

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 22-0811.01 Bob Lackner x4350

HOUSE BILL 22-1304

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SENATE SPONSORSHIP

Coleman and Gonzales,

House Committees

Transportation & Local Government
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING STATE GRANTS FOR INVESTMENTS IN AFFORDABLE**
102 **HOUSING AT THE LOCAL LEVEL, AND, IN CONNECTION**
103 **THEREWITH, CREATING THE LOCAL INVESTMENTS IN**
104 **TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM**
105 **AND THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT**
106 **PROGRAM TO INVEST IN INFILL INFRASTRUCTURE PROJECTS**
107 **THAT SUPPORT AFFORDABLE HOUSING, AND MAKING AN**
108 **APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
April 20, 2022

HOUSE
Amended 2nd Reading
April 14, 2022

[http://leg.colorado.gov/.](http://leg.colorado.gov/))

The bill creates 2 state grant programs:

- The local investments in transformational affordable housing grant program (affordable housing grant program), administered by the division of housing (DOH) in the department of local affairs (department); and
- The infrastructure and strong communities grant program (strong communities grant program), administered by the division of local government (DLG) in the department.

The affordable housing grant program provides grants to local governments and nonprofit organizations to enable such entities to make investments in their communities or regions of the state in transformational affordable housing and housing related matters. The strong communities grant program provides grants to eligible local governments to enable local governments to invest in infill infrastructure projects that support affordable housing.

The strong communities grant program portion of the bill requires a multi-agency group, comprised of DLG, the state energy office, and the department of transportation, with the assistance of stakeholders, to develop a list of sustainable land use best practices that will accomplish the goals of the grant program and improve a local government's viability in being considered for a grant award.

The bill requires both DOH and DLG to develop policies, procedures, and guidelines governing the administration of the respective grant programs. The bill specifies how grant funding is to be prioritized and eligible uses of grant money awarded under the grant programs.

The bill creates 2 funds in the state treasury: The local investments in transformational affordable housing fund and the infrastructure and strong communities grant program fund. The bill specifies requirements pertaining to the administration of these funds.

Both funds are initially supported with a transfer of a specified amount of money from different funds.

Both grant programs are subject to reporting requirements specified in the bill, and both grant programs are repealed by a date specified in the bill.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration - intent - definitions.**

3 (1) The general assembly hereby finds, determines, and declares that:

4 (a) Though it has been exacerbated by the COVID-19 pandemic,

1 the housing crisis that Colorado faces is not new. For decades, the lack of
2 affordable housing has upended the lives of thousands who face
3 homelessness in the Denver metropolitan area and across the state,
4 shuttered Colorado businesses, hindered working-class employment
5 because of a lack of workforce housing, and exacerbated inequities for
6 communities of color.

7 (b) Currently, Colorado has a shortage of nearly 121,000
8 affordable rental units, and the Colorado housing and finance authority
9 reports that nearly half of all Colorado renters are considered cost
10 burdened, with an additional 24% being severely cost burdened. The
11 average home price in the state increased 130% from 2011 to 2021.
12 Statewide, the median price increased an additional 7% from January to
13 February 2022 and the median price is now \$555,540, a 90% increase
14 over March 2021. The town home and condominium market also reached
15 a new pricing level in February 2022 and now stands at \$402,390, which
16 is an increase of 17% from February 2021. Six out of ten Colorado
17 households are unable to afford the average priced home. As used in this
18 section, "cost-burdened" means that more than 30% percent of a
19 household's monthly income is expended on housing and "severely
20 cost-burdened means" that more than 50% of a household's monthly
21 income is expended on housing.

22 (c) On March 11, 2021, the federal government enacted the
23 "American Rescue Plan Act of 2021", Pub.L. 117-2, referred to in this
24 section as "ARPA", pursuant to which Colorado has received
25 \$3,828,761,790 from the federal coronavirus state fiscal recovery fund,
26 referred to in this section as the "SFRF", to be used for certain specified
27 purposes;

1 (d) These specified purposes include providing programs,
2 services, or other assistance for populations disproportionately impacted
3 by the COVID-19 pandemic;

4 (e) More specifically, federal regulations and guidance construing
5 dictating allocation of the SFRF promulgated by the United States
6 treasury identify a nonexclusive list of uses that address the
7 disproportionate negative economic effects of the COVID-19 pandemic,
8 including building stronger communities through investments in housing
9 and neighborhoods. Services in this category alleviate the immediate
10 economic impact of the COVID-19 pandemic on housing insecurity while
11 addressing conditions that contributed to poor public health and economic
12 outcomes during the pandemic, namely concentrated areas with limited
13 economic opportunity and inadequate or poor quality housing.

14 (f) Under these regulations, SFRF money may be used for
15 programs or services that address housing insecurity, lack of affordable
16 and workforce housing, or homelessness, including:

17 (I) Supportive housing or other programs or services to improve
18 access to stable, affordable housing among unhoused individuals;

19 (II) The development of affordable housing to increase the supply
20 of affordable housing units that are livable, vibrant, and driven by
21 community benefits; and

22 (III) Housing vouchers and assistance to allow individuals to
23 relocate in neighborhoods with high levels of economic opportunity and
24 to reduce concentrated areas of low economic opportunity;

25 (g) In addition to enumerated uses, the SFRF regulations allow for
26 funds categorized as revenue replacement to be used for government
27 services;

1 (h) In House Bill 21-1329, enacted in 2021, the general assembly
2 created the affordable housing task force, referred to in this section as the
3 "task force", to develop recommendations to take advantage of this
4 once-in-a-lifetime spending opportunity presented by ARPA to bring
5 transformative policies to Colorado's housing sector that will provide
6 immediate, sweeping, and long-lasting change. ARPA provided the
7 impetus to bring together the legislative and executive branches of state
8 government, as well as a diverse group of stakeholders made up of
9 affordable housing practitioners and experts, to tackle the affordable
10 housing crisis and determine which investments would make the biggest
11 impact. The 16-member task force was made up of a bipartisan group of
12 ten members of the general assembly and six agency directors. A
13 15-member subpanel of diverse affordable housing experts was also
14 appointed to advise the task force. The task force and subpanel undertook
15 a deliberative, iterative, and transparent process. Ultimately, the task force
16 came to near unanimous consensus on its funding recommendations and
17 allocations, as well as broad agreement on several policy concepts.

18 (i) The recommendations of the task force are intended to take
19 advantage of this once-in-a-lifetime funding opportunity, specifically, a
20 one-time investment of \$400 million, to institute transformational housing
21 policies and programs that will allow the state to better meet the challenge
22 of providing affordable housing, from addressing homelessness to
23 supporting housing for Colorado's workforce; and

24 (j) The recommendations made by the task force will not solve
25 Colorado's affordable housing crisis completely but will be a
26 transformational step forward in achieving that objective. Once
27 implemented at the local level across the state, these policies will make

1 significant strides in increasing access to flexible capital sources,
2 fostering innovation, strengthening the social safety net, enhancing
3 market stability, and ultimately promoting more broad and equitable
4 ownership and rental housing for Coloradans in every corner of the state.
5 These investments will result in more affordable housing being built
6 across the state and will help to maintain existing housing stock that is at
7 risk of becoming unsafe or unaffordable. The recommendations will help
8 reduce disparities and address homelessness and will assist many
9 Coloradans in purchasing homes that were previously out of financial
10 reach, which will help build intergenerational wealth across the state.

