## DEPARTMENT OF LOCAL AFFAIRS FY 2023-24 JOINT BUDGET COMMITTEE HEARING AGENDA

## Friday, December 9, 2022 10:45 am – 12:00 pm

## 10:45-10:50 Introductions and Opening Comments

Presenter: Rick Garcia, Executive Director

## 10:50 – 11:00 Common Questions

#### Main Presenters:

• Rick Garcia, Executive Director

## Supporting Presenters:

- Dionne Stroter, Deputy-Executive Director
- Bruce Eisenhauer, Legislative Liaison

## Topics:

- One-time stimulus implementation: Page 1, Question 1 in the packet
- Newly promulgated rules: Page 1, Question 2
- Appropriated temporary FTE: Page 2, Question 3
- Partnership Agreement implementation: Page 2, Question 4

## 11:00 - 11:20 Prioritized Requests

## Main Presenters:

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

## Supporting Presenters:

- Alison George, Director, Division of Housing
- Chantal Unfug, Director, Division of Local Government

## Topics:

- R1 Resources for DOLA/HCPF Voucher Program: Pages 2-3, Questions 5-8 in the packet
- R2 Fort Lyon: Page 3-4, Questions 9-10
- R3 and the Colorado Resiliency Office: Page 4-6, Questions 11-13
- R4 Property valuation database forecast staff: Page 6-7, Questions 14-16
- R5 Accelerate production of manufactured buildings: Page 7, Questions 17-18
- R6 EDO Capacity expansion: Page 7-8, Questions 19-20
- R8 Architectural support for rural main streets: Page 8-9, Questions 21

## 11:20-11:30 Proposition 123

9-Dec-2022 LOC-hearing

## Main Presenters:

- Rick Garcia, Executive Director
- Alison George, Division of Housing Director

## Topics:

- Implementation Plan: Page 9-10, Question 22 in the packet
- Existing Funds Displacement: Page 10, Question 23
- Existing Funds Displacement: Page 10, Question 24

## 11:30-12:00 **ONE-TIME FUNDING**

## Main Presenters:

- Rick Garcia, Executive Director
- Alison George, Division of Housing Director
- Chantal Unfug, Division of Local Government Director

## Topics:

- Division of Housing Update: Page 10, Questions 25, Appendix A Pages 14-16 in the packet
- Emergency Rental Assistance: Pages 11-12, Questions 26-31, Appendix B Pages 17-32
- Division of Local Government Update: Pages 12-13, Question 32, Appendix A Pages 14-16

9-Dec-2022 LOC-hearing

## DEPARTMENT OF Local Affairs FY 2023-24 JOINT BUDGET COMMITTEE HEARING AGENDA

## Friday, December 9, 2022 10:45 am – 12:00 pm

## COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

Please describe the implementation plan for new programs added to the Department from one-time stimulus funds (such as the CARES Act, ARPA, and one-time General Fund), as well as any challenges or delays to program implementation.

RESPONSE: Through various funding sources that became available in response to the COVID-19 pandemic, DOLA has been allocated more than \$1.5 billion in one time funds, and the department has created more than 20 new programs. Approximately \$877M was either directly distributed or allocated to DOLA in 2021, and DOLA received an additional \$663M in 2022. 96% of this funding is related to affordable housing or reducing homelessness, including \$200M for homelessness grants and services and more than \$630M for emergency rental and mortgage assistance programs. As of 9/30/22 nearly half (\$697M/\$1.5B or 46.5%) of these funds were encumbered, with the majority of the unencumbered funds related to programs created in 2022 which are in the planning and development phase.

The huge influx of one-time funds has led to significant growth for the entire agency, with DOLA experiencing a 38% increase in new positions in 2022 alone. To meet this demand, DOLA has created a new stimulus and recovery team structure which includes additional term-limited staff in the EDO for HR support, accounting/finance, program analysis, communications, and compliance. DOLA has also created several new teams to manage the new programs. This rapid growth has created some challenges, particularly in recruiting and training new staff and updating systems to manage new tasks such as distributing assistance payments, intake of new benefit applications, new grant applications in the grants portal, and other administrative needs.

Please identify how many rules you have promulgated in the past year (FY 2021-22). 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.

<u>RESPONSE:</u> In FY 2021-22, the Department completed the revision of two sets of rules: modification of factory built structures and modifications to the mobile home park act utilized by the Division of Housing. 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 <u>Department's 2022 Regulatory Agenda Report</u>.

How many temporary FTE has the Department been appropriated funding in each of the following fiscal years: FY 2019-20, FY 2020-21, FY 2021-22, and FY 2022-23? For how many

of the temporary FTE was the appropriation made in the Long Bill? In other legislation? Please indicate the amount of funding that was appropriated. What is the department's strategy related to ensuring the short term nature of these positions? Does the department intend to make the positions permanent in the future?

<u>RESPONSE</u>: The Department is unable to provide temporary FTE counts. Temporary FTE are not included in the statutory definition of FTE pursuant to Section 24-75-112(1)(d)(II), C.R.S. which states that FTE does not include contractual, temporary, or permanent season positions. The department has provided as part of the November 1 request the Schedule 14A and 14B which provides actual expenditures. For the upcoming years, the department manages the dollar appropriation which has been affirmed by two Supreme Court cases (Colorado GA vs Owens and Anderson v Lamm).

Please provide a description, calculation, and the assumptions for the fiscal impact of implementing the provisions of the Partnership Agreement, including but not limited to changes in annual leave accrual, holiday pay, and paid family and medical leave. If your department includes employees who are exempt from the Partnership Agreement, please indicate whether or not you intend to implement similar benefit changes as those required for covered employees. Please provide a breakdown of the fiscal impact of implementing the provisions of the Partnership Agreement for: a) employees who are subject to the Agreement, and b) employees who are exempt from the Agreement.

RESPONSE: The cost to departments for employees using the paid family medical leave was requested and approved last year (DPA FY 2022-23 R-02). For FY 2023-24 the cost is part of the POTS appropriation called Temporary Employees Related to Authorized Leave. The adjustment to annual leave and the additional holiday, as noted in the fiscal note for the bill (S.B. 22-139) were expected to be minimal and if necessary will be addressed through the annual budget process. The Governor's November 1, 2022 budget included funding for the economic articles of the Partnership Agreement, including funding for paid family medical leave. The department is working with OSPB and DPA to submit a January budget amendment if necessary to seek additional adjustments related to the Partnership Agreement. In addition, OSPB will provide the JBC with a breakdown of the fiscal impact of implementing the Partnership Agreement by department.

