

CHAPTER 192

GOVERNMENT - STATE

HOUSE BILL 26-1360

BY REPRESENTATIVE(S) Brown and Taggart, Sirota;
also SENATOR(S) Bridges and Kirkmeyer, Amabile.

AN ACT**CONCERNING THE AFFORDABLE HOUSING FINANCING FUND.**

Be it enacted by the General Assembly of the State of Colorado:

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

29-32-103. Transfers of money - permitted uses of the fund - continuous appropriation - repeal.

(2) (a) The affordable housing financing fund is hereby created in the state treasury. The financing fund shall consist of money deposited into it under subsection (3) of this section. The office shall administer the financing fund and expend the money in the financing fund only for the purposes set forth in section 29-32-104 (1) and for the office's administrative expenses ~~related to the programs created in that section~~ PERMITTED PURSUANT TO SUBSECTION (2)(b)(II) OF THIS SECTION. All money not expended or encumbered, and all interest earned on the investment or deposit of money in the financing fund, shall remain in the financing fund and shall not revert to the general fund or any other fund at the end of any fiscal year. ~~All money transferred to the~~ MONEY IN THE financing fund pursuant to ~~subsection (3) of this section~~ is continuously appropriated to the office for the purposes set forth in section 29-32-104 (1) and this section.

(b) (I) (A) FOR THE STATE FISCAL YEAR THAT BEGINS ON JULY 1, 2026, THE ADMINISTRATOR AND THE OFFICE COMBINED MAY EXPEND AN AMOUNT TO PAY FOR THE COSTS OF ADMINISTERING THE PROGRAMS DESCRIBED IN SECTION 29-32-104 (1) THAT IS EQUAL TO TWO PERCENT OR LESS OF THE AMOUNT THAT THE STATE TREASURER WOULD TRANSFER FROM THE FUND TO THE FINANCING FUND FOR THE

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

STATE FISCAL YEAR, IF NOT FOR THE DIVERSION REQUIRED PURSUANT TO SECTION 29-32-103 (3)(b).

(B) THIS SUBSECTION (2)(b)(I) IS REPEALED, EFFECTIVE JULY 1, 2027.

(II) FOR STATE FISCAL YEARS THAT BEGIN ON OR BEFORE JULY 1, 2025, AND ON OR AFTER JULY 1, 2027, THE ADMINISTRATOR AND THE OFFICE COMBINED SHALL EXPEND NO MORE THAN TWO PERCENT OF THE FUNDS THAT THE STATE TREASURER TRANSFERS FROM THE FUND TO THE FINANCING FUND FOR THE STATE FISCAL YEAR TO PAY FOR THE COSTS OF ADMINISTERING THE PROGRAMS DESCRIBED IN SECTION 29-32-104 (1).

(3) (a) On July 1, 2023, or as soon as practicable thereafter, and on July 1 of each state fiscal year thereafter, EXCEPT FOR JULY 1, 2026, the state treasurer shall transfer forty percent of the balance of the fund on the date of the transfer to the support fund and sixty percent of the balance of the fund on the date of the transfer to the financing fund.

(b) (I) NOTWITHSTANDING SUBSECTION (3)(a) OF THIS SECTION, ON JUNE 30, 2026, THE STATE TREASURER SHALL TRANSFER ONE HUNDRED THIRTY MILLION DOLLARS FROM THE FUND TO THE GENERAL FUND.

(II) PURSUANT TO SECTIONS 29-32-102 (1) AND 29-32-104 (5), THE MONEY TRANSFERRED BY THE STATE TREASURER PURSUANT TO SUBSECTION (3)(b)(I) OF THIS SECTION IS NOT SUBJECT TO THE LIMITATION ON FISCAL YEAR SPENDING SPECIFIED IN SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(III) ON JULY 1, 2026, OR AS SOON AS PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER AN AMOUNT EQUAL TO FORTY PERCENT OF THE BALANCE OF THE FUND IMMEDIATELY BEFORE THE TRANSFER DESCRIBED IN SUBSECTION (3)(b)(I) OF THIS SECTION TO THE SUPPORT FUND AND SHALL TRANSFER THE REMAINING BALANCE OF THE FUND TO THE FINANCING FUND.

(IV) THIS SUBSECTION (3)(b) IS REPEALED, EFFECTIVE JULY 1, 2027.

SECTION 2. In Colorado Revised Statutes, 29-32-104, **amend** (1) introductory portion, (1)(a), (1)(b), (1)(c)(V)(B), (2), and (5) as follows:

29-32-104. Permissible expenditures - affordable housing programs - report - definitions - repeal.

