

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 26-0268.01 Jacob Bennington x2371

**HOUSE BILL 26-1066**

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**HOUSE SPONSORSHIP**

**Stewart R. and Stewart K.,**

**SENATE SPONSORSHIP**

**Ball,**

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**House Committees**  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING THE EXPANSION OF PROPERTY TAX EXEMPTIONS TO**  
102     **INCLUDE DEVELOPMENT OF LOW-INCOME RENTAL PROPERTY.**

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**Bill Summary**

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

Current law provides an exemption for taxation on property acquired and developed for low-income housing by nonprofit housing providers, community land trusts, and nonprofit affordable homeownership developers. The bill expands the exemption to also include property intended for low-income residential rental property.

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

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-3-113.5, **amend**  
3 (1)(a.5), (1)(b), (1)(b.5), (1)(c)(II) introductory portion, (1)(d), (2)(a),  
4 (2)(c)(II)(B), and (2)(c)(II)(C) as follows:

5 **39-3-113.5. Property acquired by nonprofit housing provider**  
6 **for low-income housing - use for charitable purposes - exemption -**  
7 **limitations - definitions.**

8 (1) As used in this section, unless the context otherwise requires:

9 (a.5) "Community land trust" means a nonprofit organization that  
10 is exempt from taxation under section 501 (c)(3) of the federal "Internal  
11 Revenue Code of 1986", as amended, and is designed to ensure long-term  
12 housing affordability through a shared-equity model by acquiring and  
13 maintaining ownership of real property, while selling OR RENTING the  
14 improvements to low-to-middle income households for use as a primary  
15 residence.

16 (b) "Indicators of intent" means off-site activities of a nonprofit  
17 housing provider that establish the provider's specific intent to:

18 (I) Use property for the purpose of constructing or rehabilitating  
19 housing to be sold OR RENTED to low-income applicants; or

20 (II) Sell OR RENT the property to low-income applicants for the  
21 purpose of constructing or rehabilitating housing for the low-income  
22 applicants.

23 (b.5) "Land lease" means a long-term lease used in affordable  
24 homeownership OR RENTAL properties to lease the real property that is  
25 owned by a community land trust or nonprofit affordable homeownership  
26 OR RENTAL developer to the owner of the improvements on the real

1 property and preserve the improvements as an affordable homeownership  
2 OR RENTAL property.

3 (c) "Low-income applicant" means:

4 (II) For property tax years commencing on or after January 1,  
5 2024, an individual or family who both apply to a nonprofit housing  
6 provider to purchase OR RENT an affordable ~~for-sale~~ unit and whose total  
7 income is at or below either:

8 (d) "Nonprofit housing provider" means an organization that is  
9 exempt from federal income tax pursuant to section 501 (c)(3) of the  
10 federal "Internal Revenue Code of 1986", as amended, and that has a  
11 primary organizational mission ~~of~~ THAT INCLUDES:

12 (I) Working with low-income applicants to construct or  
13 rehabilitate housing that the organization then sells OR RENTS to the  
14 low-income applicants for their residential use; or

15 (II) Selling OR RENTING property or improvements to low-income  
16 applicants for the low-income applicants' residential use.

17 (2) (a) Subject to the limitations specified in subsection (3) of this  
18 section, for property tax years commencing on or after January 1, 2011,  
19 real property acquired by a nonprofit housing provider upon which the  
20 provider intends to construct or rehabilitate housing to be sold OR RENTED  
21 to low-income applicants or which the provider intends to sell OR RENT  
22 to low-income applicants for their residential use is deemed to be being  
23 used for strictly charitable purposes, regardless of whether or not there is  
24 actual physical use of the property, and shall be exempt from property  
25 taxation in accordance with section 5 of article X of the state constitution.

26 (c) (II) For property tax years commencing on or after January 1,  
27 2024, in determining whether a nonprofit housing provider satisfies the

1 intent requirement of subsection (2)(a) of this section with respect to  
2 particular property, the administrator may consider indicators of intent,  
3 including but not limited to:

4 (B) A resolution by the nonprofit housing provider's board that  
5 designates the property for construction or rehabilitation of for-sale OR  
6 RENTAL affordable housing; or

7 (C) A resolution by the nonprofit housing provider's board that  
8 approves the purchase of the property for land banking with the purpose  
9 of constructing or rehabilitating for-sale OR RENTAL affordable housing.

10 **SECTION 2.** In Colorado Revised Statutes, 39-3-127.7, **amend**  
11 (1), (2)(a), (2)(c), (2)(d), (2)(e), (3)(a)(I), (3)(a)(III), (3)(b), (4), (6), (7)(a)  
12 introductory portion, and (7)(b) as follows:

13 **39-3-127.7. Community land trust property - nonprofit**  
14 **affordable homeownership or rental developer property - exemption**  
15 **- requirements - legislative declaration - definitions.**

16 (1) (a) The general assembly hereby finds and declares that:

17 (I) The cost of homeownership AND HOME RENTAL has risen  
18 dramatically in Colorado: From December 2020 to December 2022, the  
19 median home value in Colorado increased over thirty percent; AND

20 (II) Entry-level homeownership options AND AFFORDABLE  
21 RENTALS are increasingly unavailable, and community land trusts and  
22 nonprofit affordable homeownership HOUSING developers are playing an  
23 increasingly large role in helping low- and middle-income Coloradans  
24 access homeownership AND AFFORDABLE HOMES FOR RENT; and.