## PRIORITIZED REQUESTS

R1 Resources for DOLA/HCPF Voucher Program

[Sen. Zenzinger] I'm aware that counties are having trouble finding landlords who will accept the vouchers. If we were to approve this request, we would just be adding to the challenges. What suggestions does the Department have to address these county challenges?

<u>RESPONSE</u>: Historically DOLA and HCPF have used a couple of strategies to help Transition Services members find housing units.

First, HCPF contracts with Brothers Redevelopment, Inc. to provide Housing Navigation services to all Transition Services members who need help in their housing search. The Housing Navigator searches for and

establishes relationships with landlords who are willing and able to provide housing appropriate for our members. The Navigator also refers each member to specific units that should meet their needs.

Second, DOLA uses rental assistance funds to pay for security deposits, and can pay up to two months rent, if that is what the landlord requires.

More recently, the Legislature's passage of HB 20-1332 made Source of Income a protected class under the Colorado Anti-Discrimination Act (CADA), making it illegal for landlords to refuse to rent to people just because they have a housing voucher. That law took effect on January 1, 2021 and is enforced by the Colorado Civil Rights Commission (CCRD).

There are a few additional strategies that DOLA and HCPF could use to help participants find units. We could expand the Housing Navigation system to provide better statewide coverage. We could provide additional landlord incentives, such as reimbursement for damage that exceeds the security deposit. We could also do more outreach to educate landlords on the new Source of Income law.

[Sen. Zenzinger, Bridges, & Rankin] Explain how the savings in HCPF is calculated. Where in the HCPF budget do we actually see these savings? Are they immediate, or years in the future?

<u>RESPONSE</u>: The department coordinated with HCPF on the number and administrative cost of these additional vouchers. HCPF provided the estimated savings to their program based on placing individuals with these vouchers in communities for a full fiscal year. Questions about HCPF's savings will need to be referred to that agency.

7 [Sen. Kirkmeyer] Why is DOLA involved in this, rather than HCPF administering the vouchers? Or working through counties and the Medicaid transitional services they provide? Why aren't municipalities involved, who have direct relationships with landlords?

<u>RESPONSE:</u> DOLA has decades of experience with managing rental assistance vouchers. DOLA's program started in 1977 with the federally funded Housing Choice Voucher program (previously known as Section 8), and has grown to serve 8,800 households across the entire state. DOLA has a network of 50 local contract agencies to help administer vouchers - those agencies provide local connections and local access to both landlords and participants.

8 [Sen. Bridges] Is this program modeled on other existing programs?

RESPONSE: Yes, this program is modeled on the Housing Choice Voucher program, which DOLA has managed for decades (since 1977). DOLA has managed the Housing Choice Voucher program successfully and continues to be identified by the U.S. Department of Housing and Urban Development (HUD) as a high-performing agency. The expertise that DOLA staff use to manage the Housing Choice Voucher program is used to ensure other voucher programs are administered successfully, using a combined Administrative Plan to align processes and procedures whenever possible.

## R2 Fort Lyon

9 [Rep. Bird] How is the efficacy of Fort Lyon measured? What measures of success does the Department track?

<u>RESPONSE</u>: The Department tracks many metrics to measure success and efficacy of Fort Lyon. Specifically, the Department is tracking:

- **Housing Status at Program Exit:** Since 2018, Fort Lyon has exited about 60% of participants to permanent and temporary housing destinations annually.
- Connection to Mainstream Benefits: About 60% of participants who leave Fort Lyon each year are connected to mainstream benefits. (Note that not all Fort Lyon participants are eligible for mainstream benefits.)
- Connection to Income and Employment: About 46% of participants who have left Fort Lyon since 2018 had increased cash income as compared to when they came to Fort Lyon.
- Improved Well-Being: 70% of participants who leaveFort Lyon report improved physical, mental, and behavioral health outcomes.
- Educational, Vocational, and Recovery-Based Services: Since 2018, an average of 95% of Fort Lyon participants have received educational, vocational, and recovery-based services while they were a program participant.
- 10 [Sen. Rankin] Would like a report about whether this program works or not, with concrete data.

RESPONSE: Since 2018, Fort Lyon has graduated about 40% of participants successfully annually. This means participants are able to maintain their recovery and reintegrate to their community of origin or choice. The Substance Abuse and Mental Health Services Administration (SAMHSA) notes that long term residential programs nationally have about a 40% graduation rate<sup>1</sup>, so Fort Lyon is performing as well as other recovery programs nationally. Specific program reports can be found here: <a href="https://cdola.colorado.gov/more-about-fort-lyon">https://cdola.colorado.gov/more-about-fort-lyon</a>

- FY 2022 Fort Lyon Annual Report
- FY 2021 Fort Lyon Annual Report
- Office of the State Auditor, Report highlights: Fort Lyon Supportive Residential Community Final Evaluation Report, August 2018
- Office of the State Auditor, Evaluation of Fort Lyon Supportive Residential Community: Final Report, August 2018

R3 AND THE COLORADO RESILIENCY OFFICE

## 11 [Sen. Kirkmeyer] What is the Roadmaps Program?

<u>RESPONSE:</u> The Resiliency Roadmaps Program, a two-year planning and implementation process grant funded by the U.S. Economic Development Administration through \$2.3M in COVID relief dollars implemented through Division of Local Government's Colorado Resiliency Office. Through this planning process, OEDIT, DOLA, CDLE, and our nonprofit partner Community Builders are working with 16 Regional Community Teams that represent over 150 rural jurisdictions and their partners across Colorado.

<sup>&</sup>lt;sup>1</sup> Substance Abuse and Mental Health Services Administration. (2019). <u>Treatment Episode Data Set (TEDS): Admissions to Discharges From Publicly Funded Substance Use Treatment</u>.

