A BILL FOR AN ACT

CONCERNING STATE GRANTS FOR INVESTMENTS IN AFFORDABLE HOUSING AT THE LOCAL LEVEL, AND, IN CONNECTION THEREWITH, CREATING THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM AND THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM TO INVEST IN INFILL INFRASTRUCTURE PROJECTS THAT SUPPORT AFFORDABLE HOUSING.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/.)
The bill creates 2 state grant programs:

- The local investments in transformational affordable housing grant program (affordable housing grant program), administered by the division of housing (DOH) in the department of local affairs (department); and
- The infrastructure and strong communities grant program (strong communities grant program), administered by the division of local government (DLG) in the department.

The affordable housing grant program provides grants to local governments and nonprofit organizations to enable such entities to make investments in their communities or regions of the state in transformational affordable housing and housing related matters. The strong communities grant program provides grants to eligible local governments to enable local governments to invest in infill infrastructure projects that support affordable housing.

The strong communities grant program portion of the bill requires a multi-agency group, comprised of DLG, the state energy office, and the department of transportation, with the assistance of stakeholders, to develop a list of sustainable land use best practices that will accomplish the goals of the grant program and improve a local government's viability in being considered for a grant award.

The bill requires both DOH and DLG to develop policies, procedures, and guidelines governing the administration of the respective grant programs. The bill specifies how grant funding is to be prioritized and eligible uses of grant money awarded under the grant programs.

The bill creates 2 funds in the state treasury: The local investments in transformational affordable housing fund and the infrastructure and strong communities grant program fund. The bill specifies requirements pertaining to the administration of these funds.

Both funds are initially supported with a transfer of a specified amount of money from different funds.

Both grant programs are subject to reporting requirements specified in the bill, and both grant programs are repealed by a date specified in the bill.

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

2 SECTION 1. Legislative declaration - intent - definitions.

3 (1) The general assembly hereby finds, determines, and declares that:

4 (a) Though it has been exacerbated by the COVID-19 pandemic, the housing crisis that Colorado faces is not new. For decades, the lack of
affordable housing has upended the lives of thousands who face homelessness in the Denver metropolitan area and across the state, shuttered Colorado businesses, hindered working-class employment because of a lack of workforce housing, and exacerbated inequities for communities of color.

(b) Currently, Colorado has a shortage of nearly 121,000 affordable rental units, and the Colorado housing and finance authority reports that nearly half of all Colorado renters are considered cost burdened, with an additional 24% being severely cost burdened. The average home price in the state increased 130% from 2011 to 2021. Statewide, the median price increased an additional 7% from January to February 2022 and the median price is now $555,540, a 90% increase over March 2021. The town home and condominium market also reached a new pricing level in February 2022 and now stands at $402,390, which is an increase of 17% from February 2021. Six out of ten Colorado households are unable to afford the average priced home. As used in this section, "cost-burdened" means that more than 30% percent of a household's monthly income is expended on housing and "severely cost-burdened means" that more than 50% of a household's monthly income is expended on housing.

(c) On March 11, 2021, the federal government enacted the "American Rescue Plan Act of 2021", Pub.L. 117-2, referred to in this section as "ARPA", pursuant to which Colorado has received $3,828,761,790 from the federal coronavirus state fiscal recovery fund, referred to in this section as the "SFRF", to be used for certain specified purposes;

(d) These specified purposes include providing programs,
services, or other assistance for populations disproportionately impacted
by the COVID-19 pandemic;

(e) More specifically, federal regulations and guidance construing
dictating allocation of the SFRF promulgated by the United States
treasury identify a nonexclusive list of uses that address the
disproportionate negative economic effects of the COVID-19 pandemic,
including building stronger communities through investments in housing
and neighborhoods. Services in this category alleviate the immediate
economic impact of the COVID-19 pandemic on housing insecurity while
addressing conditions that contributed to poor public health and economic
outcomes during the pandemic, namely concentrated areas with limited
economic opportunity and inadequate or poor quality housing.

