

DEPARTMENT OF LOCAL AFFAIRS
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 10, 2021
10:00 am – 12:00 pm

10:00-10:15 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Rick Garcia, Executive Director

10:15-11:15 COMMON QUESTIONS

Main Presenters:

- Rick Garcia, Executive Director
- Dionne Williams, Deputy Executive Director

Supporting Presenters:

- Alison George, Division of Housing Director

Topics:

- COVID-19 Remote work planning: Page 3, Questions #1 in the packet,
- One-time federal stimulus funds Page 3-6, Questions#2 in the packet,

11:15-11:30 RESOURCE ADEQUACY FOR IMPLEMENTING NEW INITIATIVES

Main Presenters:

- Rick Garcia, Executive Director
- Dionne Williams, Deputy Executive Director

Supporting Presenters:

- Scott Olene, Finance Director

Topics:

- Resource Adequacy for Implementing New Initiatives: Page 6-7, Questions #3 in the packet

11:30-11:45 BROADBAND FUNDING

Main Presenters:

- Rick Garcia, Executive Director
- Dave Bowman, Division of Local Government Deputy Director

Topics:

- Broadband Funding: Page 7-8, Questions #4 in the packet

11:45-12:00 LOCAL GOVERNMENT LIMITED GAMING IMPACT GRANT FUNDS

Main Presenters:

- Rick Garcia, Executive Director
- Dave Bowman, Division of Local Government Deputy Director

Topics:

- Local Government Limited Gaming Impact Grant Program: Page 8-9, Questions #5 in the packet

DEPARTMENT OF LOCAL AFFAIRS
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Friday, December 10, 2021
10:00 am – 12:00 pm

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

1. Please provide an update on how remote work policies implemented in response to the COVID-19 pandemic have changed the Department's long-term planning for vehicle and leased space needs. Please describe any challenges or efficiencies the Department has realized, as well as to what extent the Department expects remote work to continue.

RESPONSE: Since the beginning of the pandemic in 2020 most of DOLA's workforce has continued to work remotely at offices throughout the state, significantly reducing day to day utilization of our fleet and leased space. In 2019, prior to the pandemic, DOLA's vehicle fleet included 38 vehicles and averaged 41,294 miles per month in utilization. Like many other state agencies, DOLA experienced a significant decline in fleet utilization when we transitioned to remote work, dropping to a low of 3,901 miles in the month of May 2020. While utilization has started to come back up, the department is nowhere near pre-pandemic utilization levels and doesn't anticipate returning to these levels within the next 18-24 months, which presents a challenge for long term fleet management. DOLA's strategy includes allocating more fleet resources to assigned vehicles to support field staff who are operating in smaller rural areas that are returning to in person services more quickly than more populated areas, and slowing down new vehicle leases to shrink our fleet as adjustments are made for the lower utilization rates.

Regarding leased space needs, DOLA has identified more than 30% of current positions that can be converted to 100% remote work on a permanent basis, eliminating the need for physical space to support these staff. Long term, DOLA anticipates the majority of the department's workforce will continue to report to work on a hybrid schedule, leveraging hoteling spaces, office sharing, and condensed workspaces wherever possible to reduce the department's physical footprint. Based on the 2020 Space Needs Study conducted primarily at the main office at 1313 Sherman St, while individual office space needs are projected to decrease, the need for shared public spaces like hearing and conference rooms will increase. The department is currently reviewing a proposal to move to a different location within the Capitol Complex that will provide a smaller overall footprint and leverage shared multi-use facilities, which will ultimately mean a lower lease cost for the agency. Expected long term efficiencies include a significant increase in staff utilizing hoteling services, more online services, a reduction in paper check and mail processing, and less demand for parking in the downtown area.

2. Please describe the most significant one-time federal funds from stimulus bills (e.g., CARES Act and ARPA) and other major new federal legislation (e.g., Federal Infrastructure Investment

and Jobs Act) that the Department has received or expects to receive. For amounts in new federal legislation that have not yet been distributed, please discuss how much flexibility the State is expected to have in use of the funds.

RESPONSE: The Department has been awarded and/or is distributing \$1.4B in one-time federal stimulus funding originating from the CARES ACT, HR133 Consolidated Appropriations Act, 2021, and the American Rescue Plan Act (ARPA). This total includes \$168.5M of Coronavirus State and Local Federal Recovery Funds appropriated by the General Assembly to DOLA in four bills this past session.

The purposes for these funds are summarized in the table below and are to be more fully detailed in the department’s response to the Committee’s common written question #11 to be provided later. Generally, the federal funding is provided for emergency housing assistance, pass-through COVID response assistance or stimulus for local governments, and affordable housing planning, development and acquisition.