The planning process and resulting 16 Resiliency Roadmaps have elevated shared regional resiliency challenges/opportunities and prioritized actionable strategies that will be implemented. The Resiliency Roadmaps are aligning and directing efforts toward the highest-priority implementation actions and identifying funding. For example, the Central San Juan High Alpine regional team is developing strategies to manage land and forest resources for wildfire mitigation and sustainable tourism; the Western San Luis Valley team is exploring economic diversification including drought-tolerant crops such as hemp; and the Norwest Colorado team is navigating drought and its ties to agriculture and tourism.

These plans are being used to prioritize funding through the State's Rural Economic Development Initiative (REDI) for impactful economic development projects. For example, both the Huerfano County Maker Space and Retail Business Incubator and the Prowers County Advanced Manufacturing Technology Center were Roadmap priorities and have been funded by the Division's Rural Economic Development Initiative (REDI).

More information about the Resiliency Roadmaps Program::

- See the <u>Resiliency Roadmaps Program Website</u>
- Get to know the Resiliency Roadmaps' 16 Regional Community Teams
- Find out how the Resiliency Roadmaps are being implemented and funded
- View draft and final plans on the <u>Roadmaps Slide Deck here</u> (updates are ongoing)
- [Sen. Kirkmeyer] If they are focusing on reducing future risks, that would be mitigation, not resiliency. This used to be in the Governor's office. It's about coordinating state agencies with local governments. Discuss the responsibilities of the CRO, and how they define resiliency.

<u>RESPONSE</u>: Resiliency is the ability of communities to rebound and positively adapt to or thrive amidst changing conditions or challenges—including human-caused and natural disasters—and maintain quality of life, healthy growth, economic vitality, durable systems and conservation of resources for present and future generations.

— 2018 Update to the Colorado Disaster Emergency Act, Title 24, Article 33.5, Part 7 C.R.S.

Generally speaking, mitigation programs are focused on physical infrastructure to include strengthening that infrastructure or reducing damages due to the breakdown of that infrastructure. While mitigation is a component of resiliency, resiliency has a much broader meaning and includes the strengthening of community, economic and social systems that enable a community to 'bounce back' from a major external crisis.

The CRO was created through State statute to develop and maintain the resiliency and community recovery program. The Office's specific responsibilities are set forth in in section 24-32-122 C.R.S.:

- Develop a plan to improve coordination among state agencies and local jurisdictions to support community and economic recovery efforts and to address risk and vulnerability reduction;
- Provide technical assistance to local governments for the implementation of resilience planning, including resilience frameworks, vulnerability profiles, risk-reduction plans, and economic development strategies;
- Provide technical assistance to state agencies for the implementation of resilience policies and procedures and to institutionalize resilience practices across departments and agencies;
- Provide technical assistance to local governments and state agencies to secure additional resources and investment to implement resilience solutions;
- Integrate resilience criteria into existing competitive grant programs;
- Provide policy advocacy to shape federal resilience efforts;

- Develop metrics and targets to measure the short and long-term success of resilience efforts and actions; and
- Support long-term community recovery efforts and resource navigation after a disaster.

In 2020, the CRO updated the multiagency <u>Colorado Resiliency Framework</u> and created the <u>Resiliency Playbook</u> to be a resource for State agencies when integrating resiliency into their own programs and planning efforts. The CRO also provides support, resources, and technical assistance to local governments to incorporate resilience into their work. For more information about the CRO's services and resources, visit <u>co.resiliency.com</u>.

Under the Division's Disaster Recovery responsibilities, for example, the CRO staff are leading the Marshall Fire Long Term Recovery Working Group and are actively coordinating state and local partners to implement local recovery priorities to build back stronger.

[Sen. Kirkmeyer & Rankin] Is this office responsible for tracking money (specifically from FEMA)? Please provide background on whether this was ever part of the CRO's responsibilities and discuss any responsibilities for tracking funds that still exist within the CRO. Do you coordinate with the Department of Public Safety on this matter?

<u>RESPONSE:</u> The State Coordinating Officer (SCO) resides within the Division of Homeland Security and Emergency Management (DHSEM) within the Colorado Department of Public Safety (CDPS). DHSEM maintains responsibility, coordination and tracking of FEMA programs including Individual Assistance, Public Assistance, and the FEMA funded Hazard Mitigation Grant Program.

Tracking federal dollars, including FEMA dollars, has not been a part of the CRO responsibilities as defined in statute. There was a prior incarnation of the CRO, the Colorado REcovery and Resiliency Office (CRRO), within the Governor's office following the floods of 2013. The CRRO centralized and coordinated the communication of all State and Federal funds. This office was disbanded once the recovery resources were allocated and underway, but the resiliency work continued and moved into the Division of Local Government. The work was expanded under the legislation that codified the Office.

The CRO coordinates the Long Term Recovery Working Group, a State and local partnership, that identifies unmet needs and available resources for local recovery in the areas of housing, economic recovery and the infrastructure needs of local communities. In this capacity, they coordinate closely with the Division's Regional Managers, DHSEM on FEMA funding sources, work with local communities to identify gaps in capacity and rebuilding resources, and prioritize the leveraging of other State, Federal and non-profit funding sources such as the State's Disaster Resilience Rebuilding Program (DRR) and the HUD funded Community Development Block Grant for Disaster Recovery (CDBG-DR). The CRO also plays a strong advisory role in incorporating resilience into rebuilding programs and specifically drives policies related to the 15% set-aside for mitigation activities within the CDBG-DR federal grant.

R4 Property Valuation Database forecast staff

14 [Sen. Bridges] Where does the Department currently publish this data? If it is not done so through data publishing software, is the Department requesting funding for such software?

<u>RESPONSE</u>: The data to be provided to the State Board of Equalization (SBOE) by the Assessment Auditor is new to the division and far more granular than the data currently available and gathered by the Division of Property Taxation. With the data the division does receive, we publish the Annual Report to the Governor and General Assembly, through a PDFd and paper document. The PDF is posted to our website. The

data comes from the county abstracts of value, the certification of levies and revenues, and other sources. The data used for this report is mostly contained in an oracle database, not easily accessible. When we receive requests from outside groups for the data contained within the Annual Report we have staff download the data from the database into an excel spreadsheet. At this time the department anticipates not having to request additional resources to publish this data. and will be emulating the excellent work already done with the data accessibility provided by the State Demography Office.

15 [Sen. Kirkmeyer] Would these staff duplicate activities performed by counties?

