SENATE BILL 22-160

BY SENATOR(S) Gonzales and Hinrichsen, Bridges, Buckner, Donovan, Fields, Ginal, Hansen, Jaquez Lewis, Lee, Moreno, Pettersen, Rodriguez, Story, Winter, Zenzinger, Fenberg; also REPRESENTATIVE(S) Boesenecker and Lindsay, Jodeh, Woodrow, Amabile, Bacon, Bernett, Caraveo, Cutter, Daugherty, Duran, Exum, Froelich, Gonzales-Gutierrez, Kipp, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Ricks, Sirota, Sullivan, Titone, Valdez A.

CONCERNING PROGRAMS TO PRESERVE MOBILE HOME COMMUNITIES, AND, IN CONNECTION THEREWITH, ESTABLISHING A REVOLVING LOAN AND GRANT PROGRAM TO ASSIST MOBILE HOME OWNERS SEEKING TO PURCHASE THEIR COMMUNITIES, AND MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, add 24-32-728 as follows:

24-32-728. Mobile home park resident empowerment loan program - fund - creation - policies - report - legislative declaration - definitions. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

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.
(a) The COVID-19 pandemic has had devastating and uneven economic and health consequences across the state;

(b) Communities that faced economic, health, and social vulnerabilities before the pandemic began have been disproportionately affected by the public health and economic consequences of the pandemic;

(c) The pandemic and the recession following the pandemic have increased housing insecurity among vulnerable and low-income communities;

(d) Residents and home owners in mobile home parks are among those who have faced increased economic and housing insecurity in the wake of the COVID-19 pandemic;

(e) Over one hundred thousand people in Colorado live in mobile home parks, including many of the state’s low-income workers, immigrants, older adults, individuals with disabilities, and veterans and their families;

(f) While mobile home parks are an important source of affordable housing and low-income home ownership opportunities for Colorado residents, the business model associated with mobile home parks creates unique and significant risks for mobile home owners and residents;

(g) Because mobile home owners often rent the land under their homes from a mobile home park owner or landlord, home owners may experience unpredictable housing cost increases, face costly moves, or lose the value of their home if the mobile home park owner sells the park or changes the use of the land;

(h) Residents and home owners in mobile home parks are therefore particularly vulnerable to housing insecurity and face disproportionate risks of homelessness or eviction as a result of the economic impacts of the COVID-19 pandemic;

(i) Colorado law provides opportunities for mobile home
OWNERS TO PURCHASE THEIR MOBILE HOME PARKS WHEN THE PARK OWNER OR LANDLORD DECIDES TO SELL THE PARK TO PROTECT THEMSELVES FROM THE RISKS ASSOCIATED WITH CHANGES IN MOBILE HOME PARK OWNERSHIP;

(j) HOWEVER, MOBILE HOME OWNERS FACE OBSTACLES IN OBTAINING FINANCING THROUGH TRADITIONAL SOURCES, STOPPING MOBILE HOME OWNERS FROM TAKING ADVANTAGE OF THE OPPORTUNITY TO PURCHASE THEIR MOBILE HOME PARKS. EVEN WHEN MOBILE HOME OWNERS CAN OBTAIN TRADITIONAL FINANCING, THE OFFERS CANNOT COMPETE WITH OFFERS FOR CASH AT CLOSING, PREVENTING THOSE MOBILE HOME OWNERS FROM STEWARDING THEIR PARKS TO PROVIDE STABILITY AND BUILD INTERGENERATIONAL WEALTH FOR THEMSELVES.

(k) COLORADO IS EXPERIENCING A LACK OF AFFORDABLE HOUSING AT CRITICAL LEVELS. THE STATE CONTINUES TO ATTRACT NEW RESIDENTS AND JOBS, BUT WITH THIS GROWTH HAS COME EVER-INCREASING HOUSING PRICES, PLACING UNSUSTAINABLE DEMANDS ON THE STATE'S LIMITED HOUSING STOCK. THE AFFORDABLE HOUSING CRISIS HAS ONLY BEEN EXACERBATED BY THE COVID-19 PANDEMIC.