(f) Under these regulations, SFRF money may be used for
programs or services that address housing insecurity, lack of affordable
and workforce housing, or homelessness, including:

(I) Supportive housing or other programs or services to improve
access to stable, affordable housing among unhoused individuals;

(II) The development of affordable housing to increase the supply
of affordable housing units that are livable, vibrant, and driven by
community benefits; and

(III) Housing vouchers and assistance to allow individuals to
relocate in neighborhoods with high levels of economic opportunity and
to reduce concentrated areas of low economic opportunity;

(g) In House Bill 21-1329, enacted in 2021, the general assembly
created the affordable housing task force, referred to in this section as the
"task force", to develop recommendations to take advantage of this
once-in-a-lifetime spending opportunity presented by ARPA to bring
transformative policies to Colorado's housing sector that will provide immediate, sweeping, and long-lasting change. ARPA provided the impetus to bring together the legislative and executive branches of state government, as well as a diverse group of stakeholders made up of affordable housing practitioners and experts, to tackle the affordable housing crisis and determine which investments would make the biggest impact. The 16-member task force was made up of a bipartisan group of ten members of the general assembly and six agency directors. A 15-member subpanel of diverse affordable housing experts was also appointed to advise the task force. The task force and subpanel undertook a deliberative, iterative, and transparent process. Ultimately, the task force came to near unanimous consensus on its funding recommendations and allocations, as well as broad agreement on several policy concepts.

(h) The recommendations of the task force are intended to take advantage of this once-in-a-lifetime funding opportunity, specifically, a one-time investment of $400 million, to institute transformational housing policies and programs that will allow the state to better meet the challenge of providing affordable housing, from addressing homelessness to supporting housing for Colorado's workforce; and

(i) The recommendations made by the task force will not solve Colorado's affordable housing crisis completely but will be a transformational step forward in achieving that objective. Once implemented at the local level across the state, these policies will make significant strides in increasing access to flexible capital sources, fostering innovation, strengthening the social safety net, enhancing market stability, and ultimately promoting more broad and equitable ownership and rental housing for Coloradans in every corner of the state.
These investments will result in more affordable housing being built across the state and will help to maintain existing housing stock that is at risk of becoming unsafe or unaffordable. The recommendations will help reduce disparities and address homelessness and will assist many Coloradans in purchasing homes that were previously out of financial reach, which will help build intergenerational wealth across the state.

(2) The general assembly further finds, determines, and declares that the programs and services funded by the transfers in this act are appropriate uses of the money transferred to Colorado under the SFRF and subsequently transferred into the affordable housing and home ownership cash fund created in section 24-75-229 (3)(a), C.R.S. This money will be put to expeditious and efficient use in building stronger communities across the state by making grants to community partners and local governments across the state to assist these entities in making investments in housing for populations, households, or geographic areas disproportionately affected by the COVID-19 pandemic.

(3) By this act, the general assembly is focusing a portion of the SFRF money that it has received from the federal government to begin to ameliorate the affordable housing crisis in Colorado by creating and administering a program to provide direct, flexible, and timely grant funding to community-based nonprofit organizations and local governments that have or are pursuing measures to facilitate affordable housing development or the purchase of land or buildings for and the development of supportive, rental, transitional, and for-sale housing targeted at populations and communities disproportionately impacted by the COVID-19 pandemic.

(4) The general assembly intends that the grants made under this
act will be made to community-based and nonprofit organizations for
housing navigation and rehousing support, timely deployment of
assistance, and technical and legal assistance. The general assembly
intends that funds should be made available to local and regional groups
and governments to be used for a variety of needs as specified in this act.

(5) The general assembly additionally intends that the grant
program ensure flexibility of funding that will allow for operating grants
to be made to community-based nonprofit organizations and qualified
local governments, particularly in small, rural, and mountain resort
communities that can best meet their own development needs.