<u>RESPONSE</u>: No. This will be building on the great information from each individual county which is reported to the assessment auditor and will now be provided to the SBOE. The staff from this request will be consolidating and standardizing this information in a way to be able to evaluate and analyze at a state-wide level in order to answer the increasingly more sophisticated questions received subsequent to the repeal of Gallagher.

16 /Rep. Bird Are there any other sources of funding for these positions (e.g., federal)?

<u>RESPONSE</u>: The Division of Property Taxation is funded primarily from General Funds and one specific cash funded program for administering property tax exemptions for charitable, religious and private nonprofit schools. The work within the division is entirely related to state constitutional and statutory purposes. There are no federal programs or funding within this division.

R5 Accelerate production of manufactured buildings

17 [Sen. Zenzinger] The funding in HB 1282 was intended to be one-time, but these FTE would be ongoing. Ask the Department to discuss the need for FTE, the relationship to HB 22-1282, and the projected ongoing workload for this program.

<u>RESPONSE</u>: The department did not receive funding in H.B. 22-1282. In the event the outcome of H.B. 22-1282 results in new industry activity, the department's program will likely experience increased plan review and inspection demand.

[Sen. Bridges] Ask the Department to justify this request and explain the program and changes in workload (and issues related to timely regulatory actions that they may be wanting to address through this request).

<u>RESPONSE</u>: The department's request for additional spending authority is to address current plan review and inspection demands and the program's current inability to meet industry and consumer needs given the existing spending authority set forth in the Long Bill for this program. The requested increased appropriation and staff would help address current review and inspection backlogs and improve upon processing times to keep up with current industry and consumer needs. Additionally, continuous appropriation for this program will allow the budget flexibility to adapt to those needs in the future.

## R6 EDO CAPACITY EXPANSION

19 [Sen. Bridges] If half of the recently added FTE are temporary, why are these permanent positions needed?

<u>RESPONSE</u>: The department's request is only related to the impact of more than ten permanent programs and over three dozen FTE that have been added in the past two legislative sessions. The numerous special bills for temporary programs and staff provided sufficient resources to address the indirect costs of their temporary impacts on the Executive Director's Office's accounting, human resources, and administrative sections as well as centrally appropriated items.

2022 Special Bills with Permanent Impacts (FTE Annualized for FY 2024)

Bill/Topic	Total Amount	FTE
HB22-1083 Colorado Homeless Contribution Income Tax Credit	\$129,613	1.7
HB22-1242 Regulate Tiny Homes Manufacture Sale And Install	\$227,612	4.0
HB22-1287 Protections For Mobile Home Park Residents	\$89,870	1.0
HB22-1389 Financial Literacy Exchange Program	\$103,355	1.0
SB22-146 Middle Income Access Program Expansion (CHFA capitalization; DOLA financials)	\$25,000,000	0.0
SB22-159 Revolving Loan Fund Invest Affordable Housing (RLF)	\$150,000,000	19.0
SB22-160 Loan Program Resident-owned Communities (RLF)	\$35,000,000	6.0
SB22-168 Backcountry Search And Rescue (Transfer Program to DNR)	-\$314,123	-1.3
SB22-188 Behavioral Health Support For Criminal Justice Advocates (Interagency Grant Program)	\$500,000	0.0
SB22-206 Disaster Resilience Rebuilding Program Administration (RLF)	\$233,837	3.1
HB22-1329 Annualize FY 2022-23 Long Bill Appropriated FTE		0.6
	\$210,970,164	35.1

20 [Sen. Kirkmeyer] Where are the FTE that have been added in recent years physically housed? Describe the Department's allocation of office space and remote work policies?

<u>RESPONSE</u>: Since the beginning of the pandemic in 2020, the majority of DOLA's staff have been working either fully or partially remote, with a small number of staff working from a state office full-time. As of November 1st, approximately 31% of DOLA's positions have been identified as fully remote, meaning these employees do not have an assigned work location in a state office. 65% of DOLA staff are classified as hybrid, spending at least some of their time working remotely and some time in a state office location. 4% are in the office full-time.

Many of the remote positions are field staff whose work takes place in various locations throughout the state and does not require the employee to provide in person services at a state office. DOLA also has some field staff whose primary work location is their vehicle (i.e., some Regional Managers, inspectors, and other mobile service providers). All of the new employees hired within the last twelve months are hybrid or remote, and flexibility of work location has been an important strategy for recruiting and retaining employees in a competitive job market.

DOLA's primary office is located at 1313 Sherman St (the Centennial Building) in downtown Denver, and DOLA maintains an additional capitol complex leased space in Grand Junction. DOLA is currently transitioning away from previous leased spaces in other locations in the state. The Centennial Building houses two other agencies in addition to DOLA: the Archives unit of the Department of Personnel and Administration (DPA), and several offices from the Department of Natural Resources (DNR). At this time the building has not been reopened to the public as all three building tenants are engaged in space and renovation planning to

determine the feasibility of reducing our footprint and/or consolidating our services in a different location in the Capitol Complex.

R8 ARCHITECTURAL SUPPORT FOR RURAL MAIN STREETS

21 [Sen. Rankin] Expressed concern about using severance taxes to pay for this program. Does this position take away money that could be distributed as grants through the Energy Impact Assistance Fund program? Explain the funding mechanism for this position/program.

<u>RESPONSE</u>: Energy Impact Assistance Grant Funds are not affected by this budget request. The existing funds for the consulting services continue to be reappropriated Severance funds, per an approved budget request in 2015-16 and are not distributed as grants through the ELAF program. See Long Bill (H.B. 22-1329) footnote 81- these reappropriated funds provide assistance/services to Main Street communities at no cost to them by allowing communities to use program contracted consultants to support their Main Street goals. The requested change would allow the program to maintain an on-staff architect rather than paying for architect services through consulting contracts. This will be more cost effective and provide improved and more consistent services for our local government customers.

## Proposition 123

22 Please describe your plans for implementing the programs created by Proposition 123.

RESPONSE: Proposition 123 creates the State Affordable Housing Fund (SAHF). From the SAHF, the Department's Division of Housing (DOH) receives 40% of funds and the Affordable Housing Financing Fund at OEDIT receives 60% of fund. The portion transferred to DOLA, 40% of the total transfers, are paid to the Affordable Housing Support Fund, estimated at \$58 million in the 2022-23 budget year and \$116 million in the 2023-24 budget year. The Department is allowed to fund homeownership and homelessness projects and programs from these funds.

