisdiction cannot count 7.5 units toward its commitment).

Instead, jurisdictions should:

- Round up or down so each receives whole unit counts.
- Define an agreed-upon distribution based on funding contributions, geography, or another documented formula.

Section 1C - Understanding Program Requirements

The jurisdiction that filed a commitment for Proposition 123 is responsible for tracking compliance and submitting required reports to the Colorado Division of Housing (DOH) by the end of the three year commitment cycle.

Qualifying Housing Categories

This section outlines qualifying housing categories, each with specific eligibility criteria and documentation requirements. Before counting units, identify which category applies to your project.

- **New Construction:** Newly built housing units that are legally required to remain affordable. Includes single-family homes, townhomes, condominiums, multifamily developments, ADUs, supportive housing, and manufactured housing.
- **Preservation and Conversion:** Existing affordable housing at risk of losing affordability due to expiring deed restrictions, ownership changes, or market pressures (preservation), as well as market-rate or non-residential units, such as motels or commercial buildings, that are converted into affordable housing through an Affordability Mechanism (conversion).
- **Naturally Occurring Affordable Housing (NOAH):** New or existing housing that remains affordable without public subsidies or legally imposed Affordability Mechanisms.

Affordability Mechanisms

Affordability Mechanisms are legally binding agreements ensuring that a housing unit remains affordable for a designated period. New Construction and Preservation/Conversion units must have an Affordability Mechanism. By definition, Naturally Occurring Affordable Housing (NOAH) do not have an Affordability Mechanism. NOAH must meet Affordability Thresholds and remain affordable through November 1st of the last year of the commitment cycle.

While specific requirements vary by housing category, the following are examples of eligible Affordability Mechanism. This list is not exhaustive, and other mechanisms may also be accepted.

Example Rental Affordability Mechanisms:

- Land Use Restriction Agreements (LURAs) that set income limits, rent caps, and affordability periods.
- Deed Restrictions requiring rent limits for households at or below 60% AMI.
- Regulatory Agreements ensuring compliance with affordable rent levels and tenant income limits.
- Nonprofit or Housing Authority ownership that maintains affordability through continued oversight.
- Other enforceable mechanisms documented to meet Proposition 123 compliance requirements.

Example Homeownership Affordability Mechanisms:

- Deed Restrictions that limit resale price and ensure future buyers meet income eligibility requirements.
- Promissory Note that outlines any Affordability Mechanisms on the property.
- Land Use Restriction Agreements (LURAs) that dictate allowable resale prices and affordability covenants.
- Community Land Trust (CLT) Agreements that retain land ownership while ensuring affordability through shared-equity models.
- Limited Equity Cooperatives that cap resale values to preserve affordability.
- Other enforceable mechanisms documented to meet Proposition 123 compliance requirements.

End-of-Cycle Compliance Reporting

By the end of each three-year commitment cycle, jurisdictions must submit information demonstrating that they have met their affordable housing commitments.

This information must be filed on [DOH's Proposition 123 website](#) by December 31st of the final year of the commitment cycle (C.R.S. § 29-32-105(1)(d)).

Section 2 - Qualifying Categories

This section provides detailed guidance on the three qualifying affordable housing categories under Proposition 123: New Construction, Preservation and Conversion, and Naturally Occurring Affordable Housing (NOAH).

Each category includes eligibility criteria, documentation requirements, and compliance standards. [Appendix A](#) contains a checklist of the submission package.

Section 2A - New Construction Projects

New construction means newly built housing units that have an Affordability Mechanism and are permitted after the date of your commitment.

For rental units, newly constructed housing must be affordable to households at or below 60% AMI and have an Affordability Mechanism. Rental payments, excluding utilities, must not exceed 30% of household income.

For ownership units, newly constructed housing must be affordable to households earning up to 100% AMI. Mortgage payments, excluding property taxes and insurance, must not exceed 30% of household income.