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

(a) A land banking program to be administered by the administrator. The program shall provide grants to local governments and tribal governments and loans to non-profit organizations with a demonstrated history of providing affordable housing to acquire and preserve land for the development of affordable housing. For purposes of this subsection (1)(a), "affordable housing" means rental housing that has a designated imputed income limit by household size not to exceed sixty percent of the area median income as established by the United States Department of Housing and Urban Development and published by the department or a statewide political subdivision or authority on housing, and regulated units in the project must have a gross rent limit that does not exceed thirty percent of the imputed income limitation applicable to the units and for-sale housing that could be purchased by a household with an annual income of at or below one hundred percent of the area median income. Mixed use development is an allowable use of land purchased under this program if the predominant use of the land is affordable housing. Loans made by the program shall be forgiven if land acquired with the assistance of the program is properly zoned with an active plan for the development of affordable housing within 5 years of date the loan is made and if the development is permitted and funded within 10 years. The lender and borrower may establish additional terms if needed. If land acquired with the assistance of the program is not developed within the timeline above, the loan must be repaid, with interest, as soon as practical, but not more than six months after expiration of said timeline, unless the office agrees to extend all or a portion of the timeline in its reasonable discretion. Land acquired with the assistance of the program that is not developed within the timeline above may be used by the owner for any purpose upon payment of the loan with interest or, in exchange for a waiver of interest, conveyed to a state agency or other entity for the development of affordable housing with the approval of the administrator. All principal and interest payments on loans made under this paragraph (a) SUBSECTION (1)(a) shall be paid to the administrator and used by the administrator for the purposes set forth in this subsection (1). As determined by the administrator, a minimum of 15% and a maximum of 25% of ~~monies~~ MONEY transferred to the financing fund annually may be used for the program. ~~The administrator may utilize the funds it receives from the office for the program to pay for the costs of administering the program; except that the total combined annual administrative expenditures of money from the financing fund by the administrator and the office shall not, exceed two percent of the funds the administrator receives from the office for the program for the state fiscal year.~~

(b) An affordable housing equity program to be administered by the administrator. The program shall make equity investments in low- and middle-income multi-family rental developments. The program shall also make equity investments in existing projects which include multi-family rental units for the purpose of ensuring that said projects remain affordable. The average designated imputed income by household size for projects funded by the program must not exceed 90% of the area median income as established by the United States Department of Housing and Urban Development and published by the department or a statewide political subdivision or authority on housing, and regulated units in the project must have a gross rent limit that does not exceed thirty percent of the imputed income limitation applicable to the units. The program shall include a tenant equity vehicle, meaning, in projects funded by the program, tenants who reside in the project for at least one year shall be entitled to a share of the equity growth in the project, if any, in the form of funding from the program for a

down-payment on housing or related purposes, which may also include ongoing opportunities for tenants to build up their savings, in an amount determined by the administrator. Equity investments made by the program shall be made with the expectation of returns that are below the prevailing market returns. Returns on program investments up to the amount of the program's initial investment shall be retained in the program and reinvested. Returns on program investments greater than the program's initial investment shall be retained in the program to fund the tenant equity vehicle. In selecting investments under this program, the administrator shall prioritize high-density housing, mixed-income housing, and projects consistent with the goal of environmental sustainability. As determined by the administrator, a minimum of 40% of monies and a maximum of 70% of monies MONEY transferred to the financing fund annually may be used for the program. ~~The administrator may utilize the funds it receives from the office for the program to pay for the costs of administering the program; except that, the total combined annual administrative expenditures of money from the financing fund by the administrator and the office shall not exceed two percent of the funds the administrator receives from the office for the program for the state fiscal year.~~

(c) A concessionary debt program to be administered by the administrator. The program shall:

(V) Include the following features:

(B) As determined by the administrator, a minimum of 15% of monies and a maximum of 35% of monies MONEY transferred to the financing fund annually may be used for the program. ~~The administrator may utilize the funds it receives from the office for the program to pay for the costs of administering the program; except that, the total combined annual administrative expenditures of money from the financing fund by the administrator and the office shall not exceed two percent of the funds the administrator receives from the office for the program for the state fiscal year.~~

(2) (a) In selecting investments to be made by the programs of subsection (1) of this section, the administrator shall prioritize projects that achieve high-density housing, mixed-income housing, and projects consistent with the goal of environmental sustainability, as appropriate.

(b) (I) NOTWITHSTANDING THE FUNDING PERCENTAGES ESTABLISHED IN SUBSECTION (1) OF THIS SECTION, FOR THE STATE FISCAL YEAR THAT BEGINS ON JULY 1, 2026, THE OFFICE AND ADMINISTRATOR SHALL, WITH THE GOAL OF FUNDING ALL THREE PROGRAMS DESCRIBED IN SUBSECTION (1) OF THIS SECTION, DETERMINE THE FUNDING PERCENTAGES FOR THE PROGRAMS DESCRIBED IN SUBSECTION (1) OF THIS SECTION BASED ON THE FOLLOWING PRIORITY ORDER: CONCESSIONARY DEBT, AFFORDABLE HOUSING EQUITY, AND LAND BANKING.

(II) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE JULY 1, 2027.

(5) (a) If the Legislative Council Staff's March Economic and Revenue Forecast in any given year projects revenue for the next state fiscal year will fall below the revenue limit imposed under section 20 of article X of the state constitution, the general assembly may reduce the funding allocated to the office required by this

section for the next state fiscal year in order to balance the state budget for said state fiscal year.

(b) (I) LEGISLATIVE COUNCIL STAFF ECONOMIC AND REVENUE FORECASTS PROJECT THAT REVENUE FOR THE 2025-26 STATE FISCAL YEAR WILL FALL BELOW THE REVENUE LIMIT IMPOSED UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, AND THE GENERAL ASSEMBLY SHALL REDUCE THE FUNDING OTHERWISE ALLOCATED TO THE OFFICE REQUIRED BY THIS SECTION FOR THE 2025-26 STATE FISCAL YEAR AS DESCRIBED IN SECTION 29-32-103 (3)(b) IN ORDER TO BALANCE THE STATE BUDGET FOR THE 2025-26 STATE FISCAL YEAR.

(II) THIS SUBSECTION (5)(b) IS REPEALED, EFFECTIVE JULY 1, 2027.

SECTION 3. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: May 28, 2026