Programmatically, the Department currently plans to roll out funding based on converting short term COVID19 programs into permanent programs and expanding other DOH existing programs. This has the added benefit of capitalizing on capacity built with term limited staff through stimulus funding.

- Homeownership: DOH currently operates Down-payment Assistance Programs, Owner Repair programs which can include efficiency improvements, Home Modification programs for people with disabilities allowing them to stay in their homes of choice, Mobile Home Park acquisition and repair programs. New Prop 123 funds can be used to expand these federally funded programs. DOH has historically used federal CDBG and HOME funds for these purposes. Recently though, with the passage of HB 19-1322, the Division was able to expand its homeownership program offerings. In SFY 2021-22, the Division contracted approximately \$29M in Housing Development Grant (HDG) funds toward homeownership projects. As Proposition 123 associated programs' positions are newly posted, those employees in current temporary and term-limited programs' positions are welcome to apply for permanent positions posted pursuant to the Partnership Agreement. These new Proposition 123 programs do not need statutory amendments to be rolled out.
- **Homelessness:** Pre-pandemic, DOH was distributing about \$1 million annually for emergency rental assistance through the federal Emergency Solutions Grant (ESG) program. Early in the pandemic, DOH

was required to create a program in a short amount of time to effectively distribute hundreds of millions of federal funds to Coloradans in need. At first it started out with a few million each month and rapidly grew to eventually distributing as much as \$23 million a month for several months earlier this year through its community partners and contractors. The Emergency Rental Assistance program is currently administered by term-limited staff that are federally funded. DOH anticipates using Proposition 123 funds to continue elements of this program and focus it on people at imminent risk of eviction, transitioning the program from a term limited program to a permanent program. Those employees in current temporary and term-limited programs' positions are welcome to apply for Proposition 123 funded permanent positions posted pursuant to the Partnership Agreement.

Additional DOH programs that might be supported with homelessness funding from Prop 123 include tenant support services, navigation services and support for focus groups for people with lived experience and people with disabilities to inform the programs and developments funded by the Division. These programs do not need statutory amendments to be rolled out.

23 [Sen. Rankin] Will/could some of the new funding displace some of the General Fund or other funds that have been transferred to DOLA but have not yet been spent?

<u>RESPONSE:</u> The General Funds and other Cash Funds for FY 2022-23 are anticipated to be used as the appropriating or transfering Acts directed. For the spending status of each program, please see Appendix A - Stimulus Spending Status (as of 9/30/22).

24 [Sen. Rankin] Will there be statutory action needed by the General Assembly to implement the measure?

<u>RESPONSE</u>: Statutory changes are not required for the Department to administer the Homeownership or Homelessness programs from Proposition 123.

## One-time Funding

Please see Appendix A - Stimulus Spending Status (as of 9/30/22).

DIVISION OF HOUSING

25 Please provide an update on the use of one-time funding for housing initiatives.

RESPONSE: HB21-1329 - Implementation on this had been delayed until May 2022 due to the general fund swap completed by HB 22-1411. However, DOLA did issue several Notice of Funding Availability (NOFA) NOFAs in late 2021. Those were put on pause until the general fund swap. Since then and to date DOLA has contracted with 4 grantees for a total of \$17.8M and has made an additional 16 awards totalling \$61.8M whose contracts are in the drafting process. These awards have been made for the acquisition and development of affordable housing projects as well as capital provided to mission minded financial institutions to support their lending to developers of affordable housing.

SB21-242 - Implementation on this had been delayed until May 2022 due to the general fund swap completed by HB 22-1411. However, DOLA did issue a Notice of Funding Availability (NOFA) in late 2021. DOLA

has executed one contract in the amount of \$5.5M with a partner to acquire an underutilized motel. In addition, DOLA has issued 7 additional award letters to partners to acquire underutilized real estate assets, including h/motels, a church and a school school building which will be converted to affordable housing. These awards, totalling \$25.8M are currently being contracted and when completed will result in all remaining funds being obligated and spent.

SB22-146 - DOLA received a draft Statement of Work from CHFA for the \$25 million Middle Income Access Program Expansion the week of November 28th; next step is preparing an inter-governmental agreement.

SB22-159 - DOLA has drafted a program outline for the revolving loan fund program. A publication of draft program guidelines and a public input session are planned for early January with rollout of the program and a NOFA to be published by the end of January 2023.; we prioritized the rollout of HB22-1304 (\$138 million) and HB22-1377 (\$105 million) first and getting those specific NOFAs in November. Here are links to those NOFAs: NOFA 1: Transformational Affordable Housing, Homeownership, and Workforce Housing Grant Program NOFA 2: Transformational Homelessness Response Grant Program.

SB22-160 - NOFAs have been drafted (2 parts: revolving loan fund and grants); DOLA is currently reviewing and finalizing those draft NOFAs and aims to publish the draft NOFAs and hold public feedback sessions in late December 2022.

## EMERGENCY RENTAL ASSISTANCE QUESTIONS

[Rep. Sirota] I understand that the state has stopped accepting new applications for emergency rental assistance and the program is rapidly coming to an end:

What does DOH see as options to prevent people from being evicted and facing homelessness for the remainder of the current fiscal year and in future fiscal years?

RESPONSE: DOH will continue to administer the Emergency Rental Assistance Program until the funding is exhausted. Those who applied before the November 15th, 2022 deadline will continue to be served with both rental assistance and other eviction prevention measures through the program, such as legal representation, so long as funding is available. Currently, there is an open Notice of Funding Availability (NOFA) for eligible programs under HB 22-1304. There are opportunities for applicants to continue to provide rental assistance and eviction diversion programs through this NOFA. Emergency rental assistance and eviction legal defense are also eligible uses of the recently voter approved Proposition 123.

Are there any other funding streams that DOLA has access to given that Prop 123 won't be in effect for a while, and the affordable housing grant programs passed last year don't have any guarantees that applicants will apply for and be awarded funds for rental assistance?

