



## Legislative Council Staff

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# Revised Fiscal Note

(replaces fiscal note dated April 26, 2022)

**Drafting Number:** LLS 22-0811 **Date:** April 28, 2022  
**Prime Sponsors:** Rep. Roberts; Bradfield **Bill Status:** Senate Appropriations  
 Sen. Coleman; Gonzales **Fiscal Analyst:** Matt Bishop | 303-866-4796  
 Matt.Bishop@state.co.us

**Bill Topic:** STATE GRANTS INVESTMENTS LOCAL AFFORDABLE HOUSING

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates two grant programs to support affordable housing. It may increase state revenue, increases state expenditures, and increases local revenue and expenditures beginning in FY 2022-23.

**Appropriation Summary:** The fiscal note does not require an appropriation to DOLA, but requires reappropriations to other agencies totaling \$431,985.

**Fiscal Note Status:** The revised fiscal note reflects the reengrossed bill. It has also been updated to make a technical correction to first-year staffing costs.

**Table 1  
State Fiscal Impacts Under HB 22-1304**

		<b>Budget Year FY 2022-23</b>	<b>Out Year FY 2023-24</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$81.6 million	\$80.7 million
	Centrally Appropriated	\$0.7 million	\$0.6 million
	<b>Total Expenditures</b>	<b>\$82.3 million</b>	<b>\$81.4 million</b>
	<b>Total FTE</b>	<b>22.4 FTE</b>	<b>19.9 FTE</b>
<b>Transfers</b>	Affordable Housing & Home Ownership CF	(\$178.0 million)	-
	Local Invest. in Affordable Housing Fund	\$138.0 million	-
	Infrastructure & Strong Communities Prog. Fund	\$40.0 million	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>		-	-

\* Totals may not sum due to rounding.

## **Summary of Legislation**

The bill creates two housing-related grant programs in the Department of Local Affairs (DOLA).

**Local Investments in Transformational Affordable Housing Grant Program.** This program provides grants to certain governmental entities or nonprofit organizations for affordable housing initiatives, including developing housing infrastructure, providing gap financing, maintaining existing and building new affordable housing stock, and land banking. DOLA must establish policies and procedures for the program by September 1, 2022. The bill specifies preferences for grant recipients, including how grants must be distributed across the state, and requires DOLA to annually report on the program.

The bill transfers \$138 million of federal coronavirus recovery money from the Affordable Housing and Home Ownership Cash Fund to the newly created Local Investments in Transformational Affordable Housing Fund, continuously appropriates money in the fund to DOLA until July 1, 2024, and authorizes the department to use up to six percent of the money for administrative purposes. Any remaining money in the fund reverts to the “American Rescue Plan Act of 2021” Cash Fund on December 31, 2024.

**Infrastructure and Strong Communities Grant Program.** The bill requires that the Division of Local Government in DOLA, the Colorado Energy Office, and the Department of Transportation (CDOT) develop a list of sustainable land use best practices, and administer a grant program to provide grants to local governments for investments in infill infrastructure projects that support affordable housing. DOLA must report on the program to the legislature by October 1 of each year, beginning in 2023.

The bill transfers \$40 million from the Affordable Housing and Home Ownership Cash Fund to the newly created Infrastructure and Strong Communities Grant Program Fund, continuously appropriates the money in the fund to DOLA, and authorizes DOLA to use money in the fund for administrative purposes, education, or technical assistance.

For both grant programs, DOLA is authorized to seek and spend gifts, grants, and donations.

## **State Revenue**

The bill potentially increases state revenue to the Local Investments in Transformational Affordable Housing Fund and the Infrastructure and Strong Communities Grant Program Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

**State Transfers**

The bill directs the State Treasurer to make two transfers on the bill’s effective date, or as soon as practicable thereafter. The fiscal note assumes these transfers will occur in FY 2022-23. The transfers are:

- \$138.0 million from the Affordable Housing and Home Ownership Cash Fund to the Local Investments in Transformational Affordable Housing Fund; and
- \$40.0 million from the General Fund to the Infrastructure and Strong Communities Grant Program Fund.

**State Expenditures**

The bill increases state expenditures in various department, primarily DOLA, by \$82.1 million in FY 2022-23 and \$81.4 million in FY 2023-24 from the Investments in Transformational Affordable Housing Fund and the Infrastructure and Strong Communities Grant Program Fund. Expenditures are shown in Table 2 and detailed below. The fiscal note assumes the funds transferred for the program will be spent over multiple years.