11 (2) The general assembly further finds, determines, and declares
12 that the programs and services funded by the transfers in this act are
13 appropriate uses of the money transferred to Colorado under the SFRF
14 and subsequently transferred into the affordable housing and home
15 ownership cash fund created in section 24-75-229 (3)(a), C.R.S. This
16 money will be put to expeditious and efficient use in building stronger
17 communities across the state by making grants to community partners and
18 local governments across the state to assist these entities in making
19 investments in housing for populations, households, or geographic areas
20 disproportionately affected by the COVID-19 pandemic.

21 (3) By this act, the general assembly is focusing a portion of the
22 SFRF money that it has received from the federal government to begin to
23 ameliorate the affordable housing crisis in Colorado by creating and
24 administering a program to provide direct, flexible, and timely grant
25 funding to community-based nonprofit organizations and local
26 governments that have or are pursuing measures to facilitate affordable
27 housing development or the purchase of land or buildings for and the

1 development of supportive, rental, transitional, and for-sale housing
2 targeted at populations and communities disproportionately impacted by
3 the COVID-19 pandemic.

4 (4) The general assembly intends that the grants made under this
5 act will be made to community-based and nonprofit organizations for
6 housing navigation and rehousing support, timely deployment of
7 assistance, and technical and legal assistance. The general assembly
8 intends that funds should be made available to local and regional groups
9 and governments to be used for a variety of needs as specified in this act.

10 (5) The general assembly additionally intends that the grant
11 program ensure flexibility of funding that will allow for operating grants
12 to be made to community-based nonprofit organizations and qualified
13 local governments, particularly in small, rural, and mountain resort
14 communities that can best meet their own development needs.

15 (6) The potential uses of SFRF money directed by this act are in
16 alignment with the priority articulated by the governor and legislators
17 representing both major political parties of investing in strong
18 communities. Such potential uses include funding for local infill
19 infrastructure needs to help support and catalyze affordable housing
20 development and further Colorado's sustainable development patterns,
21 provide community benefits, ensure multimodal connectivity, reduce
22 greenhouse gas emissions, strengthen social and environmental equity,
23 and improve quality of life and community resilience.

24 (7) The general assembly further intends that the structure of
25 funding criteria for the grant program created by this act encourage the
26 use of public policies that allow for the development of affordable
27 housing on a local basis congruent with local needs and conditions. To

1 achieve the greatest transformation possible, funding criteria should also
2 aim to support and promote the leveraging of local funding resources.
3 When appropriate, such funds should be aligned with loan funds from
4 other public and private sources and priority should be given to projects
5 that significantly leverage other funding sources. As part of the assistance
6 provided by this act, the general assembly intends that additional funds be
7 directed to eviction legal defense, given the ongoing challenges of
8 evictions caused by the COVID-19 pandemic.

9 (8) The general assembly further declares that the programs and
10 services described in this act are important government services.

11 **SECTION 2.** In Colorado Revised Statutes, **add 24-32-726** as
12 follows:

13 **24-32-726. Transformational affordable housing through local**
14 **investments - grant program - investments eligible for funding -**
15 **report - definitions - repeal. (1) Definitions.** AS USED IN THIS SECTION,
16 UNLESS THE CONTEXT OTHERWISE REQUIRES:

17 
18 (a) "COMMUNITY PARTNER" MEANS A NONPROFIT ORGANIZATION
19 THAT UNDERTAKES ANY OF THE ACTIVITIES OR SERVICES DESCRIBED IN
20 SUBSECTION (2)(b) OF THIS SECTION.

21 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

22 (c) "ELIGIBLE RECIPIENT" MEANS A LOCAL GOVERNMENT OR A
23 COMMUNITY PARTNER THAT APPLIES FOR A GRANT THROUGH THE GRANT
24 PROGRAM.

25 (d) "FUND" MEANS THE LOCAL INVESTMENTS IN
26 TRANSFORMATIONAL AFFORDABLE HOUSING FUND CREATED IN
27 SUBSECTION (4)(a) OF THIS SECTION.

1 (e) "GRANT PROGRAM" MEANS THE LOCAL INVESTMENTS IN
2 TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM CREATED
3 IN SUBSECTION (2)(a) OF THIS SECTION.

4 (f) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, CITY
5 AND COUNTY, TRIBAL GOVERNMENT, SPECIAL DISTRICT ORGANIZED UNDER
6 TITLE 32, SCHOOL DISTRICT, DISTRICT, HOUSING AUTHORITY, COUNCIL OF
7 GOVERNMENTS, A REGIONAL PLANNING COMMISSION ORGANIZED UNDER
8 TITLE 30, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE.

9 (g) "MATCH" MEANS MONETARY AND NONMONETARY
10 CONTRIBUTIONS TO A PROJECT.

11

12 (2) **Creation of the grant program - projects or programs**

13 **eligible for funding.** (a) THERE IS CREATED IN THE DIVISION THE LOCAL
14 INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT
15 PROGRAM TO PROVIDE GRANTS TO ELIGIBLE RECIPIENTS TO ENABLE SUCH
16 ENTITIES TO MAKE INVESTMENTS IN THEIR COMMUNITIES OR REGIONS OF
17 THE STATE IN TRANSFORMATIONAL AFFORDABLE HOUSING AND HOUSING
18 RELATED MATTERS IN ACCORDANCE WITH THE REQUIREMENTS OF THIS
19 SECTION. THE DIVISION SHALL ADMINISTER THE GRANT PROGRAM.

20 (b) THE DIVISION MAY AWARD GRANTS UNDER THE GRANT
21 PROGRAM TO SUPPORT INVESTMENTS BY ELIGIBLE RECIPIENTS IN PROJECTS
22 OR PROGRAMS THAT:

23 (I) DEVELOP AND INTEGRATE INFRASTRUCTURE TIED TO AN
24 AFFORDABLE HOUSING DEVELOPMENT, INCLUDING FUNDING FOR CAPITAL
25 CONSTRUCTION AND THE COST OF INFRASTRUCTURE DESIGN;

26 (II) PROVIDE GAP FINANCING FOR HOUSING DEVELOPMENT
27 PROJECTS INCLUDING BUT NOT LIMITED TO TRANSACTIONS UNDER THE

1 FEDERAL LOW-INCOME HOUSING TAX CREDIT AND THE AFFORDABLE
2 HOUSING TAX CREDIT CREATED IN SECTION 39-22-2102 (1) AND FOR THE
3 PURCHASE OR CONVERSION OF EXISTING AFFORDABLE HOUSING AND
4 MULTI-FAMILY DEVELOPMENTS, LAND, AND BUILDINGS, PARTICULARLY IN
5 COMMUNITIES WHERE EFFORTS HAVE BEEN MADE TO ENCOURAGE
6 AFFORDABLE HOUSING DEVELOPMENT OR IN COMMUNITIES IN WHICH LOW
7 CONCENTRATIONS OF AFFORDABLE HOUSING EXIST;

8 (III) INCREASE NEW AFFORDABLE FOR-SALE HOUSING STOCK BY
9 PROVIDING FUNDING TO ASSIST WITH THE COSTS OF CONSTRUCTION,
10 INCLUDING BUT NOT LIMITED TO CONSTRUCTION COSTS, LAND
11 ACQUISITION COSTS, TAP FEES, BUILDING PERMITS, AND IMPACT FEES;