\$665.0M	Emergency Housing Assistance
\$188.2M	Affordable Housing Planning, Development and Acquisition
\$545.4M	Pass-through COVID Response Assistance and Stimulus for Local Governments

Notable among the many one-time programs funded from these federal sources:

- HB 21-1271 Provides \$35M for planning and incentivizing municipalities and counties to adopt strategies to remove regulatory barriers to affordable housing development. DOLA’s Divisions of Local Government (DLG) and Housing (DOH) are collaborating together with counties and municipalities across the state for this purpose. The General Assembly also provided an additional \$11.4M of one-time General Funds toward this program.
- There are significant funds within the summary above that have been awarded but not yet been received or authorized for disbursement.
 - \$175.1M ARPA awarded for the Homeowner Assistance Fund (HAF) with \$17.5M authorized for immediate use and the remaining 90% requires US Treasury approval of the department’s HAF plan. Using the available funds, DOH hired a consultant to conduct stakeholder engagement and complete the HAF plan. The Plan is being reviewed by OSPB and will be submitted to the US Treasury by December 31, 2021. The remaining available funds have been used to launch a pilot mortgage assistance program for eligible applicant households with income at or below 100% the area median income (AMI) and with mortgage arrears and no option for forbearance.
 - \$24.7M ARPA awarded for the Homelessness Assistance and Supportive Services Program (HOME-ARPA). The award letter has been signed and DOH is conducting public outreach to develop the necessary HUD Action Plan, which will outline the

eligible uses of funds. Once HUD approves the Action Plan, DOH can begin soliciting applications and awarding funds.

- \$132.7M of formulaic pass-through for Non-entitlement Units of local government will be distributed by DLG June 2022 once received from the US Treasury that month.
- The department is receiving funding for administering these programs, however these programs require significant staff and contracting resources when compared to historical agency operations. As a result, DOLA to date has established two additional temporary offices to organize the additional staff resources and administer these programs.
 - The DOLA Recovery Office is located in the Executive Director's Office and is led by one of the Recovery Officers provided through the Governor's Office of Economic Development and International Trade. The department is also receiving CSLFRF "administrative cost" funds from the Office of State Planning and Budgeting to provide 2.5 FTE to assist the DOLA Recovery Officer. This office is responsible for coordinating administration and financial and performance reporting of recovery funds throughout the department.
 - The Housing Recovery Office is located in the Division of Housing and is led by the Housing Recovery Director. The Housing Recovery Office is focused on the administration of Emergency Rental Assistance from both HR133 and ARPA and the Housing Assistance Funds through ARPA. This office is responsible for \$600M of emergency housing funds through the US Treasury.
 - In addition to these recovery offices staff, several Acts from the 2021 legislative session provided additional staff resources for directly administering the associated programs.
- In February 2021 DOH contracted with Horne LLC, a national disaster recovery firm that manages the application underwriting and customer service operations for the ERA program. Throughout the last year DOLA has worked closely with Horne and other partners to implement numerous operational improvements to improve the customer experience, reduce application processing time, speed up payments, and help applicants receive assistance as quickly as possible. Some of these improvements include:
 - Implementing self attestation of income eligibility
 - Utilizing geographic income eligibility by census tract
 - Implementing third party payment processing via bill.com to allow EFT payments
 - Allowing payments directly to tenants when landlords are uncooperative
 - Implementing underwriting "bots" to automate some of the manual processing
 - Implementing chat bots and other automated call center tools
 - Leveraging non-profit partners to help applicants navigate the application process and do outreach in communities

The department would like to emphasize the differences between Emergency Housing Assistance and Affordable Housing Improvement. While \$665M of the federal funding passing through DOLA is

authorized for emergency housing assistance resulting from the effects of the pandemic and also to facilitate recovery, there is great need for adding to the supply of affordable housing across Colorado.

The department has been working with both the Affordable Housing Transformational Task Force and the Task Force on Economic Recovery and Relief Cash Fund towards long-term solutions to affordable housing. As a result of this work so far, the Committees and the Governor's Office have identified \$350M in priorities for investment in long-term solutions proposed for administration by DOLA.

- Interim Committees' and Governor's FY23 budget priorities for DOLA include:
 - ARPA Investments: Affordable Housing and Homeownership
 - \$100M Investments in Strong Communities
 - \$25M Financing Energy Improvements in Affordable Housing
 - \$25M Colorado Housing and Finance Authority Middle Income Access Program
 - ARPA Investments: Economic Recovery and Relief
 - \$200M DOLA in partnership with CDHS, Homelessness Response and Solutions. Connecting people experiencing homelessness to services, treatment, temporary shelter and housing

As for the possibility for additional funding from the Federal Infrastructure Investment and Jobs Act or the pending Build Back Better Act, the level of flexibility for any potential federal funds the state may receive through future federal legislation will be dependent on the legislation itself as well the U.S. Treasury guidance that will be issued subsequent to the passage of the legislation, which will establish the allowable flexibility for how the funds are used. Note that for some stimulus funding, this federal guidance is established soon after passage of the relevant legislation, but in many other cases this guidance has taken several months to be finalized. For State and Local Fiscal Recovery Funds, the department and others continue to evaluate the FAQs and additional guidance provided by the U.S. Treasury.

