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, and making an appropriation.

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

**SECTION 1. Legislative declaration - intent - definitions.**

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

(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 disproportionally 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.

(8) The general assembly further declares that the programs and services described in this act are important government services.

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

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

(c) "Eligible recipient" means a local government or a community partner that applies for a grant through the grant program.

(d) "Fund" means the local investments in transformational affordable housing fund created in subsection (4)(a) of this section.

(e) "Grant program" means the local investments in transformational affordable housing grant program created in subsection (2)(a) of this section.
(f) "Local government" means a county, municipality, city and county, tribal government, special district organized under Title 32, school district, district, housing authority, council of governments, a regional planning commission organized under Title 30, or any other political subdivision of the state.

(g) "Match" means monetary and nonmonetary contributions to a project.

(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 recipients 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) INCREASE NEW AFFORDABLE FOR-SALE HOUSING STOCK BY PROVIDING FUNDING TO ASSIST WITH THE COSTS OF CONSTRUCTION, INCLUDING BUT NOT LIMITED TO CONSTRUCTION COSTS, LAND ACQUISITION COSTS, TAP FEES, BUILDING PERMITS, AND IMPACT FEES;

(IV) 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 UNITS THAT ARE INTEGRATED INTO NONSEGREGATED HOUSING UNITS THAT ARE 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; AND

(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.

(V) FINANCE 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.

(VI) PROVIDE OR MAINTAIN PROPERTY CONVERSION FOR TRANSITIONAL OR LONG-TERM HOUSING;

(VII) PROVIDE OR MAINTAIN PERMANENT SUPPORTIVE HOUSING AND SUPPORTIVE SERVICES;

(VIII) PROVIDE OR MAINTAIN LAND BANKING AND LAND TRUST STRATEGIES FOR LONG-TERM AFFORDABLE HOUSING PLANNING AND DEVELOPMENT; AND

(IX) PROVIDE OR MAINTAIN 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 prioritize 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 in urban, rural, and rural resort communities across the state that is proportional to each community’s demonstrated need through:

(A) A preference for mixed-income projects in which a percentage of units, proportional to the demonstrated housing needs of the local community, within a particular development have restricted availability to households at and below the income levels specified in subsection (3)(c) of this section. The percentage of restricted units and affordability levels must comply with laws enacted by local governments promoting the development of new affordable housing units pursuant to section 29-20-104 (1);

(B) Developments in which housing units are restricted at income levels demonstrated by local community needs as specified in subsection (3)(c)(I) of this section;

(C) Transit oriented development;

(D) The inclusion of housing units that are restricted for rental usage to persons with disabilities or that include universal design features that allow individuals to continue to reside in their dwelling units as they age; or

(E) Housing that is restricted to the victims of domestic
VIOLENCE OR SEXUAL ASSAULT;
(II) LEVERAGE CAPITAL AND OPERATING SUBSIDIES FROM VARIOUS
PUBLIC AND PRIVATE SOURCES;
(III) CREATE OPPORTUNITIES TO BUILD INTERGENERATIONAL
WEALTH FOR FAMILIES;
(IV) PROMOTE THE LONG-TERM AFFORDABILITY OF ANY
DEVELOPMENTS OR PROJECTS THAT ARE FUNDED BY THE GRANT PROGRAM;
(V) INVOLVE THE PURCHASE OF REAL PROPERTY NECESSARY TO
SECURE LAND AREAS NEEDED FOR FUTURE DEVELOPMENT; OR
(VI) REPRESENT A ONE-TIME FUNDING PROPOSAL TO THE STATE
WITH MINIMAL OR NO MULTI-YEAR FINANCIAL OBLIGATIONS AND
CONTRIBUTE TO THE OVERALL WELL-BEING AND PROFESSIONAL AND
RECREATIONAL NEEDS OF THE LOCAL WORKFORCE AND POPULATION.
(c) THE RENTAL AND HOME OWNERSHIP TARGETS APPLICABLE TO
LOCAL COMMUNITIES ACROSS THE STATE AS REQUIRED BY SUBSECTION
(3)(b)(I) OF THIS SECTION ARE SPECIFIED IN SUBSECTION (3)(c)(I) OF THIS
SECTION IN ACCORDANCE WITH THE FOLLOWING:
(I) (A) FOR RENTAL HOUSING IN URBAN COUNTIES, HOUSING MUST
BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR
BELOW EIGHTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS
OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED.
(B) FOR RENTAL HOUSING IN RURAL COUNTIES, HOUSING MUST BE
TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT 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.
(C) FOR RENTAL HOUSING IN RURAL RESORT COUNTIES, HOUSING
MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT
OR BELOW ONE HUNDRED SEVENTY PERCENT OF THE AREA MEDIAN INCOME
OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
LOCATED.