(6) The potential uses of SFRF money directed by this act are in
alignment with the priority articulated by the governor and legislators
representing both major political parties of investing in strong
communities. Such potential uses include funding for local infill
infrastructure needs to help support and catalyze affordable housing
development and further Colorado's sustainable development patterns,
provide community benefits, ensure multimodal connectivity, reduce
greenhouse gas emissions, strengthen social and environmental equity,
and improve quality of life and community resilience.

(7) The general assembly further intends that the structure of
funding criteria for the grant program created by this act encourage the
use of public policies that allow for the development of affordable
housing on a local basis congruent with local needs and conditions. To
achieve the greatest transformation possible, funding criteria should also
aim to support and promote the leveraging of local funding resources.
When appropriate, such funds should be aligned with loan funds from
other public and private sources and priority should be given to projects
that significantly leverage other funding sources. As part of the assistance provided by this act, the general assembly intends that additional funds be directed to eviction legal defense, given the ongoing challenges of evictions caused by the COVID-19 pandemic.

SECTION 2. In Colorado Revised Statutes, add 24-32-726 as follows:

24-32-726. Transformational affordable housing through local investments - grant program - investments eligible for funding - report - definitions - repeal. (1) Definitions. As used in this section, unless the context otherwise requires:

(a) "Affordable housing" means:

(I) For a household residing in housing on a rental basis, annual income of the household is at or below one hundred forty percent of the area median income of households of that size in the county in which the housing is located;

(II) For a household residing in housing on a home ownership basis, annual income of the household at or below one hundred forty percent of the area median income of households of that size in the county in which the housing is located; or

(III) Housing that incorporates mixed-income development.

(b) "Community partner" means a nonprofit organization that undertakes any of the activities or services described in subsection (2)(b) of this section.

(c) "Department" means the Department of Local Affairs.

(d) "Eligible recipient" means a local government or a community partner that applies for a grant through the grant.
(e) "FUND" MEANS THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING FUND CREATED IN SUBSECTION (4)(a) OF THIS SECTION.

(f) "GRANT PROGRAM" MEANS THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM CREATED IN SUBSECTION (2)(a) OF THIS SECTION.

(g) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, CITY AND COUNTY, TRIBAL GOVERNMENT, SPECIAL DISTRICT ORGANIZED UNDER TITLE 32, SCHOOL DISTRICT, DISTRICT, HOUSING AUTHORITY, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE.

(h) "MATCH" MEANS MONETARY AND NONMONETARY CONTRIBUTIONS TO A PROJECT.

(i) "MIXED-INCOME DEVELOPMENT" MEANS HOUSING THAT INCORPORATES MIXED-INCOME DEVELOPMENT IN THAT SOME, BUT NOT ALL, HOUSING UNITS WITHIN A PARTICULAR DEVELOPMENT HAVE RESTRICTED AVAILABILITY TO HOUSEHOLDS AT OR BELOW THE INCOME LEVELS SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION IN ADDITION TO SOME UNITS THAT ARE ABOVE SUCH INCOME LEVELS WITH OR WITHOUT SUCH RESTRICTED AVAILABILITY.

(2) Creation of the grant program - projects or programs eligible for funding. (a) THERE IS CREATED IN THE DIVISION THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM TO PROVIDE GRANTS TO ELIGIBLE RECIPIENTS TO ENABLE SUCH ENTITIES TO MAKE INVESTMENTS IN THEIR COMMUNITIES OR REGIONS OF THE STATE IN TRANSFORMATIONAL AFFORDABLE HOUSING AND HOUSING RELATED MATTERS IN ACCORDANCE WITH THE REQUIREMENTS OF THIS
SECTION. THE DIVISION SHALL ADMINISTER THE GRANT PROGRAM.

