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Fiscal Note

Drafting Number: LLS 22-0807 Date: March 16, 2022
Prime Sponsors: Sen. Zenzinger; Hisey Bill Status: Senate Local Government
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Bill Topic: MIDDLE INCOME ACCESS PROGRAM EXPANSION

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checkbox)
State Transfer (checkbox)
TABOR Refund (checkbox)
Local Government (checkbox)
Statutory Public Entity (checkbox)

This bill requires the General Assembly to transfer \$25 million to the Division of Housing in the Department of Local Affairs to expand the Middle Income Housing Access Program. It will require a one-time appropriation of funds spent over time by the Colorado Housing Finance Agency.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$25 million to the Department of Local Affairs.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 22-146

Table with 3 columns: Category, Budget Year FY 2022-23, Out Year FY 2023-24. Rows include Revenue, Expenditures (Cash Funds), Transfers, and Other Budget Impacts.

1 The fiscal note assumes that funding will be provided from the Affordable Housing and Home Ownership Cash Fund, consisting of federal American Rescue Plan (ARPA) Act funds. The bill does not currently specify whether funds will be transferred to the Department of Local Affairs via an appropriation directly to the agency or by an appropriation or transfer to a cash fund in the department. For simplicity, the bill shows this transfer as an expenditure of state funds and will be updated if additional information is included in the bill.

## **Summary of Legislation**

This bill requires the General Assembly to transfer \$25 million to the Division of Housing in the Department of Local Affairs (DOLA) to expand the Middle Income Housing Access Program. DOLA must contract with Colorado Housing and Finance Authority (CHFA) to administer the funds.

## **State Expenditures**

The bill will increase state expenditures by \$25 million to transfer funds to the Department of Local Affairs, which will support the Middle Income Housing Access Program in CHFA. It is assumed that this funding will come from the Affordable Housing and Home Ownership Cash Fund, which contains federal ARPA funds set aside by HB 21-1329 to support affordable housing initiatives. Any workload increase in DOLA to contract with and disburse funding to CHFA will be minimal and accomplished within existing appropriations.

## **Statutory Public Entity**

CHFA will receive \$25.0 million from DOLA to expand the Middle Income Housing Access Program, which provides financing to developers seeking to build affordable rental housing to Coloradans with an eighty percent area median income and above. CHFA will contract with DOLA to administer the program and incur some administrative fees, which will be addressed in the contracting process with DOLA.

## **Effective Date**

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

## **Technical Note**

The bill does not specify how the transfer to DOLA will be made. The fiscal note assumes a direct appropriation to DOLA will meet the bill's requirement to transfer funds to the department. However, should the General Assembly create or specify a cash fund in DOLA to receive this transfer, the fiscal note will be updated to reflect this movement of funds.

## **State Appropriations**

For FY 2022-23, the bill requires an appropriation of \$25 million to the Department of Local Affairs. The fiscal note assumes this appropriation will be from the Affordable Housing and Home Ownership Cash Fund.

## **State and Local Government Contacts**

Colorado Housing and Finance Authority      Information Technology      Local Affairs

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit [leg.colorado.gov/fiscalnotes](http://leg.colorado.gov/fiscalnotes).