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Final Fiscal Note

Drafting Number: LLS 24-0710 Date: August 8, 2024
Prime Sponsors: Rep. Frizell; Lindstedt Bill Status: Signed into Law
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Bill Topic: EFFECTIVE IMPLEMENTATION OF AFFORDABLE HOUSING PROGRAM

Summary of Fiscal Impact: [ ] State Revenue [ ] State Transfer [x] Local Government
[x] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill creates new affordable housing rules and regulations for the Division of Housing in the Department of Local Affairs, and modifies rules for affordable housing funding for local governments. It increases state expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required. The Housing Development Grant Funds is continuously appropriated to the Division of Housing in the Department of Local Affairs.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 24-1308

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, and FTE. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures), Total FTE, Transfers, and Other Budget Impacts.

## **Summary of Legislation**

The bill creates new requirements and modifies some laws for the Division of Housing (DOH) in the Department of Local Affairs (DOLA), local governments, and developers concerning affordable housing.

**Affordable housing program applications.** The bill establishes procedures for the DOH to follow with applications for affordable housing programs. This includes accepting applications at least once per quarter and making a final decision, or sending to the state housing board for a final decision, on an application within 45 calendar days of receiving it. The bill also establishes requirements for next steps after the DOH denies, modifies, or approves an application, and sets deadlines for finalizing approved loans, grants, or contracts related to an affordable housing program.

**Public report.** Starting in 2025, the DOH must add to its annual public report information on affordable housing applications and money in the Housing Development Grant Fund.

**City management of housing projects.** The bill allows cities to acquire, own, or lease any housing project within the city, and contract with a nonprofit or private entity for the management, operation, and maintenance of any housing project owned or leased by the city.

**Property tax exemptions.** The bill allows community land trust or nonprofit affordable homeownership developers claiming property tax exemptions to submit only one application and one annual report for the exemption of all parcels in a subdivision.

## **State Expenditures**

The bill increases state expenditures in the Department of Local Affairs by \$203,000 in FY 2024-25 and \$228,000 in FY 2025-26, paid from the Housing Development Grant Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 24-1308**

|   | FY 2024-25       | FY 2025-26       |
|---|------------------|------------------|
| <b>Department of Local Affairs</b>        |                  |                  |
| Personal Services                         | \$143,069        | \$178,836        |
| Operating Expenses                        | \$2,560          | \$3,200          |
| Capital Outlay Costs                      | \$20,010         | -                |
| Centrally Appropriated Costs <sup>1</sup> | \$36,945         | \$46,182         |
| FTE – Personal Services                   | 2.0 FTE          | 2.5 FTE          |
| <b>Total Cost</b>                         | <b>\$202,584</b> | <b>\$228,218</b> |
| <b>Total FTE</b>                          | <b>2.0 FTE</b>   | <b>2.5 FTE</b>   |

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

**Department of Local Affairs.** The DOLA requires 2.0 FTE to prepare, negotiate, and execute loan and grant agreements for the DOH, and to assist in expediting agreements to meet the bill's deadline requirements. The DOLA also requires 0.5 FTE of a budget analyst to assist the budget team and ensure funds are set up and coded appropriately. The fiscal note assumes a September 2024 start date for this staff, and standard operating costs and capital outlay are included.

**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 Governments**

The bill may increase workload and expenditures for cities that acquire, purchase, or lease any additional housing projects. Any impact is expected to be minimal.

### **Effective Date**

The bill was signed into law by the Governor on May 31, 2024, and it took effect on August 7, 2024. For applications submitted for certain affordable housing programs, the bill applies to applications submitted on or after September 1, 2024.

**State Appropriations**

No appropriation is required. The Housing Development Grant Fund is continuously appropriated to the Division of Housing in the Department of Local Affairs.

**State and Local Government Contacts**

|          |               |           |
|----------|---------------|-----------|
| Counties | Local Affairs | Personnel |
| Treasury |               |           |

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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 the [General Assembly website](#).