(l) IN 2021, THE GENERAL ASSEMBLY ENACTED HOUSE BILL 21-1329, WHICH DIRECTED THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL TO CREATE A TASK FORCE TO MEET DURING THE 2021 LEGISLATIVE INTERIM AND ISSUE A REPORT WITH RECOMMENDATIONS TO THE GENERAL ASSEMBLY AND THE GOVERNOR ON POLICIES TO CREATE TRANSFORMATIVE CHANGES IN THE AREA OF HOUSING;

(m) THE EXECUTIVE COMMITTEE SUBSEQUENTLY CONVENED THE AFFORDABLE HOUSING TRANSFORMATIONAL TASK FORCE AND SUBPANEL (TASK FORCE), MADE UP OF LEGISLATORS, EXECUTIVE BRANCH MEMBERS, AND DIVERSE STAKEHOLDERS, INCLUDING INDUSTRY EXPERTS;

(n) THE TASK FORCE EVALUATED PROPOSALS AND MADE RECOMMENDATIONS TO ACHIEVE A NEW VISION FOR AFFORDABLE HOUSING, SEEKING TO CREATE AN AFFORDABLE HOUSING SYSTEM THAT, AMONG OTHER THINGS, IS AFFORDABLE, OVERCOMES DISPARITIES, BUILDS WEALTH, IS SUSTAINABLE, AND REMOVES OBSTACLES IN ORDER TO SUPPORT COLORADANS AND THEIR HOUSING NEEDS;

(o) THE TASK FORCE RECOMMENDED THAT THE GENERAL ASSEMBLY
CREATE A PROGRAM TO PROVIDE LOW-INTEREST LOANS OR GRANTS, OR BOTH, FOR THE PRESERVATION OF NATURALLY OCCURRING AFFORDABLE HOUSING, SUCH AS MOBILE HOME PARKS, INCLUDING THE PURCHASE OF SUCH AFFORDABLE HOUSING BY MOBILE HOME OWNERS OR COMMUNITY OR NONPROFIT ORGANIZATIONS IN THEIR COMMUNITIES TO PREVENT EVICTION AND DISPLACEMENT, AND BUILD CAPACITY, ESPECIALLY AMONG COMMUNITIES DISPROPORTIONATELY DISADVANTAGED AND IMPACTED BY COVID-19;

(p) Establishing a revolving loan and grant fund to help provide technical assistance and secure financing for mobile home owners to organize and purchase their mobile home parks can support long-term affordable housing security in the state by allowing mobile home owners to purchase the land that their mobile homes occupy to protect themselves from the risks and insecurities they currently face with the turnover in mobile home park ownership;

(q) Programs to support long-term housing security, including the development of affordable housing and the provision of financial services for the unbanked and underbanked, are essential to address the affordable housing crisis in Colorado and to protect and preserve Colorado's largest source of unsubsidized affordable housing;

(r) Creating a revolving loan and grant program for mobile home park residents to organize and purchase their mobile home parks responds to the negative economic impacts of the COVID-19 pandemic by helping residents who are often low income and who face disproportionate risks of housing insecurity become more secure while developing long-term affordable housing security for Colorado;

(s) By creating long-term, sustainable sources of affordable housing for Colorado residents, the revolving loan and grant program serves an important and discrete public purpose in securing the state's economic and overall recovery from the crisis caused by COVID-19; and

(t) Supporting the state's recovery from the crisis caused by
COVID-19 AND SUPPORTING LONG-TERM HOUSING SECURITY THROUGH THE
PRESERVATION AND DEVELOPMENT OF AFFORDABLE HOUSING IS THE
PRIMARY PURPOSE OF THE REVOLVING LOAN AND GRANT PROGRAM AND
OUTWEIGHS ANY BENEFIT TO PRIVATE INDIVIDUALS OR ENTITIES.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
REQUIRES:

(a) "ADMINISTRATOR" MEANS AN ENTITY THAT THE DIVISION
CONTRACTS WITH PURSUANT TO SUBSECTION (3) OF THIS SECTION TO
ADMINISTER THE LOAN PROGRAM.

(b) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

(c) "ELIGIBLE HOME OWNERS" MEANS A GROUP OR ASSOCIATION OF
MOBILE HOME OWNERS OR THEIR ASSIGNEES SEEKING TO PURCHASE A
MOBILE HOME PARK PURSUANT TO SECTION 38-12-217.

(d) "FUND" MEANS THE MOBILE HOME PARK RESIDENT
EMPowerMENT LOAN AND GRANT PROGRAM FUND ESTABLISHED IN
SUBSECTION (10) OF THIS SECTION.

(e) "PROGRAM" OR "LOAN PROGRAM" MEANS A MOBILE HOME PARK
RESIDENT EMPOWERMENT LOAN PROGRAM ESTABLISHED IN ACCORDANCE
WITH THIS SECTION.