12 (IV) MAINTAIN EXISTING AFFORDABLE HOUSING THROUGH
13 FUNDING FOR PRESERVATION, RESTORATION THROUGH REHABILITATION,
14 RETROFITTING, RENOVATION, CAPITAL IMPROVEMENTS, THE REPAIR OF
15 CURRENT AFFORDABLE HOUSING STOCK, INCLUDING HOUSING MADE
16 AVAILABLE UNDER 42 U.S.C. SEC. 1437f, AND PUBLIC HOUSING FOR
17 POPULATIONS AND HOUSEHOLDS DISPROPORTIONATELY IMPACTED BY THE
18 COVID-19 PANDEMIC WITH COMMITMENTS FOR LONG-TERM
19 AFFORDABILITY. THESE INVESTMENTS MAY INCLUDE BUT ARE NOT LIMITED
20 TO:

21 (A) SENIOR HOUSING;

22 (B) REMEDIATION OF LOW-QUALITY AND CONDEMNED PROPERTIES;

23 (C) HOUSING UNITS THAT ARE INTEGRATED INTO NONSEGREGATED
24 HOUSING UNITS THAT ARE SPECIFICALLY DESIGNED FOR PEOPLE LIVING
25 WITH DISABILITIES;

26 (D) THE PURCHASE AND TRANSITION OF CURRENT HOUSING STOCK,
27 INCLUDING PROPERTIES CURRENTLY IN USE ON A SHORT-TERM RENTAL

1 BASIS, INTO AFFORDABLE HOUSING ON A LONG-TERM BASIS; AND

2 (E) THE PROVISION OF TIME-LIMITED RENTAL ASSISTANCE FOR
3 HOUSEHOLDS DISPROPORTIONATELY IMPACTED BY THE COVID-19
4 PANDEMIC AND AT-RISK OF LOSING THEIR HOME OR IN NEED OF RAPID
5 RE-HOUSING, INCLUDING FUNDING FOR OUTREACH, HOUSING NAVIGATION
6 ASSISTANCE, AND LEGAL SERVICES.

7 (V) FINANCE ENERGY IMPROVEMENTS IN SINGLE-FAMILY AND
8 MULTI-FAMILY AFFORDABLE HOUSING THAT WILL PROVIDE FUNDING FOR
9 INCREMENTAL, UP-FRONT COSTS FOR EFFICIENT, ELECTRIC MEASURES AND
10 RENEWABLE ENERGY SYSTEMS FOR BOTH EXISTING HOMES AND RENTAL
11 UNITS AND NEW HOUSING CONSTRUCTION.

12 (VI) PROVIDE OR MAINTAIN PROPERTY CONVERSION FOR
13 TRANSITIONAL OR LONG-TERM HOUSING;

14 (VII) PROVIDE OR MAINTAIN PERMANENT SUPPORTIVE HOUSING
15 AND SUPPORTIVE SERVICES;

16 (VIII) PROVIDE OR MAINTAIN LAND BANKING AND LAND TRUST
17 STRATEGIES FOR LONG-TERM AFFORDABLE HOUSING PLANNING AND
18 DEVELOPMENT; AND

19 (IX) PROVIDE OR MAINTAIN FUNDING FOR EVICTION LEGAL
20 DEFENSE.

21 (3) **Policies, procedures, and guidelines.** (a) ON OR BEFORE
22 SEPTEMBER 1, 2022, THE DIVISION SHALL ADOPT POLICIES, PROCEDURES,
23 AND GUIDELINES FOR THE GRANT PROGRAM THAT INCLUDE, WITHOUT
24 LIMITATION:

25 (I) THE PROCESS BY WHICH A LOCAL GOVERNMENT OR COMMUNITY
26 PARTNER APPLIES FOR A GRANT AWARD AND THE CRITERIA USED TO
27 DETERMINE ELIGIBILITY FOR A GRANT AWARD;

1 (II) PROCEDURES AND TIME LINES BY WHICH AN ELIGIBLE
2 RECIPIENT MAY APPLY FOR A GRANT;
3 (III) PERFORMANCE CRITERIA FOR GRANT RECIPIENTS' PROJECTS;
4 (IV) REPORTING REQUIREMENTS FOR GRANT RECIPIENTS; AND
5 (V) REQUIREMENTS FOR GRANT RECIPIENTS TO OFFER A MATCH IN
6 RESOURCES.

7 (b) IN AWARDING GRANTS, THE DIVISION SHALL PRIORITIZE
8 PROJECTS OR PROGRAMS THAT, TO THE GREATEST EXTENT PRACTICABLE,
9 PROMOTE ONE OR MORE OF THE FOLLOWING GOALS AND OBJECTIVES:

10 (I) INCREASE THE SUPPLY OF HOUSING IN URBAN, RURAL, AND
11 RURAL RESORT COMMUNITIES ACROSS THE STATE THAT IS PROPORTIONAL
12 TO EACH COMMUNITY'S DEMONSTRATED NEED THROUGH:

13 (A) A PREFERENCE FOR MIXED-INCOME PROJECTS IN WHICH A
14 PERCENTAGE OF UNITS, PROPORTIONAL TO THE DEMONSTRATED HOUSING
15 NEEDS OF THE LOCAL COMMUNITY, WITHIN A PARTICULAR DEVELOPMENT
16 HAVE RESTRICTED AVAILABILITY TO HOUSEHOLDS AT AND BELOW THE
17 INCOME LEVELS SPECIFIED IN SUBSECTION (3)(c) OF THIS SECTION. THE
18 PERCENTAGE OF RESTRICTED UNITS AND AFFORDABILITY LEVELS MUST
19 COMPLY WITH LAWS ENACTED BY LOCAL GOVERNMENTS PROMOTING THE
20 DEVELOPMENT OF NEW AFFORDABLE HOUSING UNITS PURSUANT TO
21 SECTION 29-20-104 (1);

22 (B) DEVELOPMENTS IN WHICH HOUSING UNITS ARE RESTRICTED AT
23 INCOME LEVELS DEMONSTRATED BY LOCAL COMMUNITY NEEDS AS
24 SPECIFIED IN SUBSECTION (3)(c)(I) OF THIS SECTION;

25 (C) TRANSIT ORIENTED DEVELOPMENT;

26 (D) THE INCLUSION OF HOUSING UNITS THAT ARE RESTRICTED FOR
27 RENTAL USAGE TO PERSONS WITH DISABILITIES OR THAT INCLUDE

1 UNIVERSAL DESIGN FEATURES THAT ALLOW INDIVIDUALS TO CONTINUE TO
2 RESIDE IN THEIR DWELLING UNITS AS THEY AGE; OR

3 (E) HOUSING THAT IS RESTRICTED TO THE VICTIMS OF DOMESTIC
4 VIOLENCE OR SEXUAL ASSAULT;

5 (II) LEVERAGE CAPITAL AND OPERATING SUBSIDIES FROM VARIOUS
6 PUBLIC AND PRIVATE SOURCES;

7 (III) CREATE OPPORTUNITIES TO BUILD INTERGENERATIONAL
8 WEALTH FOR FAMILIES;

9 (IV) PROMOTE THE LONG-TERM AFFORDABILITY OF ANY
10 DEVELOPMENTS OR PROJECTS THAT ARE FUNDED BY THE GRANT PROGRAM;

11 (V) INVOLVE THE PURCHASE OF REAL PROPERTY NECESSARY TO
12 SECURE LAND AREAS NEEDED FOR FUTURE DEVELOPMENT; OR

13 (VI) REPRESENT A ONE-TIME FUNDING PROPOSAL TO THE STATE
14 WITH MINIMAL OR NO MULTI-YEAR FINANCIAL OBLIGATIONS AND
15 CONTRIBUTE TO THE OVERALL WELL-BEING AND PROFESSIONAL AND
16 RECREATIONAL NEEDS OF THE LOCAL WORKFORCE AND POPULATION.