When to Count New Construction

New construction units count when a building permit is issued for vertical construction, meaning work that establishes the physical structure of the building (e.g., foundation, framing, or full building permits). If a local government does not issue building permits, equivalent construction

authorization documents will serve the same purpose and be counted on the date of approval.

Section 2B - Preservation and Conversion Projects

Preservation applies to existing affordable housing that may be at risk due to expiring Affordability Mechanisms, ownership changes, or market pressures. Efforts can include renewing expiring restrictions, acquiring at-risk properties, rehabilitation, or adding new Affordability Mechanisms.

Conversion applies to market-rate units that are newly designated as affordable, as well as non-residential properties repurposed into affordable housing. This can include office buildings, hotels, or other commercial spaces that are converted into residential use while maintaining an Affordability Mechanism.

For rental units, newly preserved/converted housing must be affordable to households at or below 60% AMI and have an Affordability Mechanism. Rental payments, excluding utilities, must not exceed 30% of household income. The affordability period must be extended beyond its previous expiration date or newly placed on market-rate units.

For ownership units, newly preserved/converted housing must be affordable to households earning up to 100% AMI. Mortgage payments, excluding property taxes and insurance, must not exceed 30% of household income. Preservation projects extend existing Affordability Mechanisms, while conversion projects designate previously unrestricted ownership units as affordable through new Affordability Mechanisms.

When to Count Preservation and Conversion Units

A preservation or conversion unit can be counted toward a jurisdiction's Proposition 123 commitment. No matter the type of preservation or conversion, the units count at the later of:

- The date the project is fully funded.
- The date that a permit for the work required is issued.

If neither funding nor permitting is applicable, then the units count at the date when an affordability mechanism is executed.

Types of Preservation and Conversion

- Preservation of an Expiring Affordable Unit
- Preservation Through Acquisition
- Preservation Through Rehabilitation
- Conversion of Market-Rate to Affordable
- Conversion of a Non-Residential Property (Adaptive Reuse)

Section 2C - Naturally Occurring Affordable Housing (NOAH)

Naturally Occurring Affordable Housing (NOAH) refers to housing that remains affordable without government subsidies or Affordability Mechanisms. These units are affordable due to factors such as location, age, or market conditions.

Under Proposition 123, local governments may count NOAH units toward their affordable housing growth commitment if they are newly built, converted, or preserved after the commitment filing date.

- **Newly Built:** Brand-new construction units that are naturally affordable, without any Affordability Mechanism.
- **Newly Preserved:** Existing units maintained as affordable through repairs, renovations, or interventions to prevent market-rate conversion, without any Affordability Mechanism.
- **Newly Converted:** Former non-residential buildings (e.g., offices, hotels, industrial spaces) or high-cost units transitioned into naturally affordable housing, without any Affordability Mechanism.

Counting NOAH Units

To count toward Proposition 123 Commitments, NOAH units must be:

- Newly added to a jurisdiction's housing stock after the date of a jurisdiction's commitment filing.
- Affordable at or below 60% AMI for rental units or 100% AMI for ownership units by the end of the commitment cycle.
- Naturally affordable without Affordability Mechanisms.
- Meets Affordability Thresholds at the time of identification, with confirmation at the end of the commitment cycle that they remain within Affordability Thresholds.

Identifying NOAH Units

Jurisdictions may consider the following approaches to identify NOAH units, recognizing that additional methods may also be appropriate:

- **Rental:** Utilize lease records, rental listings, rent rolls, regional housing reports, third-party reports and analytical products, or similar verifiable

data sources to identify NOAH rental units affordable to those at 60% AMI and below.

- **Ownership:** Utilize historical and current sales data, local assessor databases, buyer loan data, regional housing reports, third-party reports and analytical products, or similar verifiable data sources to identify NOAH ownership units affordable to those at 100% AMI and below.