RESPONSE: DOH has an open Notice of Funding Availability (NOFA) for \$138M for eligible programs under HB22-1304. There are opportunities through this NOFA for applicants to provide emergency rental assistance and eviction diversion programs. Additionally, DOH manages state Marijauna Tax Cash funds through its Homeless Solutions Program, and federal programs including Emergency Solutions Grant funds (ESG) and Community Development Block Grant-Coronavirus (CDBG-CV) funds. Although emergency rental assistance is an eligible use in these sources, these funds would require significant changes to the existing state ERAP program.

Are there different funding streams that could possibly be used or redirected to fund the emergency rental assistance program? Please name the funds and the potential amount of funding that could be available.

<u>RESPONSE:</u> DOH has the following funding streams that are not fully obligated and are eligible for emergency rental assistance: \$138M of HB22-1304, \$9M of Emergency Solutions Grant funds (ESG), and \$5M of Community Development Block Grant-Coronavirus (CDBG-CV) funds. For these funding streams, emergency rental assistance is an eligible activity but not the only eligible activity. Any movement of funds must be done with caution as redirecting funds for emergency rental assistance may result in fewer funds for other critical housing needs.

[Rep. Sirota] DOLA has run a large rental assistance/homelessness prevention program with almost half a billion dollars:

What has the data taught us? How many Coloradans each month need assistance payments to avoid eviction? Is the need decreasing, leveling off, or increasing given the rise in inflation and cost of living?

<u>RESPONSE</u>: The Emergency Rental Assistance Program has shown us that an eviction prevention program is crucial. To date, the program has served nearly 40,000 unique households during a critical time of need. In the post-pandemic era, the pandemic-related need has decreased but we are now seeing other strains, such as the rising cost of housing and inflation.

How much of the federal and state funds allocated for emergency rental assistance is still unspent? Of the funds available to tenants, how much federal ERAP funding is still unencumbered to tenants, and how much is still unencumbered to grantee agencies? How are the unencumbered funds being budgeted?

<u>RESPONSE</u>: Of the Emergency Rental Assistance Program (ERAP) funds for rental assistance and housing stability services, there are approximately \$64M remaining. All remaining funds are encumbered based on applications currently in queue for processing.

Who has the DOH rental assistance program served to date? Can you please provide a data table for FY 2021-22 and FY 2022-23 that includes the number of households served with emergency rental assistance, broken down by each zip code and county; and breakdowns based on the race, ethnicity, and gender of the primary household member on the application, assuming that information is included in the application and provided by applicants?

<u>RESPONSE:</u> The Division of Housing is unable to provide a breakdown of Emergency Rental Assistance Program participant demographics by zip code or county. Doing so could compromise the privacy of participants residing in low-population zip codes or counties who could be identified based on their minority status. As an alternative, in Appendix B a breakdown of demographic data has been provided at a statewide level, which is followed by a count of households served by county and zip code without demographics.

• Please see Appendix B - Emergency Rental Assistance Recipient Demographics (as of 12/5/22)

32 Please provide an update on the use of one-time funding for programs within the DLG.

RESPONSE: Implementation updates for one-time funded programs are included in Appendix - A. DLG programs are on track in terms of application and awarding. However, the Renewable and Clean Energy Program (RENEW) and the Broadband Investments: Interconnectivity Grant Program (Broadband) are heavily reliant on construction timelines that are constrained by labor and supply chain issues. Both RENEW and Broadband projects tend to use very specific technologies/components. A variety of industry-wide delays have been encountered for ordered components such as photovoltaic switchboards, batteries, transformer switches and prefabricated Carrier Neutral Location (CNL) facilities. Early supply-chain issues involved transportation/shipping capacity and backlogs. More recent supply chain issues have involved manufacturing capacity, labor shortages and now add China's Zero COVID policy affecting major manufacturing centers.

• An example from one municipality having received RENEW funds: The project is building a solar garden that will allow the City to operate all public buildings and street lights (municipally owned) from a 100% renewable source. Transformers are needed to operate the system, however when they placed the order for the transformers last summer, they were told delivery would be at least a year, most likely 14 months out. They hope to take delivery late summer, 2023. Their system cannot function until the transformers are installed. The Town's engineer communicated to the department that there are no other options for the system.

# Appendix A - Stimulus Spending Status (as of 9/30/22)

## State Stimulus

Bill Number	Short Title	Total Amount	Enc.	Ехр.	Unenc.	Notes
HB21-1215	Expansion Of Justice Crime Prevention Initiative	\$3,500,000	20.4%	28.3%	51.3%	
HB21-1253	RENEW Grant for Local Governments	\$5,000,000	76.4%	14.6%	9.0%	Supply chain issues
HB21-1271	Affordable Housing Incentive and Planning Programs (GF)	\$11,400,000	16.6%	1.9%	81.5%	
HB21-1329	Affordable Housing Investments	\$98,500,000	10.2%	0.0%	89.8%	GF Swap (HB22-1411)
SB21-204	Rural Economic Development Initiative (REDI) Grants	\$5,000,000	75.3%	22.5%	2.2%	
SB21-242	Direct Assistance to Undocumented Individuals	\$15,000,000	0.0%	98.1%	1.9%	
SB21-242	Housing Development Grants Hotels Tenancy Support Program (GF Swap)	\$29,890,000	0.0%	0.0%	100.0%	GF Swap (HB22-1411)
SB21-252	Innovative Housing and Community Revitalization	\$7,000,000	0.0%	99.1%	0.9%	
SB22-146	Middle Income Access Program	\$25,000,000	0.0%	0.0%	100.0%	
SB22-159	Affordable Housing Revolving Loan Fund	\$150,000,000	0.0%	0.0%	100.0%	NOFA Jan 2023
SB22-160	Mobile Home Park Resident Empowerment Loan and Grant Program Fund	\$35,000,000	0.0%	0.0%	100.0%	NOFAs drafted; Public input late Dec 2022