(b) THE DIVISION MAY AWARD GRANTS UNDER THE GRANT PROGRAM TO SUPPORT INVESTMENTS BY ELIGIBLE RECEPIENTS IN PROJECTS OR PROGRAMS THAT:

   (I) DEVELOP AND INTEGRATE INFRASTRUCTURE TIED TO AN AFFORDABLE HOUSING DEVELOPMENT, INCLUDING FUNDING FOR CAPITAL CONSTRUCTION AND THE COST OF INFRASTRUCTURE DESIGN;

   (II) PROVIDE GAP FINANCING FOR HOUSING DEVELOPMENT PROJECTS INCLUDING BUT NOT LIMITED TO TRANSACTIONS UNDER THE FEDERAL LOW-INCOME HOUSING TAX CREDIT AND THE AFFORDABLE HOUSING TAX CREDIT CREATED IN SECTION 39-22-2102 (1) AND FOR THE PURCHASE OR CONVERSION OF EXISTING AFFORDABLE HOUSING AND MULTI-FAMILY DEVELOPMENTS, LAND, AND BUILDINGS, PARTICULARLY IN COMMUNITIES WHERE EFFORTS HAVE BEEN MADE TO ENCOURAGE AFFORDABLE HOUSING DEVELOPMENT OR IN COMMUNITIES IN WHICH LOW CONCENTRATIONS OF AFFORDABLE HOUSING EXIST;

   (III) MAINTAIN EXISTING AFFORDABLE HOUSING THROUGH FUNDING FOR PRESERVATION, RESTORATION THROUGH REHABILITATION, RETROFITTING, RENOVATION, CAPITAL IMPROVEMENTS, THE REPAIR OF CURRENT AFFORDABLE HOUSING STOCK, INCLUDING HOUSING MADE AVAILABLE UNDER 42 U.S.C. SEC. 1437f, AND PUBLIC HOUSING FOR POPULATIONS AND HOUSEHOLDS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC WITH COMMITMENTS FOR LONG-TERM AFFORDABILITY. THESE INVESTMENTS MAY INCLUDE BUT ARE NOT LIMITED TO:

   (A) SENIOR HOUSING;

   (B) REMEDIATION OF LOW-QUALITY AND CONDEMNED PROPERTIES;
(C) Housing specifically designed for people living with disabilities;

(D) The purchase and transition of current housing stock, including properties currently in use on a short-term rental basis, into affordable housing on a long-term basis;

(E) The provision of time-limited rental assistance for households disproportionately impacted by the COVID-19 pandemic and at-risk of losing their home or in need of rapid re-housing, including funding for outreach, housing navigation assistance, and legal services; and

(F) Financing energy improvements in single-family and multi-family affordable housing that will provide funding for incremental, up-front costs for efficient, electric measures and renewable energy systems for both existing homes and rental units and new housing construction.

(IV) Property conversion for transitional or long-term housing;

(V) Permanent supportive housing and supportive services;

(VI) Land banking and land trust strategies for long-term affordable housing planning and development; and

(VII) Funding for eviction legal defense.

(3) Policies, procedures, and guidelines. (a) On or before September 1, 2022, the Division shall adopt policies, procedures, and guidelines for the grant program that include, without limitation:

(I) The process by which a local government or community partner applies for a grant award and the criteria used to
DETERMINE ELIGIBILITY FOR A GRANT AWARD;

(II) PROCEDURES AND TIME LINES BY WHICH AN ELIGIBLE RECIPIENT MAY APPLY FOR A GRANT;

(III) PERFORMANCE CRITERIA FOR GRANT RECIPIENTS' PROJECTS;

(IV) REPORTING REQUIREMENTS FOR GRANT RECIPIENTS; AND

(V) REQUIREMENTS FOR GRANT RECIPIENTS TO OFFER A MATCH IN RESOURCES.

(b) IN AWARDING GRANTS, THE DIVISION SHALL GIVE PREFERENCE TO PROJECTS OR PROGRAMS THAT, TO THE GREATEST EXTENT PRACTICABLE, PROMOTE ONE OR MORE OF THE FOLLOWING GOALS AND OBJECTIVES:

(I) INCREASE THE SUPPLY OF HOUSING THAT IS:

(A) RESTRICTED AT INCOME LEVELS DEMANDED BY THE LOCAL WORKFORCE;

(B) TRANSIT-ORIENTED; OR

(C) RESTRICTED TO PERSONS WITH DISABILITIES;

(II) LEVERAGE CAPITAL AND OPERATING SUBSIDIES FROM VARIOUS PUBLIC AND PRIVATE SOURCES;

(III) INVOLVE THE PURCHASE OF REAL PROPERTY NECESSARY TO SECURE LAND AREAS NEEDED FOR FUTURE DEVELOPMENT; OR

(IV) REPRESENT A ONE-TIME FUNDING PROPOSAL TO THE STATE WITH MINIMAL OR NO MULTI-YEAR FINANCIAL OBLIGATIONS.