17 (c) THE RENTAL AND HOME OWNERSHIP TARGETS APPLICABLE TO
18 LOCAL COMMUNITIES ACROSS THE STATE AS REQUIRED BY SUBSECTION
19 (3)(b)(I) OF THIS SECTION ARE SPECIFIED IN SUBSECTION (3)(c)(I) OF THIS
20 SECTION IN ACCORDANCE WITH THE FOLLOWING:

21 (I) (A) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL
22 BASIS IN URBAN COUNTIES, HOUSING MUST BE TARGETED TO HOUSEHOLDS
23 WITH AN ANNUAL INCOME THAT IS AT OR BELOW EIGHTY PERCENT OF THE
24 AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN
25 WHICH THE HOUSING IS LOCATED.

26 (B) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS
27 IN RURAL COUNTIES, HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH

1 AN ANNUAL INCOME THAT IS AT OR BELOW ONE HUNDRED FORTY PERCENT
2 OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE
3 COUNTY IN WHICH THE HOUSING IS LOCATED.

4 (C) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS
5 IN RURAL RESORT COUNTIES, HOUSING MUST BE TARGETED TO
6 HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR BELOW ONE
7 HUNDRED SEVENTY PERCENT OF THE AREA MEDIAN INCOME OF
8 HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
9 LOCATED.

10 (D) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME
11 OWNERSHIP BASIS IN ANY AREA OF THE STATE, HOUSING MUST BE
12 TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR
13 BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF
14 HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
15 LOCATED.

16 (II) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION SHALL
17 CLASSIFY EACH COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL
18 RESORT" BASED UPON DEFINITIONS OF THE TERMS AS SPECIFIED IN THE
19 FINAL REPORT OF THE COLORADO STRATEGIC HOUSING WORKING GROUP
20 FINAL REPORT DATED JULY 6, 2021. THE DIVISION SHALL REGULARLY
21 UPDATE AND PUBLISH MODIFICATION OF THE INITIAL CLASSIFICATION OF
22 A PARTICULAR COUNTY AS IT RECEIVES INFORMATION DOCUMENTING
23 CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST
24 FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

25 (III) NOTWITHSTANDING SUBSECTION (3)(c)(I) OF THIS SECTION,
26 ANY COUNTY OR MUNICIPALITY MAY REQUEST FROM THE DIVISION:

27 (A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION

1 SHOULD APPLY TO THAT COUNTY OR MUNICIPALITY FROM THE ONE MADE
2 APPLICABLE TO THE COUNTY OR MUNICIPALITY IN ACCORDANCE WITH
3 SUBSECTION (3)(c)(I) OF THIS SECTION BASED UPON THE UNIQUE
4 ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR
5 MUNICIPALITY. NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION SHALL
6 PUBLISH ANY SUCH MODIFIED INCOME RESTRICTIONS AND THE BASIS FOR
7 ANY MODIFICATION APPROVED.

8 (B) AT ANY TIME, A RECLASSIFICATION OF THE COUNTY OR
9 MUNICIPALITY FROM THE CATEGORY IN WHICH THE COUNTY OR
10 MUNICIPALITY IS INITIALLY CLASSIFIED PURSUANT TO SUBSECTION
11 (3)(c)(II) BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST
12 FACTORS PRESENT IN THE COUNTY OR MUNICIPALITY.

13 (d) THE DIVISION SHALL EITHER CREATE OR UTILIZE AN EXISTING
14 PROCESS THAT ENSURES THAT GRANTS ARE ONLY CONSIDERED AND
15 AWARDED AFTER A FAIR AND RIGOROUS OPEN COMPETITION AMONG
16 ELIGIBLE GRANT RECIPIENTS.

17 (e) IN DETERMINING GRANT AMOUNTS, THE DIVISION SHALL SEEK
18 TO INCREASE INVESTMENTS IN FOR-SALE HOUSING STOCK. THE OBJECTIVE
19 DESCRIBED IN THIS SUBSECTION (3)(e) MAY BE ACHIEVED BY PROVIDING
20 GRANTS UNDER THE GRANT PROGRAM THAT ARE LAYERED WITH AWARDS
21 UNDER EXISTING STATE GRANT PROGRAMS TO INCREASE SUBSIDIES ON A
22 PER-UNIT BASIS.

23 (f) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION:

24 (I) THROUGH DECEMBER 31, 2023, THE DIVISION SHALL MAKE NOT
25 MORE THAN FIFTY PERCENT OF THE MONEY AVAILABLE UNDER THE GRANT
26 PROGRAM FOR GRANT APPLICATIONS, DEVELOPMENTS, OR PROGRAMS THAT
27 ARE PROPOSED FOR RURAL OR RURAL RESORT COUNTIES ACROSS THE

1 STATE AND SHALL MAKE NOT MORE THAN FIFTY PERCENT OF THE FUNDS
2 AVAILABLE UNDER THE GRANT PROGRAM FOR GRANT APPLICATIONS,
3 DEVELOPMENTS, OR PROGRAMS THAT ARE PROPOSED FOR URBAN COUNTIES
4 ACROSS THE STATE.

5 (II) AFTER DECEMBER 31, 2023, ALL UNENCUMBERED MONEY
6 AVAILABLE UNDER THE GRANT PROGRAM MAY BE EXPENDED IN
7 ACCORDANCE WITH THIS SECTION IN ANY AREA OF THE STATE WITHOUT
8 REGARD TO THE RESTRICTIONS SPECIFIED IN THIS SUBSECTION (3)(e).

9 (III) NOT LATER THAN JULY 15, 2023, THE DIVISION SHALL SUBMIT
10 A REPORT TO THE GENERAL ASSEMBLY SPECIFYING THE STATE OF
11 ENCUMBERED MONEY UNDER THE GRANT PROGRAM AS OF JUNE 30, 2023,
12 AND A LIST OF PROJECTS THAT HAVE BEEN APPROVED BUT THAT ARE
13 AWAITING FUNDING AS OF JUNE 30, 2023.

14 (g) IN LIGHT OF DIFFERING NEEDS FOR PER HOUSING UNIT
15 SUBSIDIES ACROSS DIFFERENT AREAS OF THE STATE, THE DIVISION MAY
16 WAIVE PER UNIT SUBSIDY AMOUNTS THAT HAVE BEEN INITIALLY SET FOR
17 PARTICULAR PROJECTS OR PROGRAMS TO ADJUST FOR MARKET FACTORS IF
18 THE PURPOSE OF THE PROJECT HAS BEEN ACCOMPLISHED OR TO SATISFY
19 THE INTENT OF THE GRANT AWARD.