NOTE: Additional detail has been requested in a separate written-only response.

RESOURCE ADEQUACY FOR IMPLEMENTING NEW INITIATIVES

3. [Rep. McCluskie] Concerning R1 and the Department's ability to be responsive given the significant increase in the number and magnitude of programs you're administering, does the Department have sufficient staff resources?

RESPONSE: In the context of the department's request (R1) and the growth DOLA experienced in Executive Director's Office operations (budget and accounting, procurement, and human resources) from fiscal year 2013 through 2020, the department believes there will be sufficient operations staff resources once the additional 3 FTE are recruited.

With the additional context related to the recent influx of one-time federal and state emergency and stimulus funding and programs, the department believes through

- direct federal program administrative set-asides
- by appropriations within special bills
- and by interagency agreement with the Governor's Office

sufficient funding is available to secure additional temporary staff for these one-time programs. However, it takes time to turn funding into staff resources. The recruitment of additional temporary staff has been ongoing and incessant since May of this year and continues.

Please note that for emergency and stimulus programs, the department's ability to recruit staff or request bids for contracted services lags some aggressive timing requirements for distributing funds or the requirements to author state or federal spending plans. As a result, existing staff have been tasked with initiating the new programs until such time associated resources are fully available and additional staff can be recruited and familiarized with their program and department systems and processes.

It should also be noted that Federal ARPA Recovery Funds (CSLFRF) are accompanied by a great amount of financial and performance reporting that is expected to extend beyond the associated appropriations in state Acts or the current federal deadline of December 31, 2024 for obligating these Recovery Funds as well as the the federal performance period for expending the Recovery Funds by December 31, 2026. In multiple programs, funding availability for staff does not currently extend to cover the full period for Recovery Funds financial and performance reporting.

It is common for the department's existing staff to initiate new programs, turn the administration over to new staff once recruited, and then upon expiration of the program, again the existing staff finish any remaining accounting or performance reporting of the temporary program.

BROADBAND FUNDING

4. [*Sen. Hansen*] What level of federal funding does the Department expect to receive for broadband? How will this funding be coordinated with existing state-funded programs? Please provide a status update on the Interconnectivity Grant Program created in H.B. 21-1289.

RESPONSE: Currently, it is not known if any additional federal funding for Broadband will flow through DOLA. The department at this time does not find any direct funding within the Federal Infrastructure Investment and Jobs Act. However, if any new federal funding does come to the department, it is expected such funding would be integrated into the process currently being used by DOLA and the Colorado Broadband Office for the HB 21-1289 funds and incorporating any new federal guidelines. The current process includes an accelerated review schedule developed in conjunction with the Colorado Broadband Office, DOLA's regional broadband consultants and is initiated by applicants working with our network of eight DOLA Regional Managers on project

development. This program delivery model ensures that strong applications are developed with full knowledge of other state and federal programs that may be available. DOLA, our broadband consultants and the Colorado Broadband Office work together to target projects to the appropriate funding streams at appropriate levels.

The Interconnectivity Grant Program is open for applications and one award has been made to date. The Town of Bayfield has been awarded \$287,000 for a middle mile project. The Program has also completed a process seeking Letters of Interest (LOI's) for Broadband Interconnectivity projects and received 20 responses from across the State. Responses included Collbran, Cortez, Fruita, Pitkin County, Rio Blanco County, Region 10, the SW Colorado Council of Governments, and Otero and Bent Counties. The anticipated funding needed in these LOI's is well over \$10,000,000 and communities are in the process of developing applications. The statutory deadline for the full expenditure of these funds is June 30, 2022. While the department anticipates fully obligating funds by this deadline, recipient communities will need time to design, bid, and construct their projects. This deadline may need to be extended in order for recipient communities to effectively use and fully expend the SLFRF funds provided in HB 21-1289.

LOCAL GOVERNMENT LIMITED GAMING IMPACT GRANT PROGRAM

5. *[Sen. Moreno and Rep. McCluskie]* Provide a status update on the Local Government Limited Gaming Impact Grant Program related to revenue reductions resulting from budget balancing, recent grant cycles, and expected future revenue (transfers) to the program.

RESPONSE: In response to the COVID-19 pandemic and subsequent State budget crisis, Governor Polis signed HB 20-1399 on June 30, 2020. The bill temporarily suspended the statutory allocations of Limited Gaming Tax revenues, and in connection therewith, reduced the level of appropriations to the Local Government Limited Gaming Impact Program for FY 2020-21 and FY 2021-22.