Useful Data Sources for Identifying NOAH

Local Assessor's Office / Tax Records

[CoStar](#)

MLS Databases ([REcolorado](#), [Colorado Real Estate Network](#))

Additional Supporting Resources

Housing Needs Assessment

[CHFA Market Feasibility](#)

[State Demographer Office](#)

Compliance Submission

When submitting NOAH units for compliance, jurisdictions must confirm that:

- **No Affordability Mechanism** is in place for the unit.
- **The unit is a new addition to the jurisdiction's housing stock** after the commitment filing date.
- **The unit has remained within Affordability Thresholds** and has not been rented or sold above Affordability Thresholds by the end of the Commitment Cycle. Documentation for this will be accepted starting November 1 of the final cycle year. This documentation may include:

- Updated rental data or lease agreements (without personal data).
- Property sale records to verify ownership affordability.
- Market data comparisons demonstrating continued affordability.

Section 3 - Special Considerations

Some housing types and communities face unique challenges in meeting Proposition 123 requirements. This section addresses key considerations for Rural Resort Communities, mobile home parks, group living and special needs housing, and tribal housing. These topics cover adjusted AMI limits, Affordability Mechanisms, alternative eligibility pathways, and compliance mechanisms that may apply in unique situations.

Section 3A - Rural Resort Communities

Rural Resort Communities that receive approval for adjusted Area Median Income (AMI) limits under C.R.S. § 29-32-105.5 must ensure that all units meet the approved AMI adjustment. Projects not receiving Proposition 123 funding may still count toward compliance if they meet the approved AMI threshold for the jurisdiction.

For guidance on the petition process, including required documentation and eligibility criteria, visit [Colorado Division of Housing's Rural Resort Income Limit Petition Process](#).

Section 3B - Mobile Home Parks

While statute does not specifically reference mobile home parks, they must meet the same affordability and compliance standards outlined in C.R.S. § 29-32-105(1)(d). If the resident rents the lot, the lot rent is not included in affordability calculations.

Units in a mobile home park may qualify under Proposition 123:

- As Naturally Occurring Affordable Housing (NOAH): If the home is newly added to the housing stock and remains naturally affordable—meaning it is available to households earning at or below 60% AMI for rental or 100% AMI for ownership—without formal Affordability Mechanisms at the end of the commitment cycle.
- As Preservation, through a park-wide Affordability Mechanism, if the entire park or a subset of units is subject to affordability protections.
- As an individually restricted affordable unit, if one or more homes within the park are subject to an Affordability Mechanism.

For units that do not qualify as NOAH, eligibility requires an Affordability Mechanism, for example:

- Resident-Owned Cooperatives (ROCs), where tenants collectively own the park.
- Jurisdictional Acquisition, in which a local government or housing authority purchases the park and maintains affordability.
- Community Land Trusts (CLTs) or Non-Profit Purchases that ensure permanent affordability.

Section 3C - Group Living and Special Needs Housing

Group living arrangements and special needs housing serve a variety of populations, including seniors, individuals with disabilities, formerly homeless individuals, and low-income workers in shared housing models. To qualify as affordable housing under Proposition 123, a group living facility must meet the

[U.S. Census Bureau's definition of a housing unit](#), which requires that occupants live separately from others in the building and have direct access to their unit from the outside or through a common hall.

Additionally, qualifying group living facilities must:

- Operate as a permanent residence, excluding rentals that are considered short-term or leased for less than 30 days at a time.
- Ensure each household has a formal lease agreement or documented occupancy arrangement.
- Provide private sleeping quarters and direct access to kitchen and bathroom facilities, either within the unit or in a shared arrangement that allows for independent living.

Group Housing Types That Do Not Qualify

Certain group housing types are not eligible under Proposition 123, including:

- Census-defined group quarters, such as correctional institutions, dormitories, and military barracks, which lack private unit access and do not meet the definition of a housing unit.
- Temporary or seasonal worker housing that does not provide permanent residency options.
- Emergency shelters or transitional housing that do not offer formal lease agreements or do not meet the Census definition of a housing unit.