20 (h) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
21 THE AMOUNT OF ANY GRANT AWARD UNDER THE GRANT PROGRAM AND
22 ANY RESTRICTIONS OR CONDITIONS PLACED UPON THE USE OF GRANT
23 MONEY AWARDED IS WITHIN THE DISCRETION OF THE DIVISION IN
24 ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION.

25 (4) **Fund.** (a) THE LOCAL INVESTMENTS IN TRANSFORMATIONAL
26 AFFORDABLE HOUSING FUND IS CREATED IN THE STATE TREASURY. THE
27 FUND CONSISTS OF MONEY TRANSFERRED TO THE FUND PURSUANT TO

1 SUBSECTION (4)(c) OF THIS SECTION; MONEY APPROPRIATED TO THE FUND
2 BY THE GENERAL ASSEMBLY; AND ANY GIFTS, GRANTS, OR DONATIONS
3 FROM ANY PUBLIC OR PRIVATE SOURCES, INCLUDING GOVERNMENTAL
4 ENTITIES, THAT THE DIVISION IS AUTHORIZED TO SEEK AND ACCEPT.

5 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
6 INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE
7 FUND TO THE FUND. EXCEPT AS OTHERWISE REQUIRED BY THIS
8 SUBSECTION (4)(b), ALL MONEY NOT EXPENDED OR ENCUMBERED, AND
9 ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEY IN THE
10 FUND, MUST REMAIN IN THE FUND AND SHALL NOT REVERT TO THE
11 GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR.
12 THE MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
13 DIVISION FOR THE PURPOSES OF THIS SECTION. ANY MONEY IN THE FUND
14 THAT IS NOT EXPENDED OR ENCUMBERED BY DECEMBER 31, 2024,
15 REVERTS TO THE "AMERICAN RESCUE PLAN ACT OF 2021" CASH FUND
16 CREATED IN SECTION 24-75-226 (2) IN ACCORDANCE WITH SECTION
17 24-75-226 (4)(d). ANY MONEY TRANSFERRED INTO THE FUND IN
18 ACCORDANCE WITH THIS SUBSECTION (4) THAT IS NOT EXPENDED OR
19 ENCUMBERED FROM ANY APPROPRIATION AT THE END OF ANY FISCAL YEAR
20 IS AVAILABLE FOR EXPENDITURE BY JULY 1, 2024, WITHOUT FURTHER
21 APPROPRIATION.

22 (c) ON THE EFFECTIVE DATE OF THIS SECTION, OR AS SOON AS
23 PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER ONE
24 HUNDRED THIRTY-EIGHT MILLION DOLLARS FROM THE AFFORDABLE
25 HOUSING AND HOME OWNERSHIP CASH FUND CREATED IN SECTION
26 24-75-229 (3)(a) THAT ORIGINATES FROM MONEY THE STATE RECEIVED
27 FROM THE FEDERAL CORONAVIRUS STATE FISCAL RECOVERY FUND TO THE

1 FUND. THE MONEY TRANSFERRED PURSUANT TO THIS SUBSECTION (4)
2 MUST ONLY BE USED FOR:

3 (I) MAKING GRANTS TO ELIGIBLE RECIPIENTS PURSUANT TO THE
4 GRANT PROGRAM; AND

5 (II) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY
6 BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO ~~SIX~~
7 PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE FUND TO
8 PAY FOR ITS DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT
9 PROGRAM. ALL SUCH ADMINISTRATIVE COSTS MUST BE PAID OUT OF THE
10 MONEY TRANSFERRED TO THE FUND PURSUANT TO THIS SUBSECTION (4)(c).

11 (5) **Reporting.** (a) IN CONNECTION WITH THE PUBLIC REPORT THE
12 DIVISION PREPARED IN ACCORDANCE WITH SECTION 24-32-705.5 (1), FOR
13 THE REPORT PREPARED IN 2023 AND 2024, THE DIVISION SHALL INCLUDE
14 IN THE REPORT INFORMATION SUMMARIZING THE USE OF ALL OF THE
15 MONEY THAT WAS AWARDED AS GRANTS FROM THE GRANT PROGRAM IN
16 THE PRECEDING STATE FISCAL YEAR. AT A MINIMUM, THE INFORMATION
17 INCLUDED IN THE REPORT PERTAINING TO THE GRANT PROGRAM MUST
18 SPECIFY THE NUMBER OF LOCAL GOVERNMENTS OR COMMUNITY PARTNERS
19 THAT APPLIED FOR A GRANT AWARD, INCLUDING THE NUMBER OF LOCAL
20 GOVERNMENTS OR COMMUNITY PARTNERS THAT WERE NOT AWARDED A
21 GRANT; THE AMOUNT OF GRANT MONEY DISTRIBUTED TO EACH GRANT
22 RECIPIENT; A DESCRIPTION OF EACH GRANT RECIPIENT'S USE OF THE GRANT
23 MONEY; AND HOW THE USE OF THE GRANT AWARDED FURTHERED THE
24 VISION OF TRANSFORMATIONAL AFFORDABLE HOUSING DESCRIBED IN THE
25 FINAL REPORT OF THE TASK FORCE ESTABLISHED IN SECTION 24-75-229
26 (6)(a). THE DIVISION SHALL ALSO INCLUDE IN THE REPORT ITS
27 RECOMMENDATIONS CONCERNING FUTURE ADMINISTRATION OF THE

1 GRANT PROGRAM.

2 (b) THE DIVISION AND ANY PERSON THAT RECEIVES MONEY FROM
3 THE DIVISION PURSUANT TO THE GRANT PROGRAM SHALL COMPLY WITH
4 THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND PROGRAM
5 EVALUATION REQUIREMENTS ESTABLISHED BY THE OFFICE OF STATE
6 PLANNING AND BUDGETING AND THE STATE CONTROLLER IN ACCORDANCE
7 WITH SECTION 24-75-226 (5).

8 (6) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31,
9 2026.

10 **SECTION 3.** In Colorado Revised Statutes, 24-32-705, **amend**
11 (7) as follows:

12 **24-32-705. Functions of division.** (7) The division shall
13 administer the:

14 (a) Affordable housing guided toolkit and local officials guide
15 program in accordance with section 24-32-721.5; AND

16 (b) LOCAL INVESTMENTS IN THE TRANSFORMATIONAL AFFORDABLE
17 HOUSING GRANT PROGRAM CREATED IN SECTION 24-32-726 (2)(a).

18 **SECTION 4.** In Colorado Revised Statutes, 24-32-705.5, **add**
19 (3.5) as follows:

20 **24-32-705.5. Annual public report on funding of affordable**
21 **housing preservation and production - definition.** (3.5) (a) FOR THE
22 PUBLIC REPORT REQUIRED BY SUBSECTION (1) OF THIS SECTION THAT THE
23 DIVISION IS REQUIRED TO PREPARE IN 2023 AND 2024, THE DIVISION SHALL
24 INCLUDE IN THE REPORT FOR EACH YEAR THE INFORMATION REQUIRED TO
25 BE INCLUDED IN THE REPORT IN ACCORDANCE WITH SECTION 23-32-726
26 (5).

27 (b) THIS SUBSECTION (3.5) IS REPEALED, EFFECTIVE JULY 1, 2026.

