

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

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  
Appropriations

**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), (2)(c)(II)(C), and (3)(b)(III) 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 FOR AT LEAST  
11 FIVE YEARS HAS HAD a 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 (3) (b) (III) The nonprofit housing provider is liable for all  
11 property taxes that the provider did not previously pay due to the  
12 exemption if the provider sells, donates, or leases the property to anyone  
13 other than:

14 (A) ~~A low-income applicant~~ AN APPLICANT WITH A LOW INCOME  
15 who purchased the property; ~~or~~

16 (B) A community land trust or nonprofit housing provider  
17 intending to sell the improvements on the property to ~~a low-income~~  
18 ~~applicant~~ AN APPLICANT WITH A LOW INCOME and lease the underlying  
19 land to the ~~low-income~~ applicant WITH A LOW INCOME through a land  
20 lease; OR

21 (C) A DEVELOPER OR OWNERSHIP ENTITY THAT, PURSUANT TO A  
22 RECORDED AFFORDABILITY RESTRICTION AND AN EXECUTED  
23 DEVELOPMENT AGREEMENT OR GROUND LEASE WITH THE NONPROFIT  
24 HOUSING PROVIDER, IS OBLIGATED TO CONSTRUCT LOW-INCOME  
25 RESIDENTIAL RENTAL HOUSING ON THE PROPERTY AND LEASE THE  
26 DWELLING UNITS TO APPLICANTS WITH LOW INCOMES FOR RESIDENTIAL  
27 USE.

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

4           **39-3-127.7. Community land trust property - nonprofit**  
5 **affordable homeownership or rental developer property - exemption**  
6 **- requirements - legislative declaration - definitions.**

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

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

11           (II) Entry-level homeownership options AND AFFORDABLE  
12 RENTALS are increasingly unavailable, and community land trusts and  
13 nonprofit affordable ~~homeownership~~ HOUSING developers are playing an  
14 increasingly large role in helping low- and middle-income Coloradans  
15 access homeownership AND AFFORDABLE HOMES FOR RENT; ~~and.~~

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

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

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

23           (a) "Affordable homeownership OR RENTAL property" means any  
24 dwelling that:

25           (I) Is restricted by a deed that impacts ownership of the property,  
26 limits the property's resale price, requires a long-term land lease with a  
27 community land trust or nonprofit affordable homeownership OR RENTAL

1 developer, or imposes any other restriction that limits the property such  
2 that it may only be purchased OR RENTED by designated households, a  
3 community land trust, or a nonprofit affordable homeownership OR  
4 RENTAL developer;

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

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

11 (c) "Improvement" means a permanent change to real property  
12 that augments the real property's value including but not limited to a  
13 single-family home, townhome, or condominium, OR MULTIUNIT  
14 PROPERTY.

15 (d) "Land lease" means a long-term lease used in affordable  
16 homeownership OR RENTAL properties to lease the real property that is  
17 owned by a community land trust or nonprofit affordable homeownership  
18 developer to the owner of the improvements on the real property and  
19 preserve the improvements as an affordable homeownership OR RENTAL  
20 property.

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

27 (3) (a) For property tax years commencing on or after January 1,

1 2024, real property is deemed to be used for a strictly charitable purpose,  
2 and is exempt from property taxation in accordance with section 5 of  
3 article X of the state constitution, if the real property:

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

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

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

13 (4) If a community land trust or nonprofit affordable  
14 homeownership OR RENTAL developer claims a property tax exemption  
15 pursuant to this section for a real property and then subsequently sells,  
16 donates, or leases that real property so that the real property no longer  
17 qualifies as an affordable homeownership OR RENTAL property, the  
18 community land trust or nonprofit affordable homeownership OR RENTAL  
19 developer is liable for all property taxes for the real property for the  
20 property tax years when the real property did not qualify as an affordable  
21 homeownership OR RENTAL property and during which the community  
22 land trust or nonprofit affordable homeownership OR RENTAL developer  
23 did not pay property taxes for the real property due to the property tax  
24 exemption described in this section.

25 (6) A community land trust or nonprofit affordable home  
26 ownership OR RENTAL developer that owns real property that qualifies for  
27 the property tax exemption described in this section shall submit the land

1 lease for each real property that qualifies for the property tax exemption  
2 described in this section to the appropriate county assessor within  
3 twenty-five days of the initial execution of the land lease.

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

10 (b) Notwithstanding subsection (7)(a)(II) of this section, if the real  
11 property that is allowed an exemption pursuant to this section has been  
12 subdivided but the subdivided parcel has been split into a separate taxable  
13 parcel from the improvements and is leased to the owner of the  
14 improvements as an affordable homeownership OR RENTAL property, then  
15 the owner of such real property or the owner's agent must file an  
16 individual annual report for the subdivided parcel in accordance with  
17 section 39-2-117 (3)(a).

18 **SECTION 3. Act subject to petition - effective date.** This act  
19 takes effect January 1, 2027; except that, if a referendum petition is filed  
20 pursuant to section 1 (3) of article V of the state constitution against this  
21 act or an item, section, or part of this act within the ninety-day period  
22 after final adjournment of the general assembly, then the act, item,  
23 section, or part will not take effect unless approved by the people at the  
24 general election to be held in November 2026 and, in such case, will take  
25 effect January 1, 2027, or on the date of the official declaration of the  
26 vote thereon by the governor, whichever is later.