(c) THE DIVISION SHALL EITHER CREATE OR UTILIZE AN EXISTING PROCESS THAT ENSURES THAT GRANTS ARE ONLY CONSIDERED AND AWARDED AFTER A FAIR AND RIGOROUS OPEN COMPETITION AMONG ELIGIBLE GRANT RECIPIENTS.

(d) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
THE AMOUNT OF ANY GRANT AWARD UNDER THE GRANT PROGRAM AND
ANY RESTRICTIONS OR CONDITIONS PLACED UPON THE USE OF GRANT
MONEY AWARDED IS WITHIN THE DISCRETION OF THE DIVISION IN
ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION.

(4) Fund. (a) The Local Investments in Transformational
Affordable Housing Fund is created in the state treasury. The
fund consists of money transferred to the fund pursuant to
subsection (4)(c) of this section; money appropriated to the fund
by the general assembly; and any gifts, grants, or donations
from any public or private sources, including governmental
entities, that the division is authorized to seek and accept.

(b) The state treasurer shall credit all interest and
income derived from the investment and deposit of money in the
fund to the fund. Except as otherwise required by this
subsection (4)(b), all money not expended or encumbered, and
all interest earned on the investment or deposit of money in the
fund, must remain in the fund and shall not revert to the
general fund or any other fund at the end of any fiscal year.
The money in the fund is continuously appropriated to the
division for the purposes of this section. Any money in the fund
that is not expended or encumbered by December 31, 2024,
reverts to the general fund. Any money transferred into the
fund in accordance with this subsection (4) that is not expended
or encumbered from any appropriation at the end of any fiscal
year is available for expenditure by July 1, 2024, without
further appropriation.

(c) On the effective date of this section, or as soon as
PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER ONE 
HUNDRED FIFTY MILLION DOLLARS FROM THE AFFORDABLE HOUSING AND 
HOME OWNERSHIP CASH FUND CREATED IN SECTION 24-75-229 (3)(a) THAT 
ORIGINATES FROM MONEY THE STATE RECEIVED FROM THE FEDERAL 
CORONAVIRUS STATE FISCAL RECOVERY FUND TO THE FUND. THE MONEY 
TRANSFERRED PURSUANT TO THIS SUBSECTION (4) MUST ONLY BE USED 
FOR: 

(I) MAKING GRANTS TO ELIGIBLE RECIPIENTS PURSUANT TO THE 
GRANT PROGRAM; AND 

(II) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY 
BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO FIVE 
PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE FUND TO 
PAY FOR ITS DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT 
PROGRAM. ALL SUCH ADMINISTRATIVE COSTS MUST BE PAID OUT OF THE 
MONEY TRANSFERRED TO THE FUND PURSUANT TO THIS SUBSECTION (4)(c). 

(5) Reporting. In connection with the public report the 
DIVISION PREPARED IN ACCORDANCE WITH SECTION 24-32-705.5 (1), FOR 
THE REPORT PREPARED IN 2023 AND 2024, THE DIVISION SHALL INCLUDE 
IN THE REPORT INFORMATION SUMMARIZING THE USE OF ALL OF THE 
MONEY THAT WAS AWARDED AS GRANTS FROM THE GRANT PROGRAM IN 
THE PRECEDING STATE FISCAL YEAR. AT A MINIMUM, THE INFORMATION 
INCLUDED IN THE REPORT PERTAINING TO THE GRANT PROGRAM MUST 
SPECIFY THE NUMBER OF LOCAL GOVERNMENTS OR COMMUNITY PARTNERS 
THAT APPLIED FOR A GRANT AWARD, INCLUDING THE NUMBER OF LOCAL 
GOVERNMENTS OR COMMUNITY PARTNERS THAT WERE NOT AWARDED A 
GRANT; THE AMOUNT OF GRANT MONEY DISTRIBUTED TO EACH GRANT 
RECIPIENT; A DESCRIPTION OF EACH GRANT RECIPIENT’S USE OF THE GRANT