1 **SECTION 5.** In Colorado Revised Statutes, **add** 24-32-132 as
2 follows:

3 **24-32-132. Infrastructure and strong communities grant**
4 **program - creation - fund - reporting - definitions - repeal.**

5 (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
6 OTHERWISE REQUIRES:

7 (a) "AFFORDABLE HOUSING" MEANS:

8 (I) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS,
9 ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW ONE HUNDRED
10 FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT
11 SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED; ■

12 (II) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME
13 OWNERSHIP BASIS, ANNUAL INCOME OF THE HOUSEHOLD AT OR BELOW ONE
14 HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS
15 OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED; OR

16 (III) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME
17 OWNERSHIP BASIS IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE
18 HOUSEHOLD IS AT OR BELOW ONE HUNDRED SIXTY PERCENT OF THE AREA
19 MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH
20 THE HOUSING IS LOCATED.

21 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

22 (c) "ELIGIBLE EXPENSES" INCLUDE PLANNING, ENGINEERING,
23 INFRASTRUCTURE, AND LOCAL CAPACITY.

24 (d) "ELIGIBLE LOCAL GOVERNMENT" MEANS A MUNICIPALITY OR
25 A COUNTY.

26 (e) "FUND" MEANS THE INFRASTRUCTURE AND STRONG
27 COMMUNITIES GRANT PROGRAM FUND CREATED IN SUBSECTION (5) OF THIS

1 SECTION.

2 (f) "GRANT PROGRAM" MEANS THE INFRASTRUCTURE AND STRONG
3 COMMUNITIES GRANT PROGRAM CREATED IN SUBSECTION (3)(a) OF THIS
4 SECTION.

5 (g) "INFILL DEVELOPMENT" MEANS THE DEVELOPMENT OF UNUSED
6 AND UNDERUTILIZED LAND WITHIN EXISTING DEVELOPMENT PATTERNS,
7 TYPICALLY BUT NOT EXCLUSIVELY IN URBAN AREAS.

8 (h) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, OR
9 A CITY AND COUNTY.

10 (i) "MULTI-AGENCY GROUP" MEANS THE DIVISION, THE COLORADO
11 ENERGY OFFICE CREATED IN SECTION 24-38.5-101 (1), AND THE
12 DEPARTMENT OF TRANSPORTATION CREATED IN SECTION 43-1-103 (1).

13 (j) "SUSTAINABLE DEVELOPMENT PATTERN" MEANS A
14 DEVELOPMENT PATTERN THAT MAY BE EXTENDED IN A COST-EFFECTIVE
15 WAY THAT MITIGATES HARM AND MINIMIZES THE NEED FOR ADDITIONAL
16 RESOURCES TO MAINTAIN THE DEVELOPMENT OVER TIME.

17 (k) "TRANSIT-ORIENTED DEVELOPMENT" MEANS A DEVELOPMENT
18 THAT IS WITHIN WALKING DISTANCE OF A TRANSIT OR OTHER ALTERNATIVE
19 TRANSPORTATION FACILITY.

20 (2) **Multi-agency group - best practices.** (a) THE MULTI-AGENCY
21 GROUP SHALL ENCOURAGE THE INVOLVEMENT OF LOCAL GOVERNMENTS
22 ACROSS THE STATE IN THE GRANT PROGRAM. THE MULTI-AGENCY GROUP,
23 WITH THE ASSISTANCE OF STAKEHOLDERS, SHALL DEVELOP A LIST OF
24 SUSTAINABLE LAND USE BEST PRACTICES THAT WILL ACCOMPLISH THE
25 GOALS OF THE GRANT PROGRAM AND IMPROVE A LOCAL GOVERNMENT'S
26 VIABILITY IN BEING CONSIDERED FOR A GRANT AWARD.

27 (b) THE SUSTAINABLE LAND USE BEST PRACTICES REFERENCED IN

1 SUBSECTION (2)(a) OF THIS SECTION WILL ADDRESS ONE OR MORE OF THE
2 FOLLOWING, WITHOUT LIMITATION:

3 (I) ENABLING ACCESSORY DEVELOPMENT UNITS OR THE USE OF
4 MULTIPLEXES BY RIGHT IN RESIDENTIAL ZONES;

5 (II) ZONING FOR MIXED-USE HIGHER DENSITY DEVELOPMENT IN
6 DOWNTOWN AREAS OF MUNICIPALITIES AND AROUND TRANSIT STATIONS;

7 (III) ANNEXATION POLICIES;

8 (IV) INTERGOVERNMENTAL AGREEMENTS THAT COORDINATE
9 FUTURE DEVELOPMENT;

10 (V) REDUCED PARKING REQUIREMENTS;

11 (VI) RELAXED OCCUPANCY RULES;

12 (VII) BUDGETING POLICIES;

13 (VIII) WATER RATE STRUCTURES;

14 (IX) ROAD STANDARDS;

15 (X) HAZARD RISK REDUCTION AND MITIGATION STANDARDS;

16 (XI) ENERGY EFFICIENT BUILDING CODES; ■

17 (XII) ZONING FOR INNOVATIVE HOUSING OPTIONS, INCLUDING BUT
18 NOT LIMITED TO MODULAR, MANUFACTURED, AND PREFABRICATED
19 HOMES;

20 (XIII) THE USE OF VACANT PUBLICLY OWNED REAL PROPERTY
21 WITHIN THE LOCAL GOVERNMENT FOR THE DEVELOPMENT OF AFFORDABLE
22 HOUSING;

23 (XIV) PLANNED UNIT DEVELOPMENTS WITH INTEGRATED
24 AFFORDABLE HOUSING UNITS;

25 (XV) THE DEVELOPMENT OF SMALL SQUARE FOOTAGE
26 RESIDENTIAL UNIT SIZES; OR

27 (XVI) ANY OTHER PRACTICE THAT IS DEEMED INNOVATIVE BY A

1 LOCAL GOVERNMENT AND APPROVED BY THE MULTI-AGENCY WORKING
2 GROUP.

3 (c) THE MULTI-AGENCY GROUP SHALL DISTRIBUTE THE
4 SUSTAINABLE LAND USE PRACTICES DEVELOPED PURSUANT TO SUBSECTION
5 (2)(b) OF THIS SECTION TO LOCAL GOVERNMENTS SO THAT LOCAL
6 GOVERNMENTS MAY ANALYZE WHICH, IF ANY, OF THESE PRACTICES MIGHT
7 HAVE A POSITIVE IMPACT IN THEIR COMMUNITIES, AND THEN DETERMINE
8 HOW TO CUSTOMIZE THESE BEST PRACTICES AND ADOPT THEM IN THEIR
9 COMMUNITIES AS APPROPRIATE.

10 (3) **Grant program - criteria for awarding grants.** (a) THE
11 INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM IS HEREBY
12 CREATED WITHIN THE DIVISION TO PROVIDE GRANTS TO ELIGIBLE LOCAL
13 GOVERNMENTS TO ENABLE LOCAL GOVERNMENTS TO INVEST IN INFILL
14 INFRASTRUCTURE PROJECTS THAT SUPPORT AFFORDABLE HOUSING.

15 (b) THE DIVISION SHALL ADMINISTER THE GRANT PROGRAM, IN
16 CONSULTATION WITH THE COLORADO ENERGY OFFICE, CREATED IN
17 SECTION 24-38.5-101 (1), AND THE DEPARTMENT OF TRANSPORTATION,
18 CREATED IN SECTION 43-1-103 (1), AND, SUBJECT TO AVAILABLE
19 APPROPRIATIONS, AWARD GRANTS IN ACCORDANCE WITH THE
20 REQUIREMENTS OF THIS SECTION. SUBJECT TO AVAILABLE
21 APPROPRIATIONS, GRANTS MUST BE PAID OUT OF THE FUND CREATED IN
22 SUBSECTION (5) OF THIS SECTION.