As a result, there was \$5,196,501 million available to DOLA for FY 2019-20 grant funds to mitigate documented gaming impact requests. For FY 2020-21 and FY 2021-22, appropriations to the Local Government Limited Gaming Impact Program came from the General Fund instead of transfers from the limited gaming impact fund, at \$1,875,000 per fiscal year. Program costs reduced the net available for grants to \$1,710,192 per fiscal year resulting in a 67% reduction from the funding available for the 2019-20 fiscal year. Actual award amounts totaled \$5,195,679 for FY 2019-20, and were \$1,710,192 for FY 2020-21 and will be the same for FY 2021-22. Per HB20-1399 "Transfers to the [Local Government Limited Gaming Impact Fund] shall resume as otherwise provided in this section [44-30-1301 C.R.S] for any state fiscal year commencing on or after July 1, 2021."

We are not aware of any further reductions and are anticipating the full amount to be reinstated after this temporary reduction. Per C.R.S. 44-30-1301 (4) "Notwithstanding any other provision of this section, money accruing to the fund on and after July 1, 2019, and any previously transferred unencumbered money in the fund on July 1, 2020, shall be transferred to the general fund. Transfers

to the fund shall resume as otherwise provided in this section for any state fiscal year commencing on or after July 1, 2021.” As a result, the department expects to receive for FY 2022-23 the \$5M plus an amount equal to the projected direct and indirect costs to administer the local government limited gaming impact grant program.



**DEPARTMENT OF LOCAL AFFAIRS – RFI #1
FY 2022-23 BUDGET CYCLE**

Department Vacancy and Turnover Rate for FY 2020-21

All Departments -- Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

[Vacancy Rate by Department and By Division.](#) Information on FTE vacancies in FY 2020-21 for both the Department and each division is provided in Schedules 3 and 14 included as part of the Department’s FY 2022-23 budget submission. A summary of the division vacancies is provided below. This data was compiled as of June 30 at the close of FY 2020-21.

Division	FY 2020-21 Appropriation	FY 2020-21 Actual	Vacancy Rate
Executive Director’s Office	20.2 FTE	17.8 FTE	11.9%
Division of Property Taxation	37.2 FTE	32.0 FTE	13.4%
Board of Assessment Appeals	13.2 FTE	8.0 FTE	43.9%
Division of Housing	69.1 FTE	56.8 FTE	17.8%

Division	FY 2020-21 Appropriation	FY 2020-21 Actual	Vacancy Rate
Division of Local Government	61.8 FTE	59.4 FTE	3.8%

The vacancy rate for the Board of Assessment Appeals is misleading since the appropriated FTE includes eight board members. These critical staff typically work 30-40 hours per month and pursuant to Section 24-50-603 (7), C.R.S., are provided full benefits for their service. To ensure that full salary benefits ('POTS') are provided to the Department, each of these staff must be appropriated at the level of 1.0 FTE. If the board members are excluded from both appropriated and actual FTE, then the Board of Assessment Appeals' utilization of FTE in FY 2020-21 slightly exceeded the amount in the H.B. 20-1309.

Summary of Permanent Classified Staff Turnover for FY 2020-21 by Department					
Department	Total Separations	Voluntary	Involuntary	Retire	Turnover Rate
DOLA	18	9	1	8	9.6%

Source: DPA. Turnover data excludes employees who transfer from one department to another because they are still considered employees of the State Personnel System.

Vacancy Rate by Program for Programs with 20 FTE or More. The Department believes this only applies to the Division of Property Taxation whose program line is comprised of 37.2 FTE and the Personal Services line item in the Division of Housing's Community and Non-Profit Services section. While the Department's Long Bill has three other lines that exceed 20.0 FTE, these are comprised of staff for several distinct programs.

Program	FY 2020-21 Appropriation	FY 2020-21 Actual	Vacancy Rate
Division of Property Taxation	37.2 FTE	32.0 FTE	13.4%
Division of Housing Community & Non-Profit Services	28.6 FTE	21.2 FTE	25.9%

Vacancy Rate by Occupational Class within Larger Occupational Group with 20 FTE or More. The Department has two occupational classes across its divisions and programs that meet this criteria and are listed below.

Job Class	Occupational Group Code	FY 2020-21 Appropriation	FY 2020-21 Actual	Vacancy Rate
Property Tax Specialist	H (H8J)	29.0 FTE	24.7 FTE	14.8%
Community & Economic Development	H (H1N)	55.0 FTE	47.5 FTE	13.6%

Department's turnover/vacancy experience? Reasons for leaving the Department's employment are self-reported by separating employees and are often not provided. Reasons that have been provided include early retirement, seeking greater compensation, accepting a job outside the State system, and personal reasons.

