

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REREVISÉD

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 22-0808.01 Bob Lackner x4350

SENATE BILL 22-159

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A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A REVOLVING LOAN FUND WITHIN THE**
102 **DIVISION OF HOUSING IN THE DEPARTMENT OF LOCAL AFFAIRS**
103 **TO MAKE INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE**
104 **HOUSING, AND, IN CONNECTION THEREWITH, MAKING AN**
105 **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 <http://leg.colorado.gov>.)

The bill creates the transformational affordable housing revolving loan fund program (loan program) in the division of housing (division) in

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
May 9, 2022

HOUSE
Amended 2nd Reading
May 3, 2022

SENATE
3rd Reading Unamended
April 25, 2022

SENATE
Amended 2nd Reading
April 22, 2022

the department of local affairs (department) as a revolving loan program in accordance with the requirements of the bill and the policies established by the division. The loan program provides flexible, low-interest, and below-market rate loan funding to assist eligible recipients in completing the eligible loan projects identified in the bill.

The division may administer the loan program or, if it determines that it would be more efficient and effective to contract out full or partial administration of the program, the division may enter into a contract with a third-party entity to administer the loan program.

The division is required to establish and publicize policies for the loan program. The bill specifies factors the division is encouraged to consider in evaluating loan applications.

The transformational affordable housing revolving loan fund (fund) is created in the state treasury and the bill specifies requirements pertaining to the administration of the fund.

The bill requires a transfer of a specified sum of money to the fund.

The division is required to report on the activities of the loan program as part of the regular annual public report prepared by the division on affordable housing spending undertaken by the state.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) Though it has been exacerbated by the COVID-19 pandemic,
5 the housing crisis that Colorado faces is not new. For decades, the lack of
6 affordable housing has upended the lives of thousands who face
7 homelessness in the Denver metropolitan area and across the state,
8 shuttered Colorado businesses, hindered working-class employment
9 because of a lack of workforce housing, and exacerbated inequities,
10 including for communities of color, immigrant or mixed-status
11 households, low-wage earners, older adults, people with disabilities, and
12 others living on fixed incomes.

13 (b) Currently, Colorado requires approximately 225,000
14 affordable for-sale and rental homes to address the state's housing crisis,

1 and the Colorado housing and finance authority reports that nearly half of
2 all Colorado renters pay at least thirty percent of their income on housing,
3 with an additional twenty-four percent paying fifty percent or more of
4 their income on housing;

5 (c) The average home price in the state increased 130% from 2011
6 to 2021. Statewide, the median home price increased an additional 7%
7 from January to February 2022, and the median price is now \$555,540,
8 a 90% increase over March 2021. The townhome and condominium
9 market also reached a new pricing level in February 2022, and the median
10 price of such units now stands at \$402,390, which is an increase of 17%
11 from February 2021. Six out of 10 Colorado households are unable to
12 afford the average priced home.

13 (d) In House Bill 21-1329, enacted in 2021, the general assembly
14 created the affordable housing transformational task force, referred to in
15 this section as the "task force", to recommend transformational policies
16 to Colorado's housing sector that will produce immediate, sweeping, and
17 long-lasting change. The impetus of the task force brought together the
18 legislative and executive branches of state government, as well as a
19 diverse group of stakeholders made up of affordable housing practitioners
20 and experts, to tackle the affordable housing crisis and determine which
21 investments would make the biggest impact. The sixteen-member task
22 force was made up of a bipartisan group of ten members of the general
23 assembly, five agency directors, and the executive director of the
24 Colorado housing and finance authority. A fifteen-member subpanel of
25 diverse affordable housing experts was also appointed to advise the task
26 force. The task force and subpanel undertook a deliberative, iterative, and
27 transparent process. Ultimately the task force came to a near unanimous

1 consensus on its funding recommendations and allocations, as well as a
2 broad agreement on several policy concepts.

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

18 (f) The task force also identified an equitable funding distribution
19 to effectively address the disproportionate impacts from COVID-19;

20 (g) The revolving loan program created by this act will provide
21 individuals and households across the state critical financial support with
22 more flexible loan criteria not regularly offered by traditional financial
23 institutions, thereby assisting Coloradans in obtaining necessary access
24 to capital;

25 (h) A revolving loan fund ensures that these funds are evergreen
26 and recycled many times across multiple generations, thereby assisting the
27 provision of affordable housing for all Coloradans far into the future; and

1 (i) By providing eligible recipients who face barriers in
2 establishing borrower relationships with traditional lenders access to
3 capital, and by engaging in concerted outreach and education concerning
4 the availability of this program, a revolving loan program can provide
5 financial support to unserved or underserved populations.