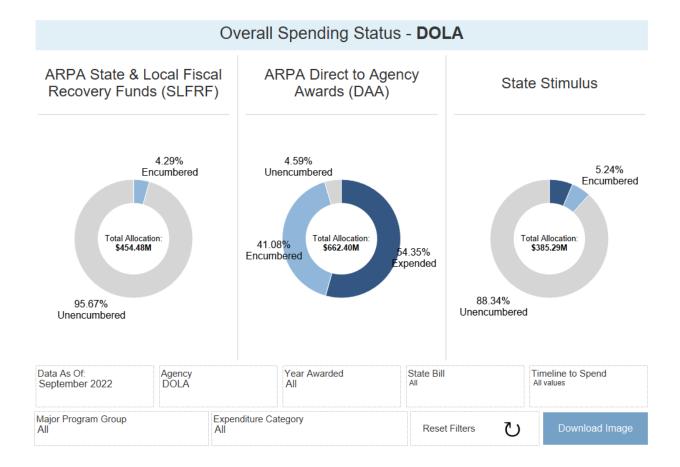
ARPA State & Local Fiscal Recovery Funds (SLFRF)

Bill Number	Short Title	Total Amount	Enc	Ехр	Unenc	Notes
HB21-1271	Affordable Housing Incentive Grant Program	\$30,000,000	55.1%	0.0%	44.9%	
HB21-1271	Local Government Planning Grant Program	\$5,000,000	40.4%	1.6%	58.0%	
HB21-1289	Broadband Investments: Interconnectivity Grant Program	\$5,000,000	18.7%	0.0%	81.3%	Supply chain issues
HB22-1304	Infrastructure and Strong Communities Grant Program	\$40,000,000	0.0%	0.0%	100.0%	
HB22-1304	Local Investments in Transformational Affordable Housing Grant Program	\$138,000,000	0.0%	0.0%	100.0%	

Bill Number	Short Title	Total Amount	Enc	Ехр	Unenc	Notes
HB22-1356	Small Community-Based Nonprofit Grant Program	\$35,000,000	0.0%	0.0%	100.0%	
HB22-1377	Homelessness Response Grant Program	\$105,000,000	0.0%	0.0%	100.0%	
HB22-1378	Denver-Metro Regional Navigation Campus Grant	\$50,000,000	0.0%	0.0%	100.0%	
SB21-242	Housing Development Grants Hotels Tenancy Support Program (ARPA)	\$110,000	0.0%	9.1%	90.9%	
SB22-211	Repurpose of the Ridge View Campus for Homelessness Response	\$45,000,000	0.0%	0.0%	100.0%	
Interagency Agreement	Administration of Non-Entitlement Unit of local government (NEU's)	\$153,990	0.0%	4.2%	95.8%	
Interagency Agreement	DOLA Recovery Office Admin Funds	\$1,215,039	0.0%	7.0%	93.0%	

ARPA Direct to Agency Awards (DAA)

Bill Number	Short Title	Total Amount	Enc	Exp	Unenc	Notes
DAA	Emergency Housing Vouchers	\$6,500,000	0.0%	12.3%	87.7%	
DAA	Emergency Rental and Housing Assistance 1 (ERA 1)	\$255,080,000	10.5%	89.5%	0.0%	
DAA	Emergency Rental Assistance 2 (ERA 2)	\$201,100,000	41.4%	58.6%	0.0%	
DAA	Homelessness Assistance and Supportive Services Program	\$24,729,198	0.0%	0.0%	100.0%	
DAA	Homeowner Assistance Fund	\$175,080,858	92.5%	7.5%	0.0%	



## Definitions:

Encumbered: Amount that has been contracted and being spent or yet to be reimbursed Expended: Amount spent and reimbursed

<u>Interagency Agreement:</u> Funding allocated from the dollars set aside in SB21-288 and HB22-1411 for the Governor's discretionary uses that comply with the American Rescue Plan Act <u>Unencumbered:</u> Amount that is in the process of contracting or planning

## Appendix B - Emergency Rental Assistance Recipient Demographics (as of 12/5/22)

Percent of Colorado ERA Program Demogra	-
Demographic category	Percent of Participants Served in Demographic
Gende	er
Data Not Provided	2.7%
Female	53.4%
Male	43.4%
Other	0.2%
Transgender Female	0.1%
Transgender Male	0.1%
Race	
American Indian or Alaska Native	2.6%
Asian	1.3%
Black or African American	21.0%
Data Not Provided	13.9%
Native Hawaiian or Other Pacific Islander	1.1%
Other or Multi-racial	16.1%
White	44.1%
Ethnica	ity
Data Not Provided	11.6%
Hispanic or Latino	35.1%
Non-Hispanic or Latino	53.3%

Households assisted by the State of Colorado, Emergency Rental Assistance 1 and 2 Programs through December 5, 2022 by **County of Residence** 

County	Households Assisted by the Colorado ERA Program
Adams	4,169
Alamosa	259
Arapahoe	6209

County	Households Assisted by the Colorado ERA Program
Archuleta	16
Baca	4
Bent	17
Boulder	1,132
Broomfield	460
Chaffee	41
Cheyenne	1
Clear Creek	36
Conejos	21
Costilla	16
Crowley	16
Custer	1
Delta	43
Denver	11,648
Dolores	1
Douglas	375
Eagle	98
El Paso	6,030
Elbert	21
Fremont	181
Garfield	88
Gilpin	38
Grand	15
Gunnison	90
Hnerfano	36
Jackson	1
Jefferson	2,005
Kiowa	4
Kit Carson	3
La Plata	200
Lake	199
Larimer	2,499

County	Households Assisted by the Colorado ERA Program
Las Animas	19
Lincoln	30
Logan	120
Mesa	385
Mineral	1
Moffat	38
Montezuma	51
Montrose	88
Morgan	54
Otero	112
Ouray	1
Park	18
Phillips	3
Pitkin	79
Prowers	44
Pueblo	1,324
Rio Blanco	17
Rio Grande	88
Routt	21
Saguache	33
San Juan	1
San Miguel	10
Summit	97
Teller	68
Washington	5
Weld	260
Yuma	4

Households assisted by the State of Colorado, Emergency Rental Assistance 1 and 2 Programs through December 5, 2022 by ZIP Code of Residence

ZIP Code	Households Assisted by the Colorado ERA Program
80002	118

ZIP Code	Households Assisted by the Colorado ERA Program
80003	280
80004	105
80005	16
80007	4
80010	885
80011	951
80012	1210
80013	682
80014	975
80015	251
80016	246
80017	565
80018	46
80019	81
80020	286
80021	207
80022	275
80023	90
80024	4
80025	2
80026	137
80027	62
80028	2
80029	4
80030	186
80031	223
80032	3
80033	143
80034	1
80037	1
80038	2
80040	1
80045	13
80046	1
80047	1
80090	1
80100	1

