



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1001: HOUSING DEVELOPMENTS ON QUALIFYING PROPERTIES

Prime Sponsors:

Rep. Boesenecker; Mabrey
Sen. Exum; Gonzales J.

Fiscal Analyst:

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Bill Outcome: Signed into Law**Drafting Number:** LLS 26-0046**Version:** Final Fiscal Note**Date:** June 4, 2026**Fiscal note status:** The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill requires local governments to allow residential development on qualifying properties owned by certain non-profit organizations, school districts, state colleges or universities, a board of cooperative services, housing authorities, or a transit district or transportation authority.

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

- Minimal State Workload
- Local Government
- Statutory Public Entity
- School Districts

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	0.0 FTE	0.0 FTE

Summary of Legislation

On or after December 31, 2027, subject to an administrative approval process, the bill requires local governments to allow residential development on qualifying properties that do not contain an exempt parcel. A qualifying property is limited to five acres of land, is owned by a qualifying entity, not adjacent to another qualifying property that was subdivided in the past five years, and is within a municipality or certain parts of a county. A qualifying entity can be a:

- school district;
- state college or university;
- board of cooperative services;
- housing authority;
- transit district or transportation authority;
- nonprofit organization that has a demonstrated history of providing affordable housing; or
- nonprofit that is collaborating with a nonprofit with a demonstrated history of providing affordable housing.

In addition to residential use, qualifying properties may also offer child care and recreational, social, or educational services for neighborhood residents if such uses are permitted in the subject zone district.

The bill applies to local governments with a population greater than 2,000 people as of the last United States Census. Local governments can apply local building standards to the residential development.

Exceptions

If a local government is in the process of updating its zoning or development code on December 31, 2027, the local government has until June 30, 2028, to comply with the bill. A local government is not required to allow residential development if a qualifying property is subject to a transferable development rights program that includes a policy for affordable resident housing. A local government cannot disallow construction of a residential development that is more than three stories high, unless its fire protection's aerial apparatus is unable to serve a structure of that height or the property is located in a historic district that does not allow that size of building.

Department of Local Affairs

The Department of Local Affairs (DOLA) is required to publish guidance by December 31, 2027, to assist local governments in verifying the status of a nonprofit organization with a demonstrated history of providing affordable housing.

State Expenditures

The bill increases workload in DOLA and potentially reduces state expenditures on school finance beginning in FY 2027-28. It may also affect institutions of higher education that pursue residential developments on qualifying property.

Department of Local Affairs

The Division of Local Government DOLA will have an increase in workload to publish guidance and provide support to impacted local governments. DOLA's Division of Housing currently certifies and approves nonprofits and community housing development organizations, so the publication of this information can be accomplished within existing appropriations.

School Finance

The bill potentially reduces state expenditures on school finance, assuming new housing developments on tax exempt land are built and become subject to local property tax. As property tax revenue for school districts increases, the state share of school finance will decrease. The state aid obligation may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these funds.

Institutions of Higher Education

If state institutions of higher education choose to construct residential developments on their property, their expenditures will increase with a subsequent increase in revenue generated from the developments.

Local Government and Statutory Public Entities

Local Government

The bill increases workload for local governments to create or modify their administrative processes to comply with the bill's requirements and to coordinate with the Department of Local Affairs if necessary.

School Districts and Statutory Public Entities

To the extent that school districts and statutory public entities such as housing authorities and transportation districts construct residential developments, their expenditures will increase with a subsequent increase in revenue generated from the developments.

Property Taxes

The bill may result in taxable residential developments being built on land that is currently exempt from property taxes. If a property becomes taxable after development and the development would not have been built elsewhere, then the bill may increase property tax revenue to local governments.

Effective Date

This bill was signed into law by the Governor and took effect on March 25, 2026.

State and Local Government Contacts

Counties	Local Affairs
County Assessors	Personnel
Education	Regional Transportation District
Higher Education	Regulatory Agencies
Judicial	School Districts
Law	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).