(D) FOR HOME OWNERSHIP HOUSING IN ANY AREA OF THE STATE,
HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME
THAT 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) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION SHALL
CLASSIFY EACH COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL
RESORT" BASED UPON DEFINITIONS OF THE TERMS AS SPECIFIED IN THE
FINAL REPORT OF THE COLORADO STRATEGIC HOUSING WORKING GROUP
FINAL REPORT DATED JULY 6, 2021. THE DIVISION SHALL REGULARLY
UPDATE AND PUBLISH MODIFICATION OF THE INITIAL CLASSIFICATION OF
A PARTICULAR COUNTY AS IT RECEIVES INFORMATION DOCUMENTING
CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST
FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

(III) NOTWITHSTANDING SUBSECTION (3)(c)(I) OF THIS SECTION,
ANY COUNTY MAY REQUEST FROM THE DIVISION:

(A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION
SHOULD APPLY TO THAT COUNTY FROM THE ONE MADE APPLICABLE TO THE
COUNTY IN ACCORDANCE WITH SUBSECTION (3)(c)(I) OF THIS SECTION
BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS
PRESENT IN THE COUNTY. NOT LATER THAN SEPTEMBER 1, 2022, THE
DIVISION SHALL PUBLISH ANY SUCH MODIFIED INCOME RESTRICTIONS AND
THE BASIS FOR ANY MODIFICATION APPROVED.
(B) At any time, a reclassification of the county from the
category in which the county is initially classified pursuant to
subsection (3)(c)(II) based upon the unique economic and housing
cost factors present in the county.

(d) 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.

(e) In determining grant amounts, the division shall seek
to increase investments in for-sale housing stock. The objective
described in this subsection (3)(e) may be achieved by providing
grants under the grant program that are layered with awards
under existing state grant programs to increase subsidies on a
per-unit basis.

(f) Notwithstanding any other provision of this section:

(I) Through December 31, 2023, the division shall make
not more than fifty percent of the money available under the
grant program for grant applications, developments, or
programs that are proposed for rural or rural resort counties
across the state and shall make not more than fifty percent of
the funds available under the grant program for grant
applications, developments, or programs that are proposed for
urban counties across the state.

(II) After December 31, 2023, all unencumbered money
available under the grant program may be expended in
accordance with this section in any area of the state without
regard to the restrictions specified in this subsection (3)(e).
(III) Not later than July 15, 2023, the Division shall submit a report to the General Assembly specifying the state of encumbered money under the grant program as of June 30, 2023, and a list of projects that have been approved but that are awaiting funding as of June 30, 2023.

(g) In light of differing needs for per housing unit subsidies across different areas of the state, the Division may waive per unit subsidy amounts that have been initially set for particular projects or programs to adjust for market factors if the purpose of the project has been accomplished or to satisfy the intent of the grant award.

(h) 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.** (a) 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 money; and how the use of the grant awarded furthered the vision of transformational affordable housing described in the final report of the task force established in section 24-75-229 (6)(a). The division shall also include in the report its recommendations concerning future administration of the grant program.

(b) The division and any person that receives money from the division pursuant to the grant program shall comply with the compliance, reporting, record-keeping, and program evaluation requirements established by the office of state planning and budgeting and the state controller in accordance with section 24-75-226 (5).

(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 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.

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

(c) "ELIGIBLE EXPENSES" INCLUDE PLANNING, ENGINEERING,
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, in consultation 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), 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 increase the supply of affordable housing and that are within or adjacent to either a downtown area, a core business district of a municipality, or a transit-oriented development.

(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.

(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;

(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; AND

(C) FINANCING INFRASTRUCTURE IMPROVEMENTS.

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, created in section
43-1-103 (1), 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.

(c) THE DIVISION AND ANY PERSON THAT RECEIVES MONEY FROM THE DIVISION PURSUANT TO THE GRANT PROGRAM SHALL COMPLY WITH THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND PROGRAM EVALUATION REQUIREMENTS ESTABLISHED BY THE OFFICE OF STATE PLANNING AND BUDGETING AND THE STATE CONTROLLER IN ACCORDANCE WITH SECTION 24-75-226 (5).

(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. Appropriation. (1) For the 2022-23 state fiscal year, $431,985 is appropriated to the office of the governor. This appropriation consists of $319,450 from reappropriated funds received from the department of local affairs from the local investments in transformational affordable housing fund created in section 24-32-726 (4)(a), C.R.S., that originate from money the state received from the federal coronavirus state fiscal recovery fund and $112,535 from reappropriated funds received from the department of local affairs from the strong communities grant program fund created in section 24-32-132 (5), C.R.S. To implement this act, the office may use this appropriation as follows:

(a) $379,081, which consists of $319,450 from reappropriated funds received from the department of local affairs from the local investments in transformational affordable housing fund created in section 24-32-726 (4)(a), C.R.S., that originate from money the state received from the federal coronavirus state fiscal recovery fund and $59,631 from reappropriated funds received from the department of local affairs from the strong communities grant program fund created in section 24-32-132 (5), C.R.S., for use by the office of information technology to
provide information technology services for the department of local affairs; and

(b) $52,904 from reappropriated funds received from the department of local affairs from the strong communities grant program fund created in section 24-32-132 (5), C.R.S., for use by the Colorado energy office for program administration, which amount is based on an assumption that the office will require an addition 0.5 FTE to implement this act.

SECTION 8. 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.