DEPARTMENT OF LOCAL AFFAIRS
FY 2022-23 JOINT BUDGET COMMITTEE HEARING
WRITTEN RESPONSES ONLY

COMMON QUESTIONS: PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

- 1 Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

The Department has a variety of one-time stimulus programs or special projects resulting from the 2021 legislative session. Many of these new programs are in the process of implementation but none have missed statutory deadlines as of the date of this response. However, the Department is requesting one budget amendment to extend the deadline for awarding and expending HB 21-1289's \$5 million in ARPA funding for the Broadband Deployment: Interconnectivity Grant Program Fund. These funds are for grants to local governments for "middle-mile" projects. The Department is requesting this amendment because local governments and the Governor's Office of Information Technology are both communicating supply-chain problems will likely delay implementation of any broadband projects funded by this program and applicants are not certain their proposed projects will be fully complete and therefore awarded funds expended by June 30, 2021. In addition the Governor's Office required spending plans to be submitted and approved for all programs funded with ARPA funds. The spending plan for the Interconnectivity Grant Program Fund was approved December 23, 2021. We have been evaluating the best ways to meet federal compliance, develop strong program objectives, and overcome COVID-19 related hiring and supply chain issues.

- 2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations with a fiscal impact identified in the Office of the State Auditor's "Annual Report: Status of Outstanding Audit Recommendations"? What is the Department doing to resolve these HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

The 2021 report will be published on December 6, 2021 and can be found at this link: <http://leg.colorado.gov/content/audits>. JBC staff will send out an updated link once the report is published.

Based on the Office of the State Auditor's (OSA) follow-up audit process and information reported by the Department as of June 30, 2021, there are no outstanding audit recommendations. In the OSA's 2020 Annual Report: Status of Outstanding Audit Recommendations, the Department also had no outstanding audit recommendations. Between July 1, 2015, and June 30, 2020, the Department agreed or partially agreed to implement 13 audit

recommendations. Six of these were from financial audits and 13 were from performance audits and the OSA determined none of the recommendations are unimplemented.

- 3 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

The Division of Housing is in the process of contracting with a public communications and marketing firm on state award to develop and execute an outreach and marketing campaign. The campaign is estimated to cost \$750,000 in support of the federal direct funded Emergency Rental Assistance Program. This campaign is anticipated to increase awareness of the program and availability of financial assistance for qualifying recipients. The campaign for this program is not being coordinated with other state or federal agencies.

In FY 2019-20, the State Demography Office received \$248,000 General Fund associated with change request R-4 ("Census 2020 Communications Outreach and Support") to fund marketing materials and communication strategies to educate, engage, and encourage people to respond to the Census 2020 questionnaire. These one-time funds were fully expended and were dedicated to this specific purpose. The Department worked in partnership with the State Complete County Committee and the US Census Bureau to increase awareness about Census 2020. Even considering the challenges of the COVID-19 pandemic Colorado's 2020 Census self-response rate was 70.0 percent compared to the 2010 response rate of 67.2 percent and was also greater than the national self-response rate of 67.0 percent. Colorado achieved a high rate of self-response. This self-response rate would not have been possible without the cooperation of a wide range of local governments and non-profit organizations as well as Census Bureau staff.

The Division of Housing contracted with Brother's Redevelopment, Inc. (BRI) to provide housing counseling services as part of HB20-1410 ("COVID-19-Related Housing Assistance"), which was signed into law on June 22, 2020. Coloradans needing assistance with eviction and foreclosure prevention or access to legal services can call the Colorado Housing Connects hotline or they can submit questions on their website via www.ColoradoHousingConnects.org. BRI conducted this outreach as part of their contracted services at a total cost of \$85,273. Additional outreach services were provided "in-kind", including free Public Service Ad time. An example of the PSA can be viewed here: <https://cdola.colorado.gov/housing-counseling>.

- 4 Please identify how many rules you have promulgated in the past year (FY 2020-21). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

In FY 2020-21, the Department revised a total of one set of rules and delayed revision of another set of rules that are utilized by the Divisions of Housing and Local Government. The Department does not regulate businesses and therefore has not conducted a cost-benefit analysis of these rules. More details can be found in the Department's [2021 Regulatory Agenda Report](#).

- 5 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations, as well as cost impacts driven by COVID-19 and supply chain interruptions.

The major cost drivers impacting the Department are primarily associated with State housing voucher programs and affordable housing projects. Between FY 2015-16 and FY 2018-19, the ‘per person’ cost of rental vouchers provided by state housing programs administered by the Division of Housing has exceeded the Denver-Aurora-Lakewood CPI. In FY 2019-20 the rent increase was lower than the CPI and for FY 2020-21 far exceeded CPI through the end of June 2021. The increase in rents over the last five years has been driven primarily by increasing rents in the Denver metro area. The following table summarizes this disparity over that time.