(6) Repeal. This section is repealed, effective December 31, 2026.

SECTION 3. In Colorado Revised Statutes, 24-32-705, amend (7) as follows:

24-32-705. Functions of division. (7) The division shall administer the:

(a) Affordable housing guided toolkit and local officials guide program in accordance with section 24-32-721.5; AND

(b) LOCAL INVESTMENTS IN THE TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM CREATED IN SECTION 24-32-726 (2)(a).

SECTION 4. In Colorado Revised Statutes, 24-32-705.5, add (3.5) as follows:

24-32-705.5. Annual public report on funding of affordable housing preservation and production - definition. (3.5) (a) FOR THE PUBLIC REPORT REQUIRED BY SUBSECTION (1) OF THIS SECTION THAT THE DIVISION IS REQUIRED TO PREPARE IN 2023 AND 2024, THE DIVISION SHALL INCLUDE IN THE REPORT FOR EACH YEAR THE INFORMATION REQUIRED TO BE INCLUDED IN THE REPORT IN ACCORDANCE WITH SECTION 23-32-726 (5).

(b) This subsection (3.5) is repealed, effective July 1, 2026.

SECTION 5. In Colorado Revised Statutes, add 24-32-132 as
follows:

24-32-132. Infrastructure and strong communities grant program - creation - fund - reporting - definitions - repeal.

(1) Definitions. As used in this section, unless the context otherwise requires:

(a) "Affordable housing" means:

(I) For a household residing in housing on a rental basis, annual income of the household is at or below one hundred forty percent of the area median income of households of that size in the county in which the housing is located; or

(II) For a household residing in housing on a homeownership basis, annual income of the household at or below one hundred forty percent of the area median income of households of that size in the county in which the housing is located.

(b) "Department" means the Department of Local Affairs.

(c) "Eligible expenses" include planning, infrastructure, and local capacity.

(d) "Eligible local government" means a municipality or a county that has partnered with a municipality.

(e) "Fund" means the infrastructure and strong communities grant program fund created in subsection (5) of this section.

(f) "Grant program" means the infrastructure and strong communities grant program created in subsection (3)(a) of this section.

(g) "Infill development" means the development of unused and underutilized land within existing development patterns,
TYPICALLY BUT NOT EXCLUSIVELY IN URBAN AREAS.

(h) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, OR
A CITY AND COUNTY.

(i) "MULTI-AGENCY GROUP" MEANS THE DIVISION, THE COLORADO
ENERGY OFFICE CREATED IN SECTION 24-38.5-101 (1), AND THE
DEPARTMENT OF TRANSPORTATION CREATED IN SECTION 43-1-103 (1).

(j) "SUSTAINABLE DEVELOPMENT PATTERN" MEANS A
DEVELOPMENT PATTERN THAT MAY BE EXTENDED IN A COST-EFFECTIVE
WAY THAT MITIGATES HARM AND MINIMIZES THE NEED FOR ADDITIONAL
RESOURCES TO MAINTAIN THE DEVELOPMENT OVER TIME.

(k) "TRANSIT-ORIENTED DEVELOPMENT" MEANS A DEVELOPMENT
THAT IS WITHIN WALKING DISTANCE OF A TRANSIT OR OTHER ALTERNATIVE
TRANSPORTATION FACILITY.