**Table 2  
 Expenditures Under HB 22-1304**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Department of Local Affairs</b>		
Personal Services	\$1,164,257	\$1,275,176
Operating Expenses	\$54,283	\$37,096
Capital Outlay Costs	\$132,054	-
Grants	\$79,000,000	\$79,000,000
Consultants	\$516,666	\$241,666
Software Licenses	\$318,267	\$141,204
Centrally Appropriated Costs <sup>1</sup>	\$580,840	\$638,222
FTE – Personal Services	17.6 FTE	19.4 FTE
<b>DOLA Subtotal</b>	<b>\$81,766,367</b>	<b>\$81,333,364</b>

**Table 2  
 Expenditures Under HB 22-1304 (Cont.)**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Office of Information Technology</b>		
Personal Services	\$348,476	-
Operating Expenses	\$5,805	-
Capital Outlay Costs	\$24,800	-
Centrally Appropriated Costs <sup>1</sup>	\$74,346	-
FTE – Personal Services	4.3 FTE	-
<b>OIT Subtotal</b>	<b>\$453,427</b>	<b>-</b>
<b>Colorado Energy Office</b>		
Personal Services	\$46,029	\$46,029
Operating Expenses	\$675	\$675
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs <sup>1</sup>	\$9,140	\$9,140
FTE – Personal Services	0.5 FTE	0.5 FTE
<b>CEO Subtotal</b>	<b>\$62,044</b>	<b>\$55,844</b>
<b>Total</b>	<b>\$82,281,838</b>	<b>\$81,389,208</b>
<b>Total FTE</b>	<b>22.4 FTE</b>	<b>19.9 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Local Affairs.** Costs will increase in the Division of Housing and the Division of Local Government to establish the new grant programs, including setting program policies, reviewing applications, monitoring grants, and reporting on the programs.

- *Administrative costs.* Administrative costs are estimated at \$1.9 million and 17.1 FTE for the Local Investments in Transformational Affordable Housing Grant Program and \$0.7 million and 2.5 FTE for the Infrastructure and Strong Communities Grant Program. Personal services costs have been prorated for various start dates as the programs are implemented. Operating and capital outlay costs include standard costs for the new staff, vehicle mileage, and specialized software licenses for grants management. DOLA requires consultants to provide technical assistance with federal requirements. Administrative expenses are assumed to continue into future years, which may require General Fund support.
- *Grants.* The fiscal note assumes that the grants will be spent over multiple years. Table 2 assumes \$79.0 million per year will be distributed as grants, of which \$65.0 million will be distributed to the Affordable Housing Grant Program and \$14.0 million will be distributed for the Infrastructure Grant Program. This is for illustrative purposes only; the amount of money awarded in each fiscal year will depend on the size and number of grants awarded, as determined by DOLA.

**Office of Information Technology.** The office requires 4.3 FTE to modify existing systems to support the grant programs. Costs have been estimated assuming that the same system enhancements will also support the programs created by Senate Bill 22-159 and Senate Bill 22-160, resulting in some cost savings. The costs shown in Table 2 reflect one-third of the required costs for all three bills; should either of those bills not pass, IT development costs for this bill may increase. Standard operating and capital outlay costs are included. Costs are paid from the cash funds via a reappropriation from DOLA.

**Colorado Energy Office.** The office requires 0.5 FTE to participate in the multi-agency group, conduct educational programming, and provide technical assistance to local governments. Standard operating and capital outlay costs are included. Costs are paid from the Infrastructure and Strong Communities Grant Program Fund via a reappropriation from DOLA.

**Department of Transportation.** Workload will increase to participate in the multi-agency group, to conduct educational programming, and to provide technical assistance to local governments. This work can be accomplished within existing appropriations. If additional resources are required, the department will seek them through the annual budget process.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Local Government

Revenue and expenditures may increase in local governments to the extent that they adopt land use best practices, apply for grants, receive grant awards, and leverage existing resources as part of a grant project.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

As the Investments in Transformational Affordable Housing Fund and the Infrastructure and Strong Communities Grant Program Fund are continuously appropriated, no appropriation to DOLA is required.

For FY 2022-23, the bill requires the following reappropriations from the Department of Local Affairs:

- \$319,450 from the Investments in Transformational Affordable Housing Fund to the Office of Information Technology, and 4.3 FTE;
- \$59,631 from the Infrastructure and Strong Communities Grant Program Fund to the Office of Information Technology; and
- \$52,904 from the Infrastructure and Strong Communities Grant Program Fund to the Colorado Energy Office, and 0.5 FTE.

**State and Local Government Contacts**

Colorado Energy Office  
Legislative Council Staff  
Personnel  
Treasury

Counties  
Local Affairs  
Revenue

Information Technology  
Municipalities  
Transportation