6 (2) The general assembly intends to address the affordable
7 housing crisis in Colorado, in part, by creating a revolving loan fund to
8 provide flexible, low-interest, and below-market rate funding that will
9 support increases in new housing developments, the preservation and
10 rehabilitation of existing home stock, property conversions, and
11 nontraditional housing capacity in diverse geographic communities where
12 the economic impact of COVID-19 has significantly affected housing
13 affordability and availability. The funds provided by the revolving loan
14 fund are intended to support the development of new affordable housing
15 units and the purchase of existing affordable housing units, either rental
16 housing or for-sale homes, including mixed-income developments, and
17 the purchase of land or buildings for future development within a defined
18 timeline. In addition, funding to maintain existing affordable housing
19 through projects that incorporate permanent supportive housing is
20 intended to compliment tangential legislative efforts and aims to support
21 individuals experiencing homelessness, victims of domestic violence or
22 sexual assault, and individuals living with disabilities. Supporting the
23 recommendations of the task force, the general assembly intends that
24 interest rates on loans made available under this section be below-market
25 rates and not exceed those necessary to meaningfully advance affordable
26 housing development or the preservation of existing affordable housing
27 stock in local communities across the state. Further, money should be

1 made available to local and regional groups, governments, and
2 community partners to be used for a variety of more specific affordable
3 housing needs across the state as specified in this section.

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

6 **24-32-726. Revolving loan fund - eligible projects - report -**
7 **definitions - legislative declaration. (1) Definitions.** AS USED IN THIS
8 SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 (a) "ADMINISTRATOR" MEANS A THIRD-PARTY ENTITY OR ENTITIES
10 THAT THE DIVISION CONTRACTS WITH TO ADMINISTER ALL OR ANY PART OF
11 THE LOAN PROGRAM PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION.

12 ==
13 (b) "COMMUNITY PARTNER" MEANS A NONPROFIT ORGANIZATION
14 THAT UNDERTAKES ANY OF THE ACTIVITIES OR SERVICES DESCRIBED IN
15 SUBSECTION (3) OF THIS SECTION.

16 (c) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

17 (d) "ELIGIBLE RECIPIENT" MEANS A LOCAL GOVERNMENT, A
18 FOR-PROFIT DEVELOPER, A COMMUNITY PARTNER, OR A POLITICAL
19 SUBDIVISION OF THE STATE THAT APPLIES FOR A LOAN THROUGH THE LOAN
20 PROGRAM.

21 (e) "FUND" MEANS THE TRANSFORMATIONAL AFFORDABLE
22 HOUSING REVOLVING LOAN FUND CREATED IN SUBSECTION (9)(a) OF THIS
23 SECTION.

24 (f) "LOAN PROGRAM" MEANS THE TRANSFORMATIONAL
25 AFFORDABLE HOUSING REVOLVING LOAN FUND PROGRAM CREATED IN
26 SUBSECTION (2)(a) OF THIS SECTION.

27 (g) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, CITY

1 AND COUNTY, TRIBAL GOVERNMENT, SPECIAL DISTRICT ORGANIZED UNDER
2 TITLE 32, SCHOOL DISTRICT, DISTRICT, OR A HOUSING AUTHORITY CREATED
3 UNDER PART 2 OF ARTICLE 4 OF TITLE 29.

4 == ==

5 (2) **Creation of loan program - administration.** (a) THE
6 TRANSFORMATIONAL AFFORDABLE HOUSING REVOLVING LOAN FUND
7 PROGRAM IS HEREBY CREATED IN THE DIVISION AS A REVOLVING LOAN
8 PROGRAM IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION AND
9 THE POLICIES ESTABLISHED BY THE DIVISION PURSUANT TO SUBSECTION (5)
10 OF THIS SECTION. THE LOAN PROGRAM IS ESTABLISHED TO PROVIDE
11 FLEXIBLE, LOW-INTEREST, AND BELOW-MARKET RATE LOAN FUNDING TO
12 ASSIST ELIGIBLE RECIPIENTS IN COMPLETING THE ELIGIBLE LOAN PROJECTS
13 IDENTIFIED IN SUBSECTION (3) OF THIS SECTION.