<i>Fiscal Year</i>	<i>Cost of Voucher</i>	<i>Annual Increase</i>	<i>CPI-U</i>	<i>Annual Fiscal Year Increase</i>
<i>2015-16</i>	<i>\$6,917</i>	<i>n/a</i>	<i>245.2</i>	<i>3.0%</i>
<i>2016-17</i>	<i>\$7,426</i>	<i>7.3%</i>	<i>252.8</i>	<i>3.1%</i>
<i>2017-18</i>	<i>\$8,055</i>	<i>8.5%</i>	<i>260.8</i>	<i>3.2%</i>
<i>2018-19</i>	<i>\$8,648</i>	<i>7.4%</i>	<i>264.1</i>	<i>1.3%</i>
<i>2019-20</i>	<i>\$8,790</i>	<i>1.6%</i>	<i>271.3</i>	<i>2.7%</i>
<i>2020-21</i>	<i>\$10,226</i>	<i>16.3%</i>	<i>276.3</i>	<i>1.9%</i>

The Department is also seeing impacts related to the rising cost of construction. The Federal Reserve Bank of St. Louis collects and publishes data on a variety of economic indicators including the price index for both construction materials and labor. The measures provided are calculated at a national level because they are not available at the state, regional, or local level. The Producer Price Index for Construction Materials increased by 3.4% in FY 2016-17, 7.8% in FY 2017-18, and decreased by -1.2% in FY 2018-19 and -0.6% in FY 2019-20. Construction material prices have been volatile during the pandemic and increased 34.5% for FY 2020-21.

- 6 How is the Department’s caseload changing and how does it impact the Department’s budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

The following information is repeated as the American Housing Survey and the American Community Surveys releases have been delayed by the US Census Bureau to allow more time to continue refine methodology to minimize the impact of nonresponse bias due to the COVID-19 pandemic. The US Census Bureau is anticipating a March 2022 release date.

Housing affordability continues to present challenges in Colorado. The number of Colorado households paying more than 30% of their income towards housing grew by 11%, or 37,000, from 2010 to 2019. Median home values increased from \$236,600 to \$394,600 over this same time period, a change of 67%, while median contract rents

increased from \$863 to \$1,369, a 59% increase. While the price of housing overall has risen, the quantity of housing stock available at the bottom of the market (with rents under \$600) has shrunk substantially, with over 88,000 or 46%, fewer units available at that price-point in 2019 as compared to 2012.

According to HUD's 2019 American Housing Survey, 22% of households that used mobility devices reported that their home did not meet their accessibility needs at all, or met them poorly (this data is nationwide). It also reads that 5% of all units have ramps and 1% of units have an elevator; 46% of all units with two or more floors have an entry level bathroom and 57% have an entry level bathroom.

Also impacting the Department, with the onset of the COVID-19 Pandemic and the associated concerns over eviction and foreclosure, the Department's workload increased substantially. The Division implemented numerous programs to provide emergency housing assistance to tenants and landlords. The Department has been awarded and/or is distributing \$1.4B in one-time federal stimulus funding originating from the CARES ACT, HR133 Consolidated Appropriations Act, 2021, and the American Rescue Plan Act (ARPA). This total also includes \$168.5M of Coronavirus State and Local Federal Recovery Funds appropriated by the General Assembly to DOLA in four bills this past session. The purposes for these funds include \$665M for Emergency Housing Assistance (both rental and mortgage assistance), \$188.2M for Affordable Housing Planning, Development and Acquisition, and \$545.4M in Pass-through COVID Response Assistance and Stimulus for Local Government.

- 7 In some cases, the roles and duties of existing FTE may have changed over time. Please list any positions that have been created in the Department since FY 2019-20 that were not the result of legislation or a decision item.

The Department did not create any positions that meet the basis of this question.

For all FY 2022-23 budget requests that include an increase in FTE:

- a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;
- b. Specify why additional FTE are necessary; and
- c. Describe the evaluation process you used to determine the number of FTE requested.

The Department has one decision item (R-01) in its FY 2022-23 budget request that included 3.0 additional FTE. The three positions for the Executive Director's Office are mid-level staff with duties involving accounting, budget, procurement and human resources assignments that have increased in workload since 2013 as a result of growth in programs, increased accounting transactions and the growing number of program staff within the department.

- a. *Existing staff with qualifying experience, knowledge, and skills will be eligible for these positions. For example, the Department's existing Accountant I's may have sufficient experience to qualify for the proposed Accountant II position.*
- b. *Over the past eight fiscal years (FY 2012-13 to FY 2019-20), DOLA's accounting transactions per fiscal year increased over 75% from 606,320 in FY 2013 to 1,064,857 in FY 2020. Over the same time period, the number of funds and sub-accounts required to administer DOLA's programs increased 34%, from 35 to*

47 respectively. DOLA's annual contracts and purchase orders increased on average 4.5% each year over the past 8 years, doubled for FY 2019-20 and returned to average for FY 2020-21. This increase will likewise lead to an increase in accounting transactions. In addition to this increased financial activity, from FY 2013-14 through FY 2020-21, the department's program staff FTE has increased nearly 23% from 164.3 to 199.4. This growth in departmental programs and staff has come without any increases in appropriated FTE in the EDO to accommodate the additional accounting, contracting, and administrative workload.

