

SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee

February 26, 2026

Date

Committee on Local Government & Housing.

After consideration on the merits, the Committee recommends the following:

SB26-040 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, page 2, after line 1 insert:

2 "SECTION 1. In Colorado Revised Statutes, 29-32-103, amend
3 (1)(a) as follows:

4 **29-32-103. Transfers of money - permitted uses of the fund -**
5 **continuous appropriation.**

6 (1) (a) The affordable housing support fund is hereby created in
7 the state treasury. The support fund consists of money deposited into it
8 under subsections (1)(b)(II) and (3) of this section, AND UNDER SECTIONS
9 29-32-104 (3)(a.5)(II) AND 29-32-104 (3)(a.5)(III). The division of
10 housing shall administer the support fund and expend the money in the
11 support fund only for the purposes set forth in section 29-32-104 (3)(a),
12 **(3)(a.5)**, and (3)(b). The division of local government in the department
13 of local affairs created in section 24-32-103 shall expend the money in the
14 support fund only for the purposes set forth in section 29-32-104 (3)(c).
15 Except as otherwise provided in subsection (1)(b) of this section, all
16 money not expended or encumbered, and all interest earned on the
17 investment or deposit of money in the support fund, remains in the
18 support fund and does not revert to the general fund or any other fund at
19 the end of any fiscal year. Except as otherwise provided in subsections
20 (1)(b) and (1)(c) of this section and section 29-32-104 (3)(b)(II), all
21 money transferred to the support fund pursuant to subsection (3) of this
22 section AND SECTION 29-32-104 (3)(a.5) is continuously appropriated to
23 the division of housing for the purposes set forth in section 29-32-104
24 (3)(a), **(3)(a.5)**, INCLUDING FOR THE PAYMENT OF ADMINISTRATIVE
25 EXPENSES OF THE PROGRAM CREATED IN SECTION 29-32-104 (3)(a.5), and
26 (3)(b) and, to the extent allocated by the division of housing, to the
27 division of local government for the purposes set forth in section

1 29-32-104 (3)(c)."

2 Renumber succeeding sections accordingly.

3 Page 2, line 2, after "**amend**" insert "(1)(a) and".

4 Page 2, line 3 strike "(3)(a)" and substitute "(3)(a); and **add** (3)(a.5)".

5 Page 3, after line 1 insert:

6 "(1) The office shall contract with the administrator. The office
7 may select an administrator without a competitive procurement process
8 but shall announce the contract opening publicly and select the
9 administrator in a meeting that is open to the public, no less than
10 seventy-two hours after notice of such meeting is publicly available. No
11 single contract may exceed five years in duration. Upon the expiration of
12 any contract term, the office may renew the contract with the same
13 administrator or may select another administrator. The administrator
14 selected by the office shall expend the money transferred to the financing
15 fund in section 29-32-103 (2) that the administrator receives from the
16 office to support the following programs only:

17 (a) A land banking program to be administered by the
18 administrator. The program shall provide grants to local governments and
19 tribal governments and loans to non-profit organizations with a
20 demonstrated history of providing affordable housing to acquire and
21 preserve land for the development of affordable housing. For purposes of
22 this subsection (1)(a), "affordable housing" means rental housing that has
23 a designated imputed income limit by household size not to exceed sixty
24 percent of the area median income as established by the United States
25 Department of Housing and Urban Development and published by the
26 department or a statewide political subdivision or authority on housing,
27 and regulated units in the project must have a gross rent limit that does
28 not exceed thirty percent of the imputed income limitation applicable to
29 the units and for-sale housing that could be purchased by a household
30 with an annual income of at or below one hundred TWENTY percent of the
31 area median income. Mixed use development is an allowable use of land
32 purchased under this program if the predominant use of the land is
33 affordable housing. Loans made by the program shall be forgiven if land
34 acquired with the assistance of the program is properly zoned with an
35 active plan for the development of affordable housing within 5 years of
36 date the loan is made and if the development is permitted and funded
37 within 10 years. The lender and borrower may establish additional terms
38 if needed. If land acquired with the assistance of the program is not

1 developed within the timeline above, the loan must be repaid, with
2 interest, as soon as practical, but not more than six months after
3 expiration of said timeline, unless the office agrees to extend all or a
4 portion of the timeline in its reasonable discretion. Land acquired with the
5 assistance of the program that is not developed within the timeline above
6 may be used by the owner for any purpose upon payment of the loan with
7 interest or, in exchange for a waiver of interest, conveyed to a state
8 agency or other entity for the development of affordable housing with the
9 approval of the administrator. All principal and interest payments on
10 loans made under this ~~paragraph (a)~~ SUBSECTION (1)(a) shall be paid to
11 the administrator and used by the administrator for the purposes set forth
12 in this subsection (1). As determined by the administrator, a minimum of
13 15% and a maximum of 25% of monies transferred to the financing fund
14 annually may be used for the program. The administrator may utilize the
15 funds it receives from the office for the program to pay for the costs of
16 administering the program; except that the total combined annual
17 administrative expenditures of money from the financing fund by the
18 administrator and the office shall not exceed two percent of the funds the
19 administrator receives from the office for the program for the state fiscal
20 year."

21 Page 3, line 18, strike "income." and substitute "~~income~~- INCOME; EXCEPT
22 THAT THE COST OF THE MONTHLY HOUSING PAYMENT MUST NOT BE
23 CONSIDERED WHEN PROVIDING HOMEOWNERS WITH ASSISTANCE FOR HOME
24 REHABILITATION."