(3) (a) THE DIVISION SHALL CONTRACT WITH AT LEAST TWO AND NOT
MORE THAN THREE ADMINISTRATORS TO ESTABLISH A MOBILE HOME PARK
RESIDENT EMPOWERMENT LOAN PROGRAM IN ACCORDANCE WITH THIS
SECTION; EXCEPT THAT, IF THE DIVISION FINDS THAT THERE IS ONLY ONE
QUALIFIED APPLICANT IN AN OPEN AND COMPETITIVE SELECTION PROCESS,
THE DIVISION MAY CONTRACT WITH A SINGLE ADMINISTRATOR. THE PURPOSE
OF THE PROGRAM IS TO PROVIDE BOTH ACQUISITIONS AND CAPITAL
IMPROVEMENT FINANCING TO ELIGIBLE HOME OWNERS IN ORDER TO ALLOW
THEM TO PURCHASE THEIR MOBILE HOME PARK PURSUANT TO SECTION
38-12-217. AN ADMINISTRATOR MUST BE A BUSINESS NONPROFIT
ORGANIZATION, NONDEPOSITORY COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTION, BUSINESS DEVELOPMENT CORPORATION, OR OTHER ENTITY AS
dETERMINED BY THE DIVISION. THE DIVISION SHALL USE AN OPEN AND
COMPETITIVE PROCESS TO SELECT THE ADMINISTRATOR OR ADMINISTRATORS
FOR THE PROGRAM.

(b) In selecting an administrator or administrators, the division shall give priority to applicants that demonstrate:

(I) Operational capacity to deploy the program money for the intended purpose;

(II) Proficiency in financial management and public reporting systems;

(III) The ability to leverage additional public or private capital to provide loans to eligible homeowners; and

(IV) A track record of distributing grant or loan funds in an efficient manner.

(4) (a) Notwithstanding any restriction on the investment of state money set forth in section 24-36-113 or any other provision of law, subject to the availability of money in the fund and the requirements of this section, the division may transfer money from the fund to an administrator pursuant to a contract to establish a loan program in accordance with this section. An administrator shall use the money provided to make loans to eligible homeowners.

(b) A contract with an administrator may include an administration fee established by the division at an amount reasonably calculated to cover the administrative costs of the division in implementing and overseeing the program. A contract with an administrator may require the administrator to repay all lending capital that is not committed to loans under the program and all principal and interest that is repaid by borrowers under the program at the end of the contract period if, in the judgment of the division, the administrator has not performed successfully under the terms of the contract. The division may redeploy money repaid under this subsection (4)(b) through a contract with another new or existing administrator.

(c) In developing performance benchmarks and performance
REVIEWS FOR ADMINISTRATORS, THE DIVISION SHALL CONSULT WITH ELIGIBLE HOME OWNERS AND INDIVIDUALS AND GROUPS SUPPORTING ELIGIBLE HOME OWNERS, INCLUDING THOSE WHO HAVE SUCCESSFULLY PURCHASED THEIR MOBILE HOME PARK OR WHO HAVE ATTEMPTED TO PURCHASE THEIR MOBILE HOME PARK UNDER SECTION 38-12-217.

(5)(a) An administrator shall establish and publish policies for the loan program, which must meet any criteria or terms established by the division. At a minimum, the policies must address:

(I) The process and deadlines for applying for and receiving a loan under the program, including the information and documentation required for the application;

(II) Eligibility criteria for eligible home owners applying to the program;

(III) Maximum assistance levels for loans;

(IV) Loan terms, including interest rates and repayment terms, including delinquencies, cures, and default terms;

(V) Foreclosure terms;

(VI) Reporting requirements for recipients;

(VII) Program fees, including the application fee, origination fee, and closing costs policies;

(VIII) Underwriting and risk management policies;

(IX) The extent to which the loan terms will result in affordable rents and minimal displacement for currently eligible home owners;

(X) The extent to which loan terms and approval processes will facilitate offers by eligible home owners that are competitive to other market offers;
(XI) The feasibility and long-term sustainability of governance and management structures supported by home owner purchase loans, and the extent to which such structures, loan terms, and administration may disadvantage some communities and community members; and

(XII) Any additional policies necessary to administer the program.

(b) The policies established by an administrator must allow a previously submitted application or an approved loan to be transferred to an assignee if a group or association of home owners provide written notice of an assignment executed pursuant to section 38-12-217 (8).

(c) The policies required by this subsection (5) shall be developed and implemented with a goal of generating enough return to replenish the program for future loan allocations.

(6) In determining the eligibility of applicants and the size and terms of loans, the administrator shall prioritize low-income communities and other communities that have faced disproportionate impacts from the COVID-19 pandemic.

(7) (a) The division shall establish a grant program to provide grants to one or more nonprofit organizations to provide technical and other assistance to eligible home owners seeking to organize and purchase their mobile home park.