ZIP Code	Households Assisted by the Colorado ERA Program
80101	1
80102	3
80103	3
80104	39
80105	3
80106	2
80107	10
80108	37
80109	37
80110	162
80111	82
80112	251
80113	87
80114	1
80116	2
80117	3
80118	2
80120	119
80121	6
80122	24
80123	155
80124	45
80125	1
80126	19
80127	29
80128	42
80129	26
80130	20
80132	25
80133	5
80134	67
80135	1
80136	1
80137	1
80138	34
80149	1
80151	1

ZIP Code	Households Assisted by the Colorado ERA Program
80152	1
80167	1
80195	1
80198	2
80200	1
80201	1
80202	337
80203	697
80204	863
80205	758
80206	298
80207	150
80208	6
80209	124
80210	165
80211	290
80212	115
80213	2
80214	422
80215	114
80216	349
80218	359
80219	528
80220	782
80221	394
80222	565
80223	288
80224	501
80225	1
80226	163
80227	373
80228	105
80229	544
80230	203
80231	1057
80232	80
80233	401

ZIP Code	Households Assisted by the Colorado ERA Program
80234	312
80235	107
80236	161
80237	309
80238	221
80239	615
80241	148
80243	4
80244	1
80245	1
80246	453
80247	741
80248	2
80249	545
80250	2
80252	1
80256	1
80257	1
80260	564
80261	1
80264	1
80266	1
80268	1
80269	2
80270	1
80274	1
80280	2
80292	1
80294	2
80301	155
80302	54
80303	54
80304	78
80305	29
80308	1
80309	1
80311	1

ZIP Code	Households Assisted by the Colorado ERA Program
80317	1
80320	1
80329	1
80339	1
80349	1
80401	128
80403	9
80420	3
80421	6
80422	6
80423	1
80424	42
80425	1
80427	29
80432	1
80433	1
80435	28
80436	3
80437	1
80438	5
80439	13
80440	5
80442	3
80443	11
80444	7
80446	9
80447	2
80448	2
80452	20
80457	2
80459	1
80461	198
80465	13
80466	5
80467	1
80470	5
80475	1

ZIP Code	Households Assisted by the Colorado ERA Program
80476	1
80481	4
80487	18
80497	1
80498	14
80501	281
80503	145
80504	118
80505	3
80506	1
80510	1
80512	2
80513	46
80514	2
80515	3
80516	12
80517	30
80520	2
80521	258
80522	2
80524	374
80525	422
80526	377
80527	3
80528	124
80530	2
80532	2
80534	33
80535	17
80536	2
80537	374
80538	353
80539	1
80540	18
80542	1
80543	5
80547	2

ZIP Code	Households Assisted by the Colorado ERA Program
80549	41
80550	34
80552	1
80559	1
80571	1
80582	1
80587	1
80601	245
80602	24
80603	5
80610	3
80611	1
80620	29
80621	5
80623	2
80624	1
80629	1
80631	83
80634	65
80638	1
80640	36
80642	2
80643	1
80644	2
80648	1
80650	1
80651	3
80654	4
80666	1
80701	33
80705	1
80709	2
80720	5
80723	15
80728	3
80731	3
80736	3

ZIP Code	Households Assisted by the Colorado ERA Program
80741	3
80751	109
80758	1
80759	3
80801	1
80802	1
80805	1
80807	4
80808	17
80809	4
80810	1
80813	23
80814	6
80816	7
80817	188
80818	1
80819	6
80821	3
80823	1
80825	1
80827	1
80828	25
80829	35
80831	32
80833	3
80834	1
80835	5
80840	3
80860	9
80863	22
80864	1
80880	1
80900	1
80902	5
80903	255
80904	220
80905	325

ZIP Code	Households Assisted by the Colorado ERA Program
80906	301
80907	385
80908	74
80909	741
80910	697
80911	129
80912	2
80913	2
80915	247
80916	604
80917	400
80918	523
80919	115
80920	224
80921	70
80922	177
80923	121
80924	36
80925	21
80926	2
80927	7
80928	5
80929	3
80931	1
80938	1
80949	1
80951	14
81000	1
81001	450
81002	1
81003	169
81004	294
81005	169
81006	42
81007	75
81008	105
81010	1

ZIP Code	Households Assisted by the Colorado ERA Program
81012	1
81019	4
81020	3
81022	2
81025	1
81033	2
81036	3
81039	10
81041	1
81043	1
81050	66
81052	38
81054	16
81055	8
81058	5
81060	1
81062	7
81063	6
81064	1
81066	1
81067	27
81069	3
81071	1
81073	3
81076	1
81077	2
81082	16
81088	1
81089	29
81092	3
81095	1
81098	1
81100	2
81101	251
81102	1
81103	1
81120	8

ZIP Code	Households Assisted by the Colorado ERA Program
81122	8
81123	1
81124	1
81125	20
81126	1
81130	1
81131	9
81132	9
81133	5
81137	9
81140	10
81141	4
81143	4
81144	77
81146	2
81147	15
81149	1
81151	2
81152	8
81154	1
81201	14
81211	18
81212	145
81221	1
81223	2
81224	19
81226	24
81230	65
81231	2
81236	1
81240	8
81242	9
81243	1
81244	1
81252	1
81301	155
81302	2

ZIP Code	Households Assisted by the Colorado ERA Program
81303	27
81321	47
81323	3
81328	1
81393	1
81401	56
81403	25
81404	1
81411	1
81413	5
81415	2
81416	26
81418	1
81419	3
81422	1
81425	5
81428	5
81430	1
81432	1
81434	1
81435	9
81501	110
81502	3
81503	51
81504	68
81505	26
81506	24
81507	7
81520	71
81521	13
81522	1
81523	1
81526	7
81601	23
81610	1
81611	57
81614	1

ZIP Code	Households Assisted by the Colorado ERA Program
81615	16
81620	14
81621	9
81623	10
81624	2
81625	36
81631	6
81632	47
81635	20
81637	3
81639	1
81641	15
81642	1
81645	2
81647	5
81648	2
81649	1
81650	30
81652	2
81655	1
81657	10