- c. The Department evaluated existing budget and staff resources in the context of programmatic and workload growth since 2013. Full details can be found in the Department's budget request R-01 Operation Staff Adjustment. As a result of the analysis, the Executive Director's Office would be increased from 14.2 FTE to 17.2 FTE with the addition of the requested funding for an Accountant II, Budget Analyst II, and Human Resources Specialist III.

- 8 Please describe any ongoing or newly identified programmatic impacts for the Department resulting from cash fund transfers as part of the FY 2019-20 and FY 2020-21 balancing process.

As part of the State's FY 2020-21 budget balancing process, the Department was subject to the following two cash fund transfers: \$167,463 from the Moffat Tunnel Cash Fund pursuant to H.B. 20-1381 ("Augment General Fund through Certain Transfers"); and \$2.3 million from the Local Government Permanent Fund pursuant to H.B. 20-1406 ("Cash Fund Transfers to the General Fund").

The transfer from the Moffat Tunnel Cash Fund will have no immediate impact to the associated program. A footnote to the Department's Long Bill since FY 2018-19 has directed the Department to continue accruing fund balance to '... cover any potential Improvement District liabilities related to the Tunnel and any costs related to studies or other actions that need to occur prior to the expiration of the lease with Union Pacific Railroad in 2025 in order to protect the interests of the Improvement District and the State.' The cash fund transfer will reduce funds available for the purposes previously described. The balance in the Moffat Tunnel Cash Fund on June 30, 2021, was \$183,274 and is projected to be \$242,389 on June 30, 2023. Please refer to the Schedule 9 for this fund in the Department's FY 2022-23 budget request for more information.

The transfer from the Local Government Permanent Fund (LGPF) means \$2.3 million won't be available to beneficiaries as delineated in Section 34-63-102 (5.4)(b) and (c), C.R.S. It should be pointed out, however, that distribution of moneys in the LGPF as prescribed in Section 34-63-102 (5.3)(a)(I)(B), C.R.S., is fairly restrictive and it is difficult to know how long it would have taken for these specific conditions to be satisfied. The December 2021 Economic & Revenue Forecast by Legislative Council does not have forecasts of Federal Mineral Lease (FML) indicating a decrease of 10% or greater of annual revenue to qualify for the statute's description for the General Assembly to transfer additional funds for direct distribution by the Department to counties and municipalities.

- 9 Please describe the Department's FY 2020-21 vacancy savings, as well as projected vacancy savings for FY 2021-22 and FY 2022-23. How has the Department utilized vacancy savings in recent years?

The Department's actual reversions from vacancy savings are detailed within the FY 2022-23 budget submission Schedule 3B. The department does not project vacancy savings for the current or next fiscal year however staff turnover is to be expected. The department has utilized any vacancy savings for necessary personnel overtime costs if applicable, leave payouts, or reverted the vacancy savings to the State Employee Reserve Fund.

- 10 State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:
- a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds \$100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited.
 - b. For each source, list actual revenues collected in FY 2020-21, and projected revenue collections for FY 2021-22 and FY 2022-23.
 - c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2022-23.

NOTE: An example template for providing data for this question will be provided by the JBC Staff.

For response to a and b please see the completed template. For c, the Department does not have any applicable decision items.

- 11 Please describe one-time federal stimulus funds (such as the CARES Act, ARPA, and the Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive.

NOTE: A template for providing data for this question will be provided by the JBC Staff.

For response please see the completed template.

#10

Non-Tax Revenues Collected by Department That Are Subject to TABOR
(excluding sources that amount to less than \$100,000/year)

Revenue Source	Associated Cash Fund	Revenues Collected Annually		
		FY 2020-21 Actual	FY 2021-22 Projection	FY 2022-23 Projection
Description of source	Name of cash fund where revenue is credited (or General Fund if that is where revenue is credited)	\$0	\$0	\$0
Manufactured Home Building	Fund #12V0 Building Regulation	1,120,001	1,060,000	1,060,000
Private Activity Bonds: Service	Fund #16E0 Private Activity Bond	108,555	120,000	120,000
Property Tax Exemption: Filing	Fund #16F0 Property Tax	1,187,800	1,040,000	1,040,000
Assessment Appeals: Filing Fees	Fund #28E0 Board of Assessment	186,401	300,000	150,000
Search and Rescue Cards:	Fund #4200 Search and Rescue	679,731	575,000	575,000
Mobile Home Parks:	Fund #MHPA Mobile Home Park	1,136,864	1,136,864	1,035,694
TOTALS		\$4,419,352	\$4,231,864	\$3,980,694

Question 11: One-time Funds Received/Anticipated to be Received (amounts)