23 (c) THE DIVISION SHALL DEVELOP POLICIES, PROCEDURES, AND
24 GUIDELINES THAT ESTABLISH THE CRITERIA THAT THE DIVISION MUST
25 CONSIDER IN AWARDING GRANTS PURSUANT TO THIS SECTION. AT A
26 MINIMUM, THE CRITERIA MUST INCLUDE THE CONSIDERATION OF:

27 (I) THE POTENTIAL IMPACT OF A PROJECT THAT A LOCAL

1 GOVERNMENT WOULD FUND WITH A GRANT AWARD IN LIGHT OF THE GOALS
2 OF THE GRANT PROGRAM; AND

3 (II) THE SUSTAINABLE LAND USE PRACTICES THAT THE LOCAL
4 GOVERNMENT HAS ADOPTED TO SUPPORT GREATER INFILL HOUSING
5 SUPPLY, MORE AFFORDABLE HOUSING, AND SUSTAINABLE DEVELOPMENT
6 PATTERNS.

7 (4) **Policies, procedures, and guidelines governing use of grant**
8 **funds.** (a) THE DIVISION SHALL DEVELOP POLICIES AND PROCEDURES TO
9 DETERMINE HOW GRANTS FUNDED BY THE GRANT PROGRAM MAY BE USED.

10 (b) AT A MINIMUM, THE POLICIES, PROCEDURES, AND GUIDELINES
11 DEVELOPED PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION MUST
12 REQUIRE THAT A GRANT AWARD BE USED, AT LEAST IN PART, TO FUND
13 INFRASTRUCTURE PROJECTS THAT INCREASE THE SUPPLY OF AFFORDABLE
14 HOUSING AND THAT ARE WITHIN OR ADJACENT TO A DOWNTOWN AREA, A
15 CORE BUSINESS DISTRICT OF A MUNICIPALITY, A TRANSIT-ORIENTED
16 DEVELOPMENT, OR THAT INCLUDE ONSITE EARLY CHILDHOOD CARE AND
17 EDUCATION SERVICES.

18 (c) THE DIVISION SHALL ENSURE FLEXIBILITY IS AFFORDED RURAL
19 COUNTIES TO BE ABLE TO SEEK GRANT FUNDING THAT ADDRESSES LOCAL
20 OBJECTIVES THAT ARE COMPATIBLE WITH THE GOALS UNDERLYING THE
21 GRANT PROGRAM.

22 (d) A PORTION OF ANY GRANT AWARD MAY BE USED FOR PROJECT
23 DELIVERY, PLANNING, AND COMMUNITY ENGAGEMENT.

24 (e) THE GENERAL ASSEMBLY HEREBY ENCOURAGES GRANT
25 RECIPIENTS TO EXPEND A PORTION OF ANY GRANT AWARD, WHENEVER
26 POSSIBLE, FOR FUNDING ACCESSIBILITY IMPROVEMENTS OR AMENITIES
27 THAT MAKE THE SITE OF THE PROJECT AGE-FRIENDLY AND ACCESSIBLE FOR

1 PERSONS WITH DISABILITIES.

2 (f) (I) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF
3 HOUSING, CREATED IN SECTION 24-32-704 (1), SHALL CLASSIFY EACH
4 COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL RESORT" AS
5 USED IN SUBSECTION (1)(a) OF THIS SECTION BASED UPON THE DEFINITIONS
6 OF THE TERMS AS SPECIFIED IN THE FINAL REPORT OF THE COLORADO
7 STRATEGIC HOUSING WORKING GROUP FINAL REPORT, DATED JULY 6, 2021.
8 THE DIVISION OF HOUSING SHALL REGULARLY UPDATE AND PUBLISH
9 MODIFICATIONS OF THE INITIAL CLASSIFICATION OF A PARTICULAR COUNTY
10 AS IT RECEIVES OR PRODUCES INFORMATION DOCUMENTING CHANGES IN
11 LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST FACTORS
12 MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

13 (II) NOTWITHSTANDING SUBSECTION (4)(e)(I) OF THIS SECTION,
14 ANY COUNTY OR MUNICIPALITY MAY REQUEST FROM THE DIVISION OF
15 HOUSING:

16 (A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION
17 SHOULD APPLY TO THAT COUNTY OR MUNICIPALITY FROM THE ONE MADE
18 APPLICABLE TO THE COUNTY OR MUNICIPALITY IN ACCORDANCE WITH
19 SUBSECTION (4)(e)(I) OF THIS SECTION BASED UPON THE UNIQUE
20 ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR
21 MUNICIPALITY. NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF
22 HOUSING SHALL PUBLISH ANY SUCH MODIFIED INCOME RESTRICTIONS AND
23 THE BASIS FOR ANY MODIFICATION APPROVED.

24 (B) AT ANY TIME, A RECLASSIFICATION OF THE COUNTY OR
25 MUNICIPALITY FROM THE CATEGORY IN WHICH THE COUNTY IS INITIALLY
26 CLASSIFIED PURSUANT TO SUBSECTION (4)(e)(I) OF THIS SECTION BASED
27 UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS PRESENT IN

1 THE COUNTY OR MUNICIPALITY.

2 **(5) Fund - administrative costs - permitted uses - gifts, grants,**
3 **and donations.** (a) THE INFRASTRUCTURE AND STRONG COMMUNITIES
4 GRANT PROGRAM FUND IS HEREBY CREATED IN THE STATE TREASURY. THE
5 FUND CONSISTS OF ANY MONEY TRANSFERRED TO THE FUND, ANY MONEY
6 THAT THE GENERAL ASSEMBLY MAY APPROPRIATE TO THE FUND, AND ANY
7 GIFTS, GRANTS, OR DONATIONS THAT THE DIVISION RECEIVES FOR THE
8 GRANT PROGRAM PURSUANT TO SUBSECTION (5)(f) OF THIS SECTION. ■

9 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
10 INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE
11 FUND TO THE FUND. ALL MONEY IN THE FUND THAT IS NOT EXPENDED OR
12 ENCUMBERED, AND ALL INTEREST EARNED ON THE INVESTMENT OR
13 DEPOSIT OF MONEY IN THE FUND, REMAINS IN THE FUND AND SHALL NOT
14 BE CREDITED, TRANSFERRED, OR REVERTED TO THE GENERAL FUND OR ANY
15 OTHER FUND AT THE END OF ANY FISCAL YEAR. THE MONEY IN THE FUND
16 IS CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE PURPOSES OF
17 THIS SECTION.

18 (c) THE DIVISION MAY ONLY USE THE MONEY IN THE FUND FOR ONE
19 OR MORE OF THE FOLLOWING USES:

20 (I) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY
21 BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO SIX
22 PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE FUND TO
23 PAY FOR ITS DIRECT AND INDIRECT COSTS IN CONNECTION WITH
24 ADMINISTERING THE USES OF GRANT FUNDING DESCRIBED IN SUBSECTION
25 (5)(c)(II) OF THIS SECTION.