Section 3D - Tribal Government Considerations

Recognizing tribal sovereignty and the unique governance structures of tribal nations, Proposition 123 provides flexibility to ensure that tribal housing projects align with tribal governance, land use processes, and affordability requirements.

Key Considerations for Tribal Housing

- Tribal governments may use tribal resolutions or council approvals in place of municipal permits, zoning approvals, or affordability agreements.
- Housing developed or managed by a Tribal Housing Authority (THA) or tribally designated housing entity (TDHE) can count toward Proposition 123 compliance, provided it meets affordability criteria.
- Housing on tribal trust land is subject to tribal governance and land use policies, and compliance should align with tribal legal frameworks rather than state or local regulations.
- Additional flexibility may be available — Contact the [Proposition 123 Community Support Team](#).

Exemptions

Tribal housing projects may be exempt from certain state-level requirements if they conflict with tribal governance or sovereign authority, as outlined in C.R.S. § 29-32-105(1)(d). For example, the expedited review requirement does not apply to tribal governments, because they do not have a land use

entitlement process or building permits, like most municipal or county governments.

Appendix A - Proposition 123 Submission Package

The Submission Package Details checklist is intended to help jurisdictions track and document affordable housing units under Proposition 123. It serves as a pre-submission tool to verify that all necessary documentation is in place before submitting units for compliance. The checklist does not replace the official DOH Unit Counting Submission Form but is designed to support jurisdictions in preparing accurate and complete submissions

An additional tool available is the [Unit Counting Spreadsheet template](#). This optional template is intended to be uploaded in the portal under the section titled “Using DOH Provided Template.” This is in lieu of completing the separate submission forms through the portal. An additional Expedited Review submission will still need to be completed through the portal.

Submission Package Details

1. Area Median Income

- ☐ Enter what 100% AMI equates to in dollars for your jurisdiction
- ☐ Description of source/methods used to determine AMI

2. Unit Count Summary

- ☐ Total number of affordable units
- ☐ Unit Category (New Construction, Conversion/Preservation, NOAH, Special Circumstances)
- ☐ AMI levels served ($\leq 60\%$ AMI rental / $\leq 100\%$ AMI ownership)

3. Project & Ownership Information

- ☐ Project name and location
- ☐ Project summary
- ☐ Type of dwelling (Single Family, Multi-Family, ADU, etc.)
- ☐ Ownership or rental classification

4. Affordability Compliance

- ☐ Description and documentation of Affordability Mechanism and tenant/buyer income verification process (unless NOAH)
- ☐ Documentation of intent to meet affordability income thresholds

5. Supporting Documentation

- ☐ **New Construction:** Permit for vertical construction
- ☐ **Preservation:** Evidence of expiring affordability and need for preservation. Permit documentation if applicable
- ☐ **Conversion:** Financial close, documentation of previous and current use or occupancy
- ☐ **NOAH:** Data/calculation demonstrating affordability, confirmation unit is new addition to housing stock and there is no Affordability Mechanism

6. Funding & Collaboration

- ☐ Proposition 123 funding program (if applicable)
- ☐ Other committed funding sources (if applicable)
- ☐ Regional collaboration agreements (if applicable)

Appendix B - Defined Terms

This section provides definitions for key terms used in the Proposition 123 Counting Guidance, directly quoting relevant statute and sources where applicable.

Affordability Thresholds

Proposition 123 establishes Affordability Thresholds as follows:

- (1) (a) Rental housing at or below 60% AMI, or
- (b) For-sale housing at or below 100% AMI, and
- (2) Which costs the household less than 30% of its monthly income.