(b) The division shall establish and publicize policies for the grant program. At a minimum, the policies must address:

(I) The process and any deadlines for applying for and receiving a grant under the program, including the information and documentation required for the application;

(II) Eligibility and selection criteria for nonprofit organizations applying to receive grants;

(III) Maximum grant sizes;
(IV) Any additional specifications or criteria for the uses of the grant money allowed by subsection (7)(c) of this section;

(V) Any reporting requirements for recipients; and

(VI) Any additional policies necessary to administer the program.

(c) Grant recipients may use grant money:

(I) To provide technical assistance to eligible home owners seeking to organize to purchase their mobile home park in accordance with this section;

(II) To provide additional assistance to eligible home owners, including by conducting assessments of the physical condition of mobile home parks subject to purchase, procuring or providing legal or law-related services, providing earnest deposits or pre-paid escrow, providing supplemental financial services, or providing additional technical and administrative assistance after a successful purchase; and

(III) For other related uses identified by the division.

(d) Subject to available appropriations, grants may be paid from the fund and from any additional funding source for which the division has spending authority for this purpose.

(8)(a) The division shall establish a grant program to provide grants to eligible home owners in order to support and maintain the long-term affordability of a resident owned mobile home park.

(b) The division shall establish and publicize policies for the grant program. At a minimum, the policies must address:

(I) The process and any deadlines for applying for and receiving a grant under the program, including the information and documentation required for the application;
(II) Eligibility and selection criteria for eligible home owners applying to receive grants;

(III) Maximum grant sizes;

(IV) Reporting requirements for recipients;

(V) Criteria for the types of rent stabilization and affordability programs supported by the program; and

(VI) Any additional policies necessary to administer the program.

(c) Grant recipients may use grant money for programs to stabilize lot rents and limit rent increases in the park in order to ensure the long-term affordability of the park.

(d) Subject to available appropriations, grants may be paid from the fund and from any additional funding source for which the division has spending authority for this purpose.

(9) The division may seek, accept, and expend gifts, grants, or donations from private or public sources for the purposes of this section. The division shall transmit all money received through gifts, grants, or donations to the state treasurer, who shall credit the money to the fund.

(10) (a) The mobile home park resident empowerment loan and grant program fund is hereby created in the state treasury. The fund consists of any money that the general assembly appropriates or transfers to the fund and any gifts, grants, or donations credited to the fund pursuant to subsection (9) of this section.

(b) The state treasurer shall credit all interest and income derived from the deposit and investment of money in the fund to the fund.

(c) Money in the fund is continuously appropriated to the department for the purposes specified in this section. The
DEPARTMENT MAY USE UP TO FIVE PERCENT OF THE MONEY APPROPRIATED, TRANSFERRED, OR REPAYED UNDER A CONTRACT WITH AN ADMINISTRATOR TO THE FUND TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN ADMINISTERING THIS SECTION.

(d) ON JULY 1, 2022, THE STATE TREASURER SHALL TRANSFER THIRTY-FIVE MILLION DOLLARS OF MONEY FROM THE AFFORDABLE HOUSING AND HOME OWNERSHIP CASH FUND, CREATED IN SECTION 24-75-229 (3)(a), THAT ORIGINATES FROM THE GENERAL FUND TO THE FUND.

(11) THE DEPARTMENT SHALL ANNUALLY REPORT ON THE LOAN AND GRANT PROGRAMS ESTABLISHED IN THIS SECTION AS PART OF ITS "STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART) GOVERNMENT ACT" PRESENTATION REQUIRED BY SECTION 2-7-203.

SECTION 2. Appropriation. (1) For the 2022-23 state fiscal year, $384,019 is appropriated to the office of the governor for use by the office of information technology. This appropriation is from reappropriated funds received from the department of local affairs from the mobile home park resident empowerment loan and grant program fund created in section 24-32-728 (10)(a), C.R.S., and is based on an assumption that the office of information technology will require an additional 4.3 FTE. To implement this act, the office may use this appropriation to provide information technology services for the department of local affairs.

(2) For the 2022-23 state fiscal year, $29,571 is appropriated to the department of law. This appropriation is from reappropriated funds received from the department of local affairs from the mobile home park resident empowerment loan and grant program fund created in section 24-32-728 (10)(a), C.R.S., and is based on an assumption that the department of law will require an additional 0.2 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of local affairs.

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

Steve Fenberg  
President of the Senate

Alec Garnett  
Speaker of the House of Representatives

Cindi L. Markwell  
Secretary of the Senate

Robin Jones  
Chief Clerk of the House of Representatives

Approved: May 17, 2022, at 2:38 PM (Date and Time)

Jared S. Polis  
Governor of the State of Colorado