(2) **Multi-agency group - best practices.** (a) THE MULTI-AGENCY
GROUP SHALL ENCOURAGE THE INVOLVEMENT OF LOCAL GOVERNMENTS
ACROSS THE STATE IN THE GRANT PROGRAM. THE MULTI-AGENCY GROUP,
WITH THE ASSISTANCE OF STAKEHOLDERS, SHALL DEVELOP A LIST OF
SUSTAINABLE LAND USE BEST PRACTICES THAT WILL ACCOMPLISH THE
GOALS OF THE GRANT PROGRAM AND IMPROVE A LOCAL GOVERNMENT'S
VIABILITY IN BEING CONSIDERED FOR A GRANT AWARD.

(b) THE SUSTAINABLE LAND USE BEST PRACTICES REFERENCED IN
SUBSECTION (2)(a) OF THIS SECTION WILL ADDRESS ONE OR MORE OF THE
FOLLOWING, WITHOUT LIMITATION:

(I) ENABLING ACCESSORY DEVELOPMENT UNITS OR THE USE OF
MULTIPLEXES BY RIGHT IN RESIDENTIAL ZONES;

(II) ZONING FOR MIXED-USE HIGHER DENSITY DEVELOPMENT IN
DOWNTOWN AREAS OF MUNICIPALITIES AND AROUND TRANSIT STATIONS;
(III) Annexation policies;
(IV) Intergovernmental agreements that coordinate future development;
(V) Reduced parking requirements;
(VI) Relaxed occupancy rules;
(VII) Budgeting policies;
(VIII) Water rate structures;
(IX) Road standards;
(X) Hazard risk reduction and mitigation standards;
(XI) Energy efficient building codes; and
(XII) Zoning for innovative housing options, including but not limited to modular, manufactured, and prefabricated homes.

(c) The multi-agency group shall distribute the sustainable land use practices developed pursuant to subsection (2)(b) of this section to local governments so that local governments may analyze which, if any, of these practices might have a positive impact in their communities, and then determine how to customize these best practices and adopt them in their communities as appropriate.

(3) Grant program - criteria for awarding grants. (a) The infrastructure and strong communities grant program is hereby created within the division to provide grants to eligible local governments to enable local governments to invest in infill infrastructure projects that support affordable housing.

(b) The division shall administer the grant program and, subject to available appropriations, award grants in accordance with the requirements of this section. Subject to
AVAILABLE APPROPRIATIONS, GRANTS MUST BE PAID OUT OF THE FUND CREATED IN SUBSECTION (5) OF THIS SECTION.

(c) The division shall develop policies, procedures, and guidelines that establish the criteria that the division must consider in awarding grants pursuant to this section. At a minimum, the criteria must include the consideration of:

(I) The potential impact of a project that a local government would fund with a grant award in light of the goals of the grant program; and

(II) The sustainable land use practices that the local government has adopted to support greater infill housing supply, more affordable housing, and sustainable development patterns.

(4) Policies, procedures, and guidelines governing use of grant funds. (a) The division shall develop policies and procedures to determine how grants funded by the grant program may be used.

(b) At a minimum, the policies, procedures, and guidelines developed pursuant to subsection (4)(a) of this section must require that a grant award be used, at least in part, to fund infrastructure projects that:

(I) Are within or adjacent to a downtown, core business district, or transit-oriented development; or

(II) Assist in increasing the supply of affordable housing.

(c) A portion of any grant award may be used for project delivery, planning, and community engagement.

(d) The general assembly hereby encourages grant recipients to expend a portion of any grant award, whenever
POSSIBLE, FOR FUNDING ACCESSIBILITY IMPROVEMENTS OR AMENITIES THAT MAKE THE SITE OF THE PROJECT AGE-FRIENDLY AND ACCESSIBLE FOR PERSONS WITH DISABILITIES.

(5) **Fund - administrative costs - permitted uses - gifts, grants, and donations.** (a) THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF ANY MONEY TRANSFERRED TO THE FUND, ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE TO THE FUND, AND ANY GIFTS, GRANTS, OR DONATIONS THAT THE DIVISION RECEIVES FOR THE GRANT PROGRAM PURSUANT TO SUBSECTION (5)(f) OF THIS SECTION. MONEY IN THE FUND IS SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY FOR THE PURPOSES DESCRIBED IN SUBSECTION (5)(c) OF THIS SECTION.