Affordable Housing

According to Colorado Revised Statutes § 29-32-101(2):

"Affordable housing" means rental housing affordable to a household with an annual income of at or below sixty percent of the area median income, and that costs the household less than thirty percent of its monthly income. "Affordable housing" also means for-sale housing that could be purchased by a household with an annual income of at or below one hundred percent of the area median income, for which the mortgage payment costs the household less than thirty percent or less of its monthly income.

Accessory Dwelling Unit (ADU)

An [ADU](#) is an internal, attached, or detached dwelling unit that: (a) provides complete independent living facilities for one or more individuals; (b) is located on the same lot as a proposed or existing primary residence; and (c) includes facilities for living, sleeping, eating, cooking, and sanitation (C.R.S. 29-35-402).

Affordability Mechanism

A legally binding agreement ensuring that a housing unit remains affordable for a designated period. These can include:

- Deed restrictions
- Promissory Note
- Land Use Restriction Agreements (LURAs)
- Covenants running with the land
- Regulatory agreements enforceable by a jurisdiction or housing authority

To count toward Proposition 123, Affordability Mechanisms must be in place at the time of unit verification (C.R.S. § 29-32-105(1)(d)).

Area Median Income vs. Median Family Income

The U.S. Department of Housing and Urban Development (HUD) calculates both Area Median Income (AMI) and Median Family Income (MFI) annually. While the terms are sometimes used interchangeably, they have distinct meanings:

Area Median Income (AMI)

AMI is commonly used in affordable housing programs and refers to HUD's income limits, which are derived from MFI but adjusted based on family size and other factors.

- If used without qualification, AMI is synonymous with MFI.
- When AMI is specified by percentage (e.g., 60% AMI, 80% AMI), it refers to HUD's income limits calculated as a percentage of MFI.
- AMI adjusts for family size, meaning a single-person household and a four-person household will have different income thresholds.

For HUD's latest AMI income limits, visit:

[HUD Income Limits Dataset](#)

[HUD AMI Lookup Tool](#)

HUD updates these figures annually, and they are used to determine eligibility for federally funded housing programs, including Low-Income Housing Tax Credits (LIHTC), Housing Choice Vouchers (HCV), and HOME funds.

Median Family Income (MFI)

According to [HUD](#):

"HUD estimates median family income (MFI) for each metropolitan area and non-metropolitan county in the U.S. annually. These estimates are based on data from the U.S. Census Bureau's American Community Survey (ACS), specifically table B19113 - MEDIAN FAMILY INCOME IN THE PAST 12 MONTHS."

MFI represents the midpoint of a region's income distribution for families, meaning half of families earn more and half earn less.

Baseline of Affordable Housing

A jurisdiction's baseline is the number of affordable housing units it has at the time of its Proposition 123 commitment. The baseline is calculated using one of the following sources (C.R.S. § 29-32-105(1)(c)):

- [American Community Survey \(ACS\) 5-Year Estimates](#)
- [HUD Comprehensive Housing Affordability Strategy \(CHAS\) data](#)
- [DOLA's Baseline Assistance Tool](#)
- [DOLA's Baseline Reference Table](#)

Community Land Trust (CLT)

A nonprofit model where a trust retains ownership of the land while the homeowner owns the structure, ensuring affordability through resale restrictions.

CLTs count toward Proposition 123 when affordability is guaranteed by deed restrictions or other enforceable agreements.

Conversion

The process of changing the use or affordability status of an existing building to create new affordable housing, including:

- Market-rate to affordable conversions
- Commercial-to-residential conversions (adaptive reuse)
- Hotel or motel conversions

Covenant

A legally binding restriction recorded against a property that regulates its use, resale price, or affordability.

Deed-restricted housing is subject to a covenant ensuring affordability over a specified period.

Deed Restriction

A deed restriction is a legally enforceable Affordability Mechanism recorded on the title of a property to ensure housing affordability. It typically includes provisions that:

- Restrict sale price or rent based on Area Median Income (AMI) thresholds.
- Require income verification for new occupants to ensure compliance with affordability requirements.
- Specify an affordability period, often enforced for 30 years or more.