State Department	Federal Bill (e.g., CARES, ARPA, Infrastructure Investment and Jobs Act)	Total Amount by Bill (Program Details Should Sum to These Figures)	Major Program Name	Brief Program Description	Funds Provided Direct to the		Funds Provided to and Administered by the State Department, but Solely for Direct Allocation to Beneficiaries	For amounts other than Fiscal Recovery Funds, How does State Access the Funds (e.g., formula allocation, grant application)	When are the funds available? (e.g., Mar 2020-Dec 2022)
					Funds originating as Coronavirus State Fiscal Recovery Funds (appropriated/transferred in 2021 legislative session)	State Department for Administration or Other Specific Functions. (Exclude funds passed through to other governments or beneficiaries.)			
DOLA/DLG	CARES	275,000,000	Distribution to Local Governments, CARES Act (EO D2020 070)	Funds to reimburse costs to counties, municipalities and special districts for 1) necessary expenditures incurred due to the COVID-19 public health emergency (COVID-19 emergency); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State; and 3. were incurred during the period 3/1/20, and ends 12/31/21.		275,000,000		Coronavirus Relief Fund (CRF) allocation to Colorado provided to program by Executive Order.	May 2020-December 31, 2021
DOLA/DOH	CARES	10,000,000	Emergency Rental & Mortgage Assistance, CARES Act (EO D2020 070)	Emergency Housing Assistance			10,000,000	CRF allocation provided to program by Executive Order	May 2020. Fully expended as of this report.
DOLA/DOH	CARES	2,600,000	Property Owners Preservation Program (EO D2020-216)	Emergency Housing Assistance			2,600,000	CRF allocation provided to program by Executive Order	October 2020 - June 2021
DOLA/DOH	CARES	19,650,000	Property Owners Preservation Program (HB20-1410)	Emergency Housing Assistance			19,650,000	CRF allocation provided to program by Special Bill	June 2020. Fully expended as of this report.
DOLA/DOH	HR133	255,084,085	Emergency Rental Assistance (ERA1)	Emergency Housing Assistance			255,084,085	Direct Award US Treasury	December 2020 - September 30, 2022
DOLA/DLG	ARPA	265,396,436	CSLFRF Distribution to Non-Entitlement Units	Funds for eligible uses under ARPA provided by population formula to "Non-entitlement units" (municipalities) under 50,000 in population.		265,396,436		Direct Award from US Treasury to allocate by population formula	June 2021 1st Tranche distributed; June 2022 2nd Tranche to be distributed.
DOLA/DOH	ARPA	196,069,187	3201 Emergency Rental Assistance (ERA2)	Emergency Housing Assistance			196,069,187	Direct Award US Treasury	March 2021 - September 30, 2025
DOLA/DOH	ARPA	6,478,176	3202 Emergency Housing Vouchers	Emergency Housing Assistance			6,478,176	Direct Award US Department of Housing and Urban Development	September 2021 - September 30, 2030
DOLA/DOH	ARPA	24,729,198	3205 Homelessness Assistance and Supportive Services Program (HOME-ARPA)	Housing Supplement/Unit Production			24,729,198	Direct Award US Department of Housing and Urban Development	November 2021 - September 20, 2029
DOLA/DOH	ARPA	175,080,858	3206 Homeowner Assistance Fund (HAF)	Emergency Housing Assistance			175,080,858	Direct Award US Treasury following UST approved HAF plan. Ten percent is awarded with the remaining ninety percent award is pending HAF plan	May 2021 - September 30, 2026
DOLA/DLG	ARPA	5,000,000	Colorado Heritage Communities Fund for the Local Government Planning Grant Program (HB21-1271)	Grants to municipalities and counties to adopt strategies to remove regulatory barriers to affordable housing development, qualifying them for existing grants.	5,000,000			CSLFRF	June 27, 2021 - June 30, 2024
DOLA/DLG	ARPA	30,000,000	Department of Local Affairs for the Colorado Heritage Communities Fund for the Housing Development Incentives Grant program (HB21-1271)	Grants to local governments that adopt at least three policy and regulatory tools from a menu of options enumerated in the bill that incentivize the development of affordable housing.	30,000,000			CSLFRF	June 27, 2021 - December 30, 2026

DOLA/DLG	ARPA	5,000,000	Broadband Investments (HB21-1289)	The interconnectivity grant program provides grants to local governments that provide broadband infrastructure that is designed to provide service to unserved or underserved households	5,000,000	CSLFRF	July 9, 2021 - June 30, 2022
DOLA/DOH	ARPA	98,500,000	ARPA Money to Invest Affordable Housing (HB21-1329)	Housing Supplement/Unit Production	98,500,000	CSLFRF	July 9, 2021 - December 30, 2026
DOLA/DOH	ARPA	30,000,000	Housing Development Grants Hotels Tenancy Support Program (SB21-242)	Housing Supplement/Unit Production	30,000,000	CSLFRF	July 9, 2021 - December 30, 2026