



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-040: AFFORDABLE HOME OWNERSHIP PROGRAM

Prime Sponsors:

Sen. Simpson; Amabile
Rep. Stewart K.; Smith

Fiscal Analyst:

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Fiscal note status: The revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill provides flexibility to the Division of Housing in the Department of Local Affairs to allocate money for affordable housing assistance.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- Local Government

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.1 FTE	0.1 FTE

Summary of Legislation

Under current law, the Division of Housing in the Department of Local Affairs (DOLA) may spend money from the Affordable Housing Cash Fund to support affordable home ownership with down-payment assistance to first-time buyers, and with grants to nonprofit organizations, local governments, tribal governments, community development financial institutions and land trusts.

This bill allows the division to also offer below market rate loans to these groups if the funding is for households with income less than or equal to 120 percent of the statewide area median income, and the total cost of the monthly housing payment does not exceed 35 percent of monthly household income, with certain exceptions.

The bill creates a waiver process allowing DOLA more flexibility to allocate funding for affordable housing projects. A waiver request must include a housing needs assessment, a proposed maximum percentage of income that a household may allocate for monthly housing costs, and evidence that the unit has been adequately marketed to eligible buyers for purchase for at least six months after the unit's completion. DOLA may approve a waiver request, may authorize a waiver with housing cost limits that are different than those requested, or may modify the total amount of funding to account for an increase in the sale price of the unit.

State Expenditures

The bill minimally increases workload in the Division of Housing in DOLA to update internal and public information documents, and to develop a waiver process for allocating housing project funds. These efforts do not require additional appropriations.

Local Government

The bill may impact workload for local governments and local housing authorities participating in housing affordability programs offered through DOLA. This work may include updating procedures and evaluating options for eligible projects. The availability of waivers may streamline work for some projects. Overall, any impact is minimal and will depend on the number and types of projects pursued by a local government or housing authority.

Effective Date

The bill takes effect July 1, 2026, and applies to requests for waivers received on or after that date.

State and Local Government Contacts

Local Affairs