(b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE FUND TO THE FUND. ALL MONEY IN THE FUND THAT IS NOT EXPENDED OR ENCUMBERED, AND ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEY IN THE FUND, REMAINS IN THE FUND AND SHALL NOT BE CREDITED, TRANSFERRED, OR REVERTED TO THE GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR. THE MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE PURPOSES OF THIS SECTION.

(c) THE DIVISION MAY ONLY USE THE MONEY IN THE FUND FOR ONE OR MORE OF THE FOLLOWING USES:

(I) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO FOUR PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE
FUND TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN CONNECTION WITH ADMINISTERING THE USES OF GRANT FUNDING DESCRIBED IN SUBSECTION (5)(c)(II) OF THIS SECTION.

(II) MAKING GRANTS TO ELIGIBLE LOCAL GOVERNMENTS PURSUANT TO THE GRANT PROGRAM TO ASSIST SUCH LOCAL GOVERNMENTS IN:

(A) IDENTIFYING SUSTAINABLE LAND USE BEST PRACTICES AND SUPPORTING SUSTAINABLE DEVELOPMENT PATTERNS; AND

(B) DETERMINING WHERE AND HOW BEST TO UPGRADE LOCAL GOVERNMENT INFRASTRUCTURE TO SUPPORT MORE EFFICIENT, SUSTAINABLE DEVELOPMENT PATTERNS THAT ENABLE GREATER AFFORDABLE INFILL HOUSING DEVELOPMENT.

(d) THE COLORADO ENERGY OFFICE, CREATED IN SECTION 24-38.5-101 (1), MAY USE MONEY IN THE FUND FOR THE DIRECT AND INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE COLORADO ENERGY OFFICE PROVIDES PURSUANT TO SECTION 24-32-132 (2).

(e) THE DEPARTMENT OF TRANSPORTATION MAY USE MONEY IN THE FUND FOR THE DIRECT AND INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE DEPARTMENT OF TRANSPORTATION PROVIDES PURSUANT TO SECTION 24-32-132 (2).

(f) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM ANY PUBLIC OR PRIVATE RESOURCE FOR THE PURPOSES OF THIS SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY RECEIVED FROM GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER WHO SHALL CREDIT THE MONEY TO THE FUND.
(6) **Transfer of money to fund.** On the effective date of this section, or as soon as practicable thereafter, the State Treasurer shall transfer twenty-eight million dollars from the General Fund to the Fund.

(7) **Reporting.** (a) On or before October 1, 2023, and on or before October 1 of each year thereafter for the duration of the grant program, the department shall submit a summarized report on the grant program to the Senate Local Government Committee and the House of Representatives Local Government Committee, or any successor committees. At a minimum, the report must include:

(I) the number of additional affordable housing units and overall housing units projected to be created as a result of the grant program;

(II) the projected or estimated reduction in greenhouse gas emissions as a result of the grant program;

(III) the estimated reduction in vehicle miles traveled and household transportation savings as result of the grant program; and

(IV) the number and type of best practices adopted by eligible local governments that have received grant awards.

(b) Notwithstanding section 24-1-136 (11)(a)(I), the reporting requirement specified in subsection (7)(a) of this section continues until the grant program is repealed in accordance with subsection (8) of this section.

(8) **Repeal.** This section is repealed, effective December 31, 2026.
SECTION 6. In Colorado Revised Statutes, 24-32-104, add (8) as follows:

24-32-104. Functions of the division - interconnectivity grant program - interconnectivity grant program fund - reporting - definition. (8) The division shall administer the infrastructure and strong communities grant program created in section 24-32-132. In connection with the administration of the grant program, the division shall consult with the Colorado energy office created in section 24-38.5-101 (1) and the department of transportation created in section 43-1-103 (1).

SECTION 7. 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.