14 (b) THE DIVISION MAY ADMINISTER THE LOAN PROGRAM OR, IF IT
15 DETERMINES THAT IT WOULD BE MORE EFFICIENT AND EFFECTIVE TO
16 CONTRACT OUT FULL OR PARTIAL ADMINISTRATION OF THE PROGRAM, IT
17 MAY ENTER INTO A CONTRACT WITH A BUSINESS NONPROFIT
18 ORGANIZATION, BANK, NONDEPOSITORY COMMUNITY DEVELOPMENT
19 FINANCIAL INSTITUTION, BUSINESS DEVELOPMENT CORPORATION,
20 NONPROFIT ORGANIZATION THAT ADMINISTERS GAP FINANCING,
21 CONSTRUCTION, OR MORTGAGE LOAN PROGRAMS, OR OTHER ENTITY AS
22 DETERMINED BY THE DIVISION TO ADMINISTER THE LOAN PROGRAM IN
23 WHOLE OR IN PART. IF THE DIVISION CONTRACTS WITH AN ENTITY OR
24 ENTITIES TO ADMINISTER THE PROGRAM, THE DIVISION SHALL USE AN OPEN
25 AND COMPETITIVE PROCESS TO SELECT THE ENTITY OR ENTITIES. A
26 CONTRACT WITH AN ADMINISTRATOR MAY INCLUDE AN ADMINISTRATION
27 FEE ESTABLISHED BY THE DIVISION AT AN AMOUNT REASONABLY

1 CALCULATED TO COVER THE ONGOING ADMINISTRATIVE COSTS OF THE
2 DIVISION IN OVERSEEING THE LOAN PROGRAM. THE DIVISION MAY
3 ADVANCE MONEY TO AN ENTITY UNDER A CONTRACT IN PREPARATION IN
4 THE FORM OF A GRANT OR PAYMENT FOR ISSUING LOANS AND
5 ADMINISTERING THE LOAN PROGRAM.

6 (c) THE DIVISION MAY WORK WITH THE COLORADO HOUSING AND
7 FINANCE AUTHORITY, CREATED IN SECTION 29-4-704 (1), TO ASSIST IN
8 OFFERING LOANS UNDER THE LOAN PROGRAM.

9 (d) ANY LOAN MADE UNDER THE LOAN PROGRAM BY THE STATE,
10 ANY DEPARTMENT, DIVISION, OR AGENCY OF THE STATE, OR ANY
11 ADMINISTRATOR TO A DISTRICT, AS DEFINED IN SECTION 20 (2)(b) OF
12 ARTICLE X OF THE STATE CONSTITUTION, MUST EITHER BE APPROVED BY
13 THE VOTERS OF THE DISTRICT IN ACCORDANCE WITH SECTION 20 (4)(b) OF
14 ARTICLE X OF THE STATE CONSTITUTION OR BE STRUCTURED SO THAT IT
15 IS NOT A MULTIPLE-FISCAL YEAR DIRECT OR INDIRECT DISTRICT DEBT OR
16 OTHER FINANCIAL OBLIGATION WHATSOEVER THAT REQUIRES VOTER
17 APPROVAL UNDER SECTION 20 (4)(b) OF ARTICLE X OF THE STATE
18 CONSTITUTION.

19 (3) **Eligible loan projects.** IN ORDER TO RECEIVE LOAN FUNDING
20 UNDER THE LOAN PROGRAM, THE PROJECT FOR WHICH THE LOAN
21 APPLICANT SEEKS LOAN FUNDING MUST DO ONE OR MORE OF THE
22 FOLLOWING:

23 (a) DEVELOP AND INTEGRATE HOUSING-RELATED INFRASTRUCTURE
24 TO OFFSET CONSTRUCTION AND PREDEVELOPMENT COSTS;

25 (b) PROVIDE GAP FINANCING FOR HOUSING DEVELOPMENT,
26 INCLUDING TRANSACTIONS UNDER THE FEDERAL LOW-INCOME TAX CREDIT
27 DEFINED IN SECTION 39-22-2101 (7) AND THE AFFORDABLE HOUSING TAX

