



**Colorado
Legislative
Council
Staff**

HB16-1466

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0179 **Date:** June 28, 2016
Prime Sponsor(s): Rep. Tyler; Becker K. **Bill Status:** Postponed Indefinitely
 Sen. Ulibarri **Fiscal Analyst:** Anna Gerstle (303-866-4375)

BILL TOPIC: PROMOTING AFFORDABLE HOUSING

Fiscal Impact Summary	FY 2015-2016 (current year)	FY 2016-2017	FY 2019-2020
State Revenue			
<i>State Transfer</i>	\$0		
Unclaimed Property Trust Fund	(40 million)		
Housing Development Grant Fund	30 million		
Affordable Housing Assistance Fund	10 million		
State Expenditures		<u>\$40 million</u>	
Housing Development Grant Fund		30 million	
Affordable Housing Assistance Fund		10 million	
FTE Position Change		0.5 FTE	0.5 FTE
Appropriation Required: None. See State Appropriations section.			
Future Year Impacts: Increase state expenditures through FY 2019-20.			

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

In FY 2015-16, the bill transfers \$40 million from the Unclaimed Property Trust Fund by June 30, 2016, to be used for affordable housing projects. If the Legislative Council Staff Economic and Revenue Forecast in June 2016 shows that the transfers will result in the state exceeding the TABOR spending limit, the transfers must be reduced to an amount that keeps the state below the TABOR spending limit. The bill also specifies that the existing transfers from the fund must occur prior to the \$40 million transfer for affordable housing projects.

Of this amount, \$30 million is transferred to the Housing Development Grant Fund. The funds must be used by the Division of Housing in the Department of Local Affairs (DOLA) for new and existing programs to improve, preserve, or expand the supply of affordable housing, including rental assistance for low income households. The State Housing Board must approve the allocation of funds within DOLA.

The remaining \$10 million is transferred to the Affordable Housing Assistance Fund in the Colorado Housing and Finance Authority (CHFA) to support new or existing programs that provide financial assistance to households with an income of 80 percent or less of the area median income. The programs, administered by CHFA, must:

- allow eligible households to finance, purchase, or rehabilitate single family residential homes; or
- provide financial assistance to nonprofits and political subdivisions that make loans to enable eligible households to finance, purchase, or rehabilitate single family residential homes.

The bill gives CHFA the authority to determine how best to spend the \$10 million and specifies that the Affordable Housing Assistance Fund may include other money allocated by the state, or from other sources, for the fund's specified purpose. The bill is repealed July 1, 2020.

Background

Division of Housing — DOLA. The Division of Housing in the DOLA provides state and federal funding to private and non profit housing developers, housing authorities, and local governments to increase the supply of affordable housing and offers housing vouchers for rental assistance through local housing authorities and non profit organizations. The State Housing Board oversees the division.

Colorado Housing and Finance Authority. CHFA offers financial resources to increase the availability and accessibility of affordable housing in Colorado, including home mortgage programs and assistance with building new and renovating existing housing.

Unclaimed Property Trust Fund. The Unclaimed Property Trust Fund contains remittances from holders of unclaimed property, including banks, life insurance companies, and brokerage accounts, among others. Moneys in the fund are used to pay claims for all owners, and earnings on the fund balance are used to pay for the Adult Dental Benefit. In the past, fund balance in the Unclaimed Property Trust Fund has also been periodically used for one-time transfers for various purposes. It is estimated that, after the required reserves and transfers, the projected balance on June 30, 2016 is \$43.5 million, and the projected beginning balance in the fund for FY 2016-17 is \$128.9 million.

State Revenue

While the bill does not impact overall state revenue, it results in fund transfers as described below.

State transfers. In FY 2015-16, the bill transfers \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund in DOLA, and \$10 million to the Affordable Housing Assistance Fund administered by CHFA.

TABOR impact. Funds in the Unclaimed Property Trust Fund that are exempt from TABOR become subject to TABOR when transferred to other funds to be used for governmental purposes. The bill specifies that if the Legislative Council Staff June revenue forecast estimates that state revenue will exceed the TABOR spending limit in FY 2015-16, the amount transferred must be reduced to an amount that keeps the state below the TABOR spending limit. No TABOR refund obligation is expected in FY 2015-16.

State Expenditures

The bill increases expenditures in DOLA by \$30 million over a four-year period from FY 2016-17 through FY 2019-20 from the Housing Development Grant Fund. Assuming funds are spent equally in each year, \$7,500,000 will be spent annually. Expenditures are detailed in Table 1 below.

Table 1. Expenditures Under HB16-1466		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$26,443	\$26,443
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	5,178	475
Grant Funds	7,462,107	7,466,704
Centrally Appropriated Costs	6,272	6,378
TOTAL	\$7,500,000	\$7,500,000

Personal Services. DOLA requires 0.5 FTE beginning in FY 2016-17 to administer the increased number of grants. The fiscal note assumes that grants will be made beginning July 1, 2016, and that all staffing costs, including centrally appropriated costs, are paid from the \$30 million transferred into the Housing Development Grant Fund.

Grants. Assuming that the grant funds are equally distributed across the four years, there will be \$7,462,107 available for grants in FY 2016-17 and \$7,466,704 annually available for grants in FY 2017-18 through FY 2019-20. It is anticipated that between 8 to 16 grants will be distributed per year, with each grant ranging from approximately \$460,000 to \$940,000 each.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with bills are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in the bill. These centrally appropriated costs are summarized in Table 3. However, the fiscal note assumes that in this case, the centrally appropriated costs will be paid from the Housing Development Grant Fund, using the funds transferred from the Unclaimed Property Trust Fund.

Table 3. Centrally Appropriated Costs Under HB16-1404		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,009	\$4,009
Supplemental Employee Retirement Payments	\$2263	\$2369
TOTAL	\$6,272	\$6,378

Local Government Impact

The bill will increase revenue to local governments that receive grants from DOLA or CHFA for affordable housing. This amount has not be estimated for the fiscal note.

Statutory Public Entity Impact

The bill increases expenditures in CHFA by \$10 million over a four-year period from FY 2016-17 through FY 2019-20. CHFA will use the funding for new or existing programs that provide financial assistance to low-income households or non-profits or political subdivisions that provide loans to low-income households to finance, purchase, or rehabilitate single-family residential homes.

Effective Date

The bill was postponed indefinitely by the Senate Appropriations Committee on May 9, 2016.

State Appropriations

No state appropriation is required, as money in the Housing Development Grant Fund is continuously appropriated to the Department of Local Affairs.

State and Local Government Contacts

Colorado Housing and Finance Authority

Local Affairs