25 ~~(III) Compared to tools used to incentivize affordable rental~~  
26 ~~housing, such as the low-income housing tax credit, there are fewer tools~~  
27 ~~to incentivize the creation of affordable for-sale housing.~~

1 (b) Therefore, it is the intent of the general assembly to provide  
2 a limited property tax exemption to community land trusts and nonprofit  
3 affordable homeownership HOUSING developers in certain circumstances.

4 (2) As used in this section, unless the context otherwise requires:

5 (a) "Affordable homeownership OR RENTAL property" means any  
6 dwelling that:

7 (I) Is restricted by a deed that impacts ownership of the property,  
8 limits the property's resale price, requires a long-term land lease with a  
9 community land trust or nonprofit affordable homeownership OR RENTAL  
10 developer, or imposes any other restriction that limits the property such  
11 that it may only be purchased OR RENTED by designated households, a  
12 community land trust, or a nonprofit affordable homeownership OR  
13 RENTAL developer;

14 (II) Is sold OR RENTED to a household that at the time of purchase  
15 OR RENTAL is at or below one hundred percent of the area median income  
16 of households of that same size in the county in which the housing is  
17 located; and

18 (III) Is sold OR RENTED to a purchaser OR LESSEE to be used as a  
19 primary residence.

20 (c) "Improvement" means a permanent change to real property  
21 that augments the real property's value including but not limited to a  
22 single-family home, townhome, ~~or~~ condominium, OR RENTAL PROPERTY.

23 (d) "Land lease" means a long-term lease used in affordable  
24 homeownership OR RENTAL properties to lease the real property that is  
25 owned by a community land trust or nonprofit affordable homeownership  
26 developer to the owner of the improvements on the real property and  
27 preserve the improvements as an affordable homeownership OR RENTAL

1 property.

2 (e) "Nonprofit affordable homeownership OR RENTAL developer"  
3 means an organization that is exempt from federal income tax pursuant  
4 to section 501 (c)(3) of the federal "Internal Revenue Code of 1986", as  
5 amended, and that has a primary organizational mission of THAT  
6 INCLUDES providing for-sale OR FOR RENT affordable housing units to  
7 low-to-middle income households for use as a primary residence.

8 (3) (a) For property tax years commencing on or after January 1,  
9 2024, real property is deemed to be used for a strictly charitable purpose,  
10 and is exempt from property taxation in accordance with section 5 of  
11 article X of the state constitution, if the real property:

12 (I) Is held by either a community land trust or a nonprofit  
13 affordable homeownership OR RENTAL developer;

14 (III) Is leased to the owner of the improvements as an affordable  
15 homeownership OR RENTAL property.

16 (b) The real property described in subsection (3)(a) of this section  
17 is deemed to be used for a strictly charitable purpose, and is exempt from  
18 property taxation in accordance with section 5 of article X of the state  
19 constitution, until the real property is no longer used as an affordable  
20 homeownership OR RENTAL property.

21 (4) If a community land trust or nonprofit affordable  
22 homeownership OR RENTAL developer claims a property tax exemption  
23 pursuant to this section for a real property and then subsequently sells,  
24 donates, or leases that real property so that the real property no longer  
25 qualifies as an affordable homeownership OR RENTAL property, the  
26 community land trust or nonprofit affordable homeownership OR RENTAL  
27 developer is liable for all property taxes for the real property for the

1 property tax years when the real property did not qualify as an affordable  
2 homeownership OR RENTAL property and during which the community  
3 land trust or nonprofit affordable homeownership OR RENTAL developer  
4 did not pay property taxes for the real property due to the property tax  
5 exemption described in this section.

6 (6) A community land trust or nonprofit affordable home  
7 ownership OR RENTAL developer that owns real property that qualifies for  
8 the property tax exemption described in this section shall submit the land  
9 lease for each real property that qualifies for the property tax exemption  
10 described in this section to the appropriate county assessor within  
11 twenty-five days of the initial execution of the land lease.

12 (7) (a) Any community land trust or nonprofit affordable  
13 homeownership OR RENTAL developer that claims a property tax  
14 exemption pursuant to this section shall comply with the provisions of  
15 section 39-2-117; except that, if the real property that is allowed an  
16 exemption pursuant to this section has been subdivided, the owner of such  
17 property or the owner's agent is only required to:

18 (b) Notwithstanding subsection (7)(a)(II) of this section, if the real  
19 property that is allowed an exemption pursuant to this section has been  
20 subdivided but the subdivided parcel has been split into a separate taxable  
21 parcel from the improvements and is leased to the owner of the  
22 improvements as an affordable homeownership OR RENTAL property, then  
23 the owner of such real property or the owner's agent must file an  
24 individual annual report for the subdivided parcel in accordance with  
25 section 39-2-117 (3)(a).

26 **SECTION 3. Act subject to petition - effective date.** This act  
27 takes effect January 1, 2027; except that, if a referendum petition is filed

1     pursuant to section 1 (3) of article V of the state constitution against this  
2     act or an item, section, or part of this act within the ninety-day period  
3     after final adjournment of the general assembly, then the act, item,  
4     section, or part will not take effect unless approved by the people at the  
5     general election to be held in November 2026 and, in such case, will take  
6     effect January 1, 2027, or on the date of the official declaration of the  
7     vote thereon by the governor, whichever is later.