

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0268.01 Jacob Bennington x2371

HOUSE BILL 26-1066

HOUSE SPONSORSHIP

Stewart R. and Stewart K.,

SENATE SPONSORSHIP

Ball,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

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

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.

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.~~

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

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

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.