25 Page 3, line 22, after "TO" insert "EITHER ONE HUNDRED TWENTY PERCENT
26 OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE
27 TERRITORY OR JURISDICTION OF A LOCAL GOVERNMENT OR TRIBAL
28 GOVERNMENT IN WHICH THE HOUSEHOLDS ARE LOCATED, OR".

29 Page 4, line 4, after "INCOME." insert "THE AREA MEDIAN INCOME
30 ELECTION DESCRIBED IN THIS SUBSECTION (3)(a)(I) MUST BE MADE AT THE
31 BEGINNING OF THE ASSISTANCE AGREEMENT AND MUST NOT BE REVOKED
32 OR CHANGED UNTIL THE END OF THE ASSISTANCE AGREEMENT."

33 Page 4, line 8, after "hundred" insert "TWENTY".

34 Page 5, after line 4, insert:

35 "(3) (a.5) AN AFFORDABLE HOMEOWNERSHIP PROGRAM THAT
36 MAKES CONSTRUCTION LOANS OR ENABLES LOAN GUARANTEES TO
37 ELIGIBLE ORGANIZATIONS FOR PROJECT DEVELOPMENT.

1 (I) THE TERM OF ANY LOAN MADE PURSUANT TO THIS SUBSECTION
2 (3)(a.5) MUST NOT EXCEED TWENTY-FOUR MONTHS AND MUST NOT BE
3 RENEWED OR REISSUED FOR THE SAME PROJECT.

4 (II) ALL PRINCIPAL PAYMENTS ON ANY LOAN MADE PURSUANT TO
5 THIS SUBSECTION (3)(a.5) SHALL BE PAID TO THE DIVISION, WHICH SHALL
6 DEPOSIT THE MONEY IN THE STATE AFFORDABLE HOUSING SUPPORT FUND,
7 CREATED IN SECTION 29-32-103 (1)(a), AND THE MONEY MUST BE USED TO
8 FURTHER THE PURPOSES OF SUBSECTIONS (3)(a) OR (3)(b) OF THIS
9 SECTION.

10 (III) ALL INTEREST PAYMENTS AND FEES PAID ON LOANS OR LOAN
11 GUARANTEES MADE PURSUANT TO THIS SUBSECTION (3)(a.5) SHALL BE
12 PAID TO THE DIVISION, WHICH SHALL DEPOSIT THE MONEY IN THE STATE
13 AFFORDABLE HOUSING SUPPORT FUND, CREATED IN SECTION 29-32-103
14 (1)(a), AND THE MONEY MUST BE USED BY THE DIVISION FOR THE
15 ADMINISTRATION OF THE PROGRAM CREATED IN THIS SUBSECTION (3)(a.5).
16 THE CUMULATIVE INTEREST OR FEES CHARGED ON LOANS OR LOAN
17 GUARANTEES THAT ARE COLLECTED BY THE DIVISION MUST NOT
18 SUBSTANTIALLY EXCEED THE COST OF ADMINISTRATION OF THIS
19 SUBSECTION (3)(a.5).

20 (IV) THE DIVISION SHALL DETERMINE HOW MUCH OF THE
21 AVAILABLE FUNDING FROM THE STATE AFFORDABLE HOUSING SUPPORT
22 FUND SHALL BE ALLOCATED TO THE PROGRAM DESCRIBED IN THIS
23 SUBSECTION (3)(a.5), BUT SHALL NOT REDUCE FUNDING FOR THE
24 PROGRAMS DESCRIBED IN SUBSECTIONS (3)(a) OR (3)(b) OF THIS SECTION
25 TO SUPPORT THE PROGRAM DESCRIBED IN THIS SUBSECTION (3)(a.5)."

26 Page 6, line 12, strike "(a)".

27 Page 6, line 14, strike "INCOME, AN ELIGIBLE" and substitute "INCOME,".

28 Page 6, strike lines 15 through 27.

29 Page 7, strike lines 1 through 25 and substitute "THE DIVISION MAY
30 APPROVE AN ELIGIBLE ORGANIZATION'S".

31 Page 8, strike lines 1 through 22 and substitute "29-32-104 (3)(a). THE
32 SIX-MONTH MARKETING PERIOD SPECIFIED IN SUBSECTION (3)(c)(II) OF
33 THIS SECTION DOES NOT APPLY TO THE PROCESS DESCRIBED IN THIS
34 SUBSECTION (3)."

35 Renumber succeeding subsection accordingly.

36 Page 8, line 26, after "PROJECT." insert "THE DIVISION HAS THE

1 AUTHORITY TO RENT OR ALLOW THE RENTAL OF A RESIDENTIAL UNIT
2 CONSTRUCTED AS PART OF THE PROJECT."

3 Page 9, line 2, strike "PROJECT." and substitute "PROJECT AND DEVELOP A
4 PROCESS TO RETURN RENTED UNITS TO THE FOR-SALE MARKET."

5 Page 9, after line 2 insert:

6 "(c) A HOMEOWNER MAY RENT A UNIT FUNDED PURSUANT TO
7 SECTION 29-32-104 (3)(a) AS LONG AS THE UNIT REMAINS THEIR PRIMARY
8 RESIDENCE."

** ** ** ** **