26 (II) MAKING GRANTS TO ELIGIBLE LOCAL GOVERNMENTS
27 PURSUANT TO THE GRANT PROGRAM TO ASSIST SUCH LOCAL

1 GOVERNMENTS IN:

2 (A) IDENTIFYING SUSTAINABLE LAND USE BEST PRACTICES AND
3 SUPPORTING SUSTAINABLE DEVELOPMENT PATTERNS;

4 (B) DETERMINING WHERE AND HOW BEST TO UPGRADE LOCAL
5 GOVERNMENT INFRASTRUCTURE TO SUPPORT MORE EFFICIENT,
6 SUSTAINABLE DEVELOPMENT PATTERNS THAT ENABLE GREATER
7 AFFORDABLE INFILL HOUSING DEVELOPMENT; AND

8 (C) FINANCING INFRASTRUCTURE IMPROVEMENTS.

9 (d) THE COLORADO ENERGY OFFICE, CREATED IN SECTION
10 24-38.5-101 (1), MAY USE MONEY IN THE FUND FOR THE DIRECT AND
11 INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL
12 ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE COLORADO ENERGY
13 OFFICE PROVIDES PURSUANT TO SECTION 24-32-132 (2).

14 (e) THE DEPARTMENT OF TRANSPORTATION, CREATED IN SECTION
15 43-1-103 (1), MAY USE MONEY IN THE FUND FOR THE DIRECT AND
16 INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL
17 ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE DEPARTMENT OF
18 TRANSPORTATION PROVIDES PURSUANT TO SECTION 24-32-132 (2).

19 (f) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS,
20 OR DONATIONS FROM ANY PUBLIC OR PRIVATE RESOURCE FOR THE
21 PURPOSES OF THIS SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY
22 RECEIVED FROM GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER
23 WHO SHALL CREDIT THE MONEY TO THE FUND.

24 (6) **Transfer of money to fund.** ON THE EFFECTIVE DATE OF THIS
25 SECTION, OR AS SOON AS PRACTICABLE THEREAFTER, THE STATE
26 TREASURER SHALL TRANSFER TO THE FUND TWENTY-EIGHT MILLION
27 DOLLARS FROM THE GENERAL FUND AND TWELVE MILLION DOLLARS FROM

1 THE AFFORDABLE HOUSING AND HOME OWNERSHIP CASH FUND CREATED
2 IN SECTION 24-75-229 (3)(a) THAT ORIGINATES FROM MONEY THE STATE
3 RECEIVED FROM THE FEDERAL CORONARIUS STATE FISCAL RECOVERY
4 FUND.

5 (7) **Reporting.** (a) ON OR BEFORE OCTOBER 1, 2023, AND ON OR
6 BEFORE OCTOBER 1 OF EACH YEAR THEREAFTER FOR THE DURATION OF
7 THE GRANT PROGRAM, THE DEPARTMENT SHALL SUBMIT A SUMMARIZED
8 REPORT ON THE GRANT PROGRAM TO THE SENATE LOCAL GOVERNMENT
9 COMMITTEE AND THE HOUSE OF REPRESENTATIVES LOCAL GOVERNMENT
10 COMMITTEE, OR ANY SUCCESSOR COMMITTEES. AT A MINIMUM, THE
11 REPORT MUST INCLUDE:

12 (I) THE NUMBER OF ADDITIONAL AFFORDABLE HOUSING UNITS AND
13 OVERALL HOUSING UNITS PROJECTED TO BE CREATED AS A RESULT OF THE
14 GRANT PROGRAM;

15 (II) THE PROJECTED OR ESTIMATED REDUCTION IN GREENHOUSE
16 GAS EMISSIONS AS A RESULT OF THE GRANT PROGRAM;

17 (III) THE ESTIMATED REDUCTION IN VEHICLE MILES TRAVELED AND
18 HOUSEHOLD TRANSPORTATION SAVINGS AS RESULT OF THE GRANT
19 PROGRAM; AND

20 (IV) THE NUMBER AND TYPE OF BEST PRACTICES ADOPTED BY
21 ELIGIBLE LOCAL GOVERNMENTS THAT HAVE RECEIVED GRANT AWARDS.

22 (b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE
23 REPORTING REQUIREMENT SPECIFIED IN SUBSECTION (7)(a) OF THIS
24 SECTION CONTINUES UNTIL THE GRANT PROGRAM IS REPEALED IN
25 ACCORDANCE WITH SUBSECTION (8) OF THIS SECTION.

26 (c) THE DIVISION AND ANY PERSON THAT RECEIVES MONEY FROM
27 THE DIVISION PURSUANT TO THE GRANT PROGRAM SHALL COMPLY WITH

1 THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND PROGRAM
2 EVALUATION REQUIREMENTS ESTABLISHED BY THE OFFICE OF STATE
3 PLANNING AND BUDGETING AND THE STATE CONTROLLER IN ACCORDANCE
4 WITH SECTION 24-75-226 (5).

5 (8) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31,
6 2026.

7 **SECTION 6.** In Colorado Revised Statutes, 24-32-104, **add** (8)
8 as follows:

9 **24-32-104. Functions of the division - interconnectivity grant**
10 **program - interconnectivity grant program fund - reporting -**
11 **definition.** (8) THE DIVISION SHALL ADMINISTER THE INFRASTRUCTURE
12 AND STRONG COMMUNITIES GRANT PROGRAM CREATED IN SECTION
13 24-32-132. IN CONNECTION WITH THE ADMINISTRATION OF THE GRANT
14 PROGRAM, THE DIVISION SHALL CONSULT WITH THE COLORADO ENERGY
15 OFFICE CREATED IN SECTION 24-38.5-101 (1) AND THE DEPARTMENT OF
16 TRANSPORTATION CREATED IN SECTION 43-1-103 (1).

17 **SECTION 7. Appropriation.** (1) For the 2022-23 state fiscal
18 year, \$431,985 is appropriated to the office of the governor. This
19 appropriation consists of \$319,450 from reappropriated funds received
20 from the department of local affairs from the local investments in
21 transformational affordable housing fund created in section 24-32-726
22 (4)(a), C.R.S., that originate from money the state received from the
23 federal coronavirus state fiscal recovery fund and \$112,535 from
24 reappropriated funds received from the department of local affairs from
25 the strong communities grant program fund created in section 24-32-132
26 (5), C.R.S. To implement this act, the office may use this appropriation
27 as follows:

1 (a) \$379,081, which consists of \$319,450 from reappropriated
2 funds received from the department of local affairs from the local
3 investments in transformational affordable housing fund created in
4 section 24-32-726 (4)(a), C.R.S., that originate from money the state
5 received from the federal coronavirus state fiscal recovery fund and
6 \$59,631 from reappropriated funds received from the department of local
7 affairs from the strong communities grant program fund created in section
8 24-32-132 (5), C.R.S., for use by the office of information technology to
9 provide information technology services for the department of local
10 affairs; and

11 (b) \$52,904 from reappropriated funds received from the
12 department of local affairs from the strong communities grant program
13 fund created in section 24-32-132 (5), C.R.S., for use by the Colorado
14 energy office for program administration, which amount is based on an
15 assumption that the office will require an addition 0.5 FTE to implement
16 this act.

17 **SECTION 8. Safety clause.** The general assembly hereby finds,
18 determines, and declares that this act is necessary for the immediate
19 preservation of the public peace, health, or safety.