To count toward Proposition 123, deed restrictions must be legally binding, enforceable, and in place at the time of unit verification.

Group Quarters

The [U.S. Census Bureau](#) defines Group Quarters as:

"A place where people live or stay in a group living arrangement that is owned or managed by an entity or organization providing housing and/or services for the residents."

Group Quarters are categorized into two types:

1. Institutional Group Quarters: Facilities that provide care or custody to residents, including:
 - Correctional facilities (e.g., prisons, jails)
 - Nursing homes
 - Mental health hospitals
2. Non-Institutional Group Quarters: Facilities that do not provide institutional care, such as:
 - College or university dormitories
 - Military barracks
 - Group homes
 - Missions
 - Shelters

Note: Under Proposition 123, institutional group quarters are excluded from affordable housing commitments.

Land Use Restriction Agreement (LURA)

An Affordability Mechanism that applies to rental properties, typically in connection with public financing programs.

LURAs:

- Define income limits for tenants.
- Establish affordability periods (often 30+ years).
- Are required for [LIHTC](#) and other publicly funded projects.

Naturally Occurring Affordable Housing (NOAH)

Existing, unsubsidized housing that is affordable to lower-income households without formal Affordability Mechanisms.

New Construction

Newly built housing units that have an Affordability Mechanism and are permitted after the date of your commitment.

Preservation

Preservation refers to protecting existing affordable housing units that might otherwise be lost due to expiring Affordability Mechanisms, redevelopment, or market pressures.

Temporary or Seasonal Housing

Temporary or seasonal housing refers to living arrangements that are not intended for year-round, permanent occupancy. These units typically accommodate seasonal workers, travelers, or individuals in transitional housing situations.

Key Characteristics:

- Limited duration occupancy (e.g., seasonal work contracts, temporary assignments).
- Not considered a permanent residence by the U.S. Census Bureau.
- Often excluded from affordable housing commitments under Proposition 123.

Census Bureau Definition:

The [U.S. Census Bureau](#) classifies seasonal or temporary housing under vacant housing units for seasonal, recreational, or occasional use, defined as:

"Units intended for occupancy only during certain seasons of the year, primarily used for recreational purposes or housing seasonal workers, and not considered a permanent place of residence."

Common Types of Temporary or Seasonal Housing:

- Seasonal worker dormitories (e.g., ski resort or agricultural worker housing).
- Short-term employer-provided housing.
- Temporary hotel/motel stays (unless converted into permanent housing).

- Vacation rentals or second homes (Airbnb, VRBO, etc.).
- Emergency shelters (short-term crisis housing, typically not counted as permanent housing).

Exclusion from Proposition 123:

Under Proposition 123, temporary or seasonal housing does not qualify as affordable housing unless it is converted into permanent, year-round affordable housing with Affordability Mechanisms.

Appendix C - Resource Glossary

Proposition 123 Resources

- [Contact the Proposition 123 Community Support Team](#)
- [DOH's Proposition 123 Website](#)
- [Proposition 123 Compliance Information](#)
- [Expedited Review Guidance](#)
- [Local Planning Capacity Grant](#)
- [Regional Collaboration](#)
- [Rural Resort Income Limit Petition Process](#)
- [List of Commitment Filings](#)
- [Training and Resources](#)
- [Frequently Asked Questions](#)

Data Resources

- [HUD Income Limits Dataset](#)
- [HUD AMI Lookup Tool](#)
- [American Community Survey \(ACS\) 5-Year Estimates](#)
- [HUD Comprehensive Housing Affordability Strategy \(CHAS\) data](#)
- [DOLA's Baseline Assistance Tool](#)
- [DOLA's Baseline Reference Table](#)
- [CoStar](#)
- MLS Databases ([REcolorado](#), [Colorado Real Estate Network](#))
- [CHFA Market Feasibility](#)
- [State Demographer Office](#)