1 CREDIT CREATED IN SECTION 39-22-2102 (1). FOR PURPOSES OF THIS
2 SUBSECTION (3)(b), GAP FINANCING INCLUDES FINANCING MECHANISMS
3 THAT ALLOW PERSONS SEEKING AFFORDABLE HOUSING TO PURCHASE
4 EXISTING AFFORDABLE HOUSING, MULTI-FAMILY STRUCTURES, LAND, AND
5 BUILDINGS, PARTICULARLY IN COMMUNITIES WHERE EFFORTS HAVE BEEN
6 MADE TO ENCOURAGE AFFORDABLE HOUSING DEVELOPMENT OR IN
7 COMMUNITIES IN WHICH LOW CONCENTRATIONS OF AFFORDABLE HOUSING
8 EXIST.

9 (c) INCREASE THE SUPPLY OF NEW AFFORDABLE FOR-SALE HOUSING
10 STOCK BY PROVIDING FUNDING TO ASSIST WITH THE COST OF
11 CONSTRUCTION, INCLUDING BUT NOT LIMITED TO COSTS ASSOCIATED WITH
12 CONSTRUCTION COSTS, LAND ACQUISITION, TAP FEES, BUILDING PERMITS,
13 OR IMPACT FEES.

14 (d) MAINTAIN EXISTING AFFORDABLE HOUSING THROUGH FUNDING
15 FOR THE PRESERVATION AND RESTORATION OF AFFORDABLE HOUSING
16 STOCK THROUGH REHABILITATION, RETROFITTING, RENOVATION, CAPITAL
17 IMPROVEMENTS, AND REPAIR OF CURRENT AFFORDABLE HOUSING STOCK,
18 INCLUDING HOUSING MADE AVAILABLE UNDER 42 U.S.C. SEC. 1437f AND
19 AFFORDABLE HOUSING FOR POPULATIONS AND HOUSEHOLDS
20 DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC WITH
21 COMMITMENTS FOR LONG-TERM AFFORDABILITY. THE USES COVERED BY
22 THIS SUBSECTION (3)(d) MUST INCLUDE INVESTMENTS IN ONE OR MORE OF
23 THE FOLLOWING:

24 (I) SENIOR HOUSING;

25 (II) THE PURCHASE OF AND THE REMEDIATION OF LOW-QUALITY OR
26 CONDEMNED PROPERTIES;

27 (III) HOUSING UNITS, INTEGRATED INTO NONSEGREGATED

1 HOUSING DEVELOPMENTS, SPECIFICALLY DESIGNED FOR PEOPLE LIVING
2 WITH DISABILITIES;

3 (IV) WEATHERIZATION AND ENERGY IMPROVEMENTS TO
4 MULTI-FAMILY AND SINGE-FAMILY RESIDENTS TO MAINTAIN AND IMPROVE
5 THE QUALITY OF AFFORDABLE HOMES AND RENTAL UNITS;

6 (V) THE PURCHASE AND TRANSITION OF CURRENT HOUSING STOCK
7 INTO AFFORDABLE HOUSING, INCLUDING PROPERTIES CURRENTLY IN USE
8 ON A SHORT-TERM RENTAL BASIS;

9 (VI) PROGRAMS OR INITIATIVES TO ENSURE THAT EXISTING
10 HOUSING REMAINS AFFORDABLE FOR LOCAL WORKFORCE OR COMMUNITY
11 HOUSEHOLDS;

12 (VII) LAND ACQUISITION FOR AFFORDABLE HOUSING;

13 (VIII) PROPERTY CONVERSION AND ADAPTIVE REUSE; OR

14 (IX) PERMANENT SUPPORTIVE HOUSING.

15 (e) FINANCE ENERGY IMPROVEMENTS IN AFFORDABLE HOUSING,
16 WHICH WILL PROVIDE FUNDING FOR INCREMENTAL UP-FRONT COSTS FOR
17 EFFICIENT, ELECTRIC MEASURES, AND RENEWABLE ENERGY SYSTEMS FOR
18 BOTH EXISTING BUILDINGS AND NEW HOUSING CONSTRUCTION.

19 (f) CREATE PERMANENTLY OR LONG-TERM AFFORDABLE
20 HOMEOWNERSHIP OPPORTUNITIES.

21 (4) **Loan program goals.** (a) THE LOAN PROGRAM MUST BE
22 ADMINISTERED WITH A GOAL OF GENERATING ENOUGH RETURN ON LOANS
23 MADE UNDER THE LOAN PROGRAM TO REPLENISH THE LOAN PROGRAM FOR
24 FUTURE LOAN ALLOCATIONS.

25 (b) ALL LOANS FINANCED THROUGH THE LOAN PROGRAM MUST
26 OFFER FLEXIBLE TERMS AND LOW-INTEREST AND BELOW-MARKET RATES.

27 (5) **Loan program policies - eligibility for loan funding.** (a)

1 THE DIVISION OR THE ADMINISTRATOR, AS APPLICABLE, SHALL ESTABLISH
2 AND PUBLICIZE POLICIES FOR THE LOAN PROGRAM. AT A MINIMUM, THE
3 POLICIES MUST ADDRESS:

4 (I) THE PROCESS AND DEADLINES FOR APPLYING FOR AND
5 RECEIVING A LOAN UNDER THE LOAN PROGRAM, INCLUDING THE
6 INFORMATION AND DOCUMENTATION REQUIRED FOR A LOAN APPLICATION;

7 (II) ELIGIBILITY CRITERIA FOR INDIVIDUALS OR ENTITIES APPLYING
8 FOR A LOAN UNDER THE LOAN PROGRAM;

9 (III) THE MAXIMUM ASSISTANCE LEVELS FOR LOANS;

10 (IV) LOAN TERMS, INCLUDING INTEREST RATES AND REPAYMENT
11 TERMS;

12 (V) REPORTING REQUIREMENTS FOR LOAN RECIPIENTS;

13 (VI) LOAN PROGRAM FEES, INCLUDING THE APPLICATION FEE,
14 ORIGINATION FEE, AND CLOSING COST POLICIES;

15 (VII) UNDERWRITING AND RISK MANAGEMENT POLICIES;

16 (VIII) THE AMOUNT OF ANY APPLICATION OR ORIGINATION FEES
17 AND CLOSING COST POLICIES;

18 (IX) THE MEANS BY WHICH ELIGIBLE RECIPIENTS WHO FACE
19 BARRIERS IN ESTABLISHING BORROWER RELATIONSHIPS WITH TRADITIONAL
20 LENDERS WILL BE INFORMED OF THE LOAN PROGRAM AND ENCOURAGED TO
21 APPLY FOR A LOAN FINANCED THROUGH THE LOAN PROGRAM; AND

22 (X) ANY ADDITIONAL REQUIREMENTS THAT THE DIVISION DEEMS
23 NECESSARY TO ADMINISTER THE LOAN PROGRAM.

24 (b) (I) IN CONNECTION WITH THE POLICIES FOR THE LOAN PROGRAM
25 THAT THE DIVISION OR THE ADMINISTRATOR IS REQUIRED TO ESTABLISH
26 AND PUBLICIZE PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION, THE
27 POLICIES MUST SPECIFY THAT, IN ORDER FOR AN ELIGIBLE RECIPIENT TO

1 OBTAIN LOAN FUNDING DIRECTLY FROM THE DIVISION, AN ELIGIBLE
2 RECIPIENT MUST FOLLOW PROCEDURES THAT SHALL BE SPECIFIED BY THE
3 DIVISION TO DOCUMENT THE AMOUNT OF LEVERAGED FUNDS PROPOSED OR
4 COMMITTED AS PART OF A LOAN APPLICATION AND THE AMOUNT OF
5 FUNDING SOUGHT FROM OTHER SOURCES, INCLUDING DEMONSTRATED
6 EFFORTS BY THE ELIGIBLE RECIPIENT TO OBTAIN FINANCING FOR LOAN
7 FUNDING FROM FINANCIAL INSTITUTIONS.

8 (II) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A LIEN
9 FILED BY THE DIVISION, IS SUPERIOR ONLY TO ANY OTHER LIEN PLACED ON
10 THE SAME ASSETS THAT IS FILED LATER IN TIME EXCEPT FOR A LIEN FOR
11 UNPAID PROPERTY TAXES.

12 (6) **Prioritization criteria.** (a) THE GENERAL ASSEMBLY HEREBY
13 ENCOURAGES THE DIVISION, TO THE EXTENT PRACTICABLE, IN REVIEWING
14 LOAN APPLICATIONS, TO CONSIDER PRIORITIZING APPLICATIONS FOR
15 PROJECTS THAT:

16 (I) INCREASE THE SUPPLY OF HOUSING IN COMMUNITIES ACROSS
17 THE STATE IN PROPORTION TO EACH COMMUNITY'S DEMONSTRATED
18 HOUSING NEEDS THROUGH:

19 (A) A PREFERENCE FOR MIXED-INCOME PROJECTS IN WHICH A
20 PERCENTAGE OF UNITS, PROPORTIONAL TO THE DEMONSTRATED HOUSING
21 NEEDS OF THE LOCAL COMMUNITY, WITHIN A PARTICULAR DEVELOPMENT
22 HAVE RESTRICTED AVAILABILITY TO HOUSEHOLDS AT AND BELOW THE
23 INCOME LEVELS SPECIFIED IN SUBSECTION (6)(b)(I) OF THIS SECTION. THE
24 PERCENTAGE OF RESTRICTED UNITS AND AFFORDABILITY LEVELS MUST
25 COMPLY WITH LAWS ENACTED BY LOCAL GOVERNMENTS PROMOTING THE
26 DEVELOPMENT OF NEW AFFORDABLE HOUSING UNITS PURSUANT TO
27 SECTION 29-20-104 (1).

1 (B) DEVELOPMENTS IN WHICH HOUSING UNITS ARE RESTRICTED AT
2 INCOME LEVELS DEMONSTRATED BY LOCAL COMMUNITY NEEDS AS
3 SPECIFIED IN SUBSECTION (6)(b)(I) OF THIS SECTION;

4 (II) ARE LOCATED IN OR SERVE COMMUNITIES THAT:

5 (A) FACE BARRIERS TO ACCESSING CAPITAL FROM TRADITIONAL
6 SOURCES;

7 (B) HAVE SUFFERED SIGNIFICANT NEGATIVE FINANCIAL OR OTHER
8 IMPACTS RESULTING FROM THE COVID-19 PANDEMIC; OR

9 (C) ARE OTHERWISE UNDERSERVED;

10 (III) ALIGN WITH OTHER STATE ECONOMIC DEVELOPMENT
11 EFFORTS;

12 (IV) CREATE PERMANENTLY AFFORDABLE HOME OWNERSHIP
13 OPPORTUNITIES;

14 (V) ENSURE THE LONG-TERM AFFORDABILITY OF ANY
15 DEVELOPMENT OR PROJECTS FUNDED BY THE LOAN PROGRAM;

16 (VI) INCLUDE UNITS THAT ARE RESTRICTED FOR RENTAL USAGE TO
17 PERSONS WITH DISABILITIES OR THAT INCLUDE UNIVERSAL DESIGN
18 FEATURES THAT ALLOW INDIVIDUALS TO RESIDE IN THEIR DWELLING UNITS
19 AS THEY AGE; OR

20 (VII) ARE HIGHLY ENERGY EFFICIENT OR USE HIGH-EFFICIENCY
21 ELECTRIC EQUIPMENT FOR SPACE AND WATER HEATING. THE DIVISION MAY
22 CONSULT WITH THE COLORADO ENERGY OFFICE CREATED IN SECTION
23 24-38.5-101 (1) TO DEVELOP CRITERIA FOR MEETING THE OBJECTIVES
24 DESCRIBED IN THIS SUBSECTION (6)(a)(VII).

25 (b) (I) THE RENTAL AND HOME OWNERSHIP TARGETS APPLICABLE
26 TO LOCAL COMMUNITIES ACROSS THE STATE AS REQUIRED BY SUBSECTION
27 (6)(a)(I) OF THIS SECTION ARE SPECIFIED IN THIS SUBSECTION (6)(b)(I) IN

1 ACCORDANCE WITH THE FOLLOWING:

2 (A) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS,
3 ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW ONE HUNDRED
4 TWENTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT
5 SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED;

6 (B) FOR A HOUSEHOLD RESIDING IN HOUSING ON A
7 HOME-OWNERSHIP BASIS, ANNUAL INCOME OF THE HOUSEHOLD IS AT OR
8 BELOW ONE HUNDRED TWENTY PERCENT OF THE AREA MEDIAN INCOME OF
9 HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
10 LOCATED;

11 (C) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS
12 IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE HOUSEHOLD IS AT
13 OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME
14 OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
15 LOCATED; AND

16 (D) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME
17 OWNERSHIP BASIS IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE
18 HOUSEHOLD IS AT OR BELOW ONE HUNDRED SIXTY PERCENT OF THE AREA
19 MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH
20 THE HOUSING IS LOCATED.

21 (II) AN APPLICANT SEEKING FUNDING FOR A PARTICULAR
22 DEVELOPMENT, PROJECT, OR PROGRAM THAT IS FUNDED BY THE LOAN
23 PROGRAM MAY, AT ANY TIME, REQUEST THAT THE DIVISION GRANT THE
24 APPLICANT AN EXCEPTION TO THE AREA MEDIAN INCOME LEVELS
25 SPECIFIED IN SUBSECTION (6)(b)(I) OF THIS SECTION BASED UPON
26 DEMONSTRATED UNIQUE ECONOMIC AND HOUSING COSTS ATTRIBUTES IN
27 THE LOCAL COMMUNITY IN WHICH THE DEVELOPMENT, PROJECT, OR

1 PROGRAM IS LOCATED.

2 (c) (I) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF
3 HOUSING, CREATED IN SECTION 24-32-704 (1), SHALL CLASSIFY EACH
4 COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL RESORT" AS
5 USED IN SUBSECTION (6)(b)(I) OF THIS SECTION BASED UPON THE
6 DEFINITIONS OF THE TERMS AS SPECIFIED IN THE FINAL REPORT OF THE
7 COLORADO STRATEGIC HOUSING WORKING GROUP FINAL REPORT, DATED
8 JULY 6, 2021. THE DIVISION OF HOUSING SHALL REGULARLY UPDATE AND
9 PUBLISH MODIFICATIONS OF THE INITIAL CLASSIFICATION OF A PARTICULAR
10 COUNTY AS IT RECEIVES OR PRODUCES INFORMATION DOCUMENTING
11 CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST
12 FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

13 (II) NOTWITHSTANDING SUBSECTION (6)(c)(I) OF THIS SECTION,
14 ANY COUNTY MAY REQUEST FROM THE DIVISION OF HOUSING:

15 (A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION
16 SHOULD APPLY TO THAT COUNTY FROM THE ONE MADE APPLICABLE TO THE
17 COUNTY IN ACCORDANCE WITH SUBSECTION (6)(c)(I) OF THIS SECTION
18 BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS
19 PRESENT IN THE COUNTY. NOT LATER THAN SEPTEMBER 1, 2022, THE
20 DIVISION OF HOUSING SHALL PUBLISH ANY SUCH MODIFIED INCOME
21 RESTRICTIONS AND THE BASIS FOR ANY MODIFICATION APPROVED.

22 (B) AT ANY TIME, A RECLASSIFICATION OF THE COUNTY FROM THE
23 CATEGORY IN WHICH THE COUNTY IS INITIALLY CLASSIFIED PURSUANT TO
24 SUBSECTION (6)(c)(I) OF THIS SECTION BASED UPON THE UNIQUE
25 ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY.

26 (d) TO THE EXTENT PRACTICABLE, THE DIVISION AND THE
27 ADMINISTRATOR, AS APPLICABLE, SHALL SUPPORT INNOVATIVE FUNDING

1 MECHANISMS THAT ALLOW MONEY TO REVOLVE QUICKLY TO ENSURE THE
2 RAPID REUSE OF MONEY FOR ONGOING PROJECTS.

3 (7) **Publicizing the loan program.** THE DIVISION SHALL WORK
4 WITH THE MINORITY BUSINESS OFFICE CREATED IN SECTION 24-49.5-102,
5 SMALL BUSINESS DEVELOPMENT CENTERS, COMMUNITY DEVELOPMENT
6 FINANCIAL INSTITUTIONS, AND STAKEHOLDER PARTNERS TO PROMOTE THE
7 PROGRAM TO ELIGIBLE RECIPIENTS WHO PRIMARILY SERVE COMMUNITIES
8 THAT ARE UNDERSERVED OR DISADVANTAGED, INCLUDING ELIGIBLE
9 RECIPIENTS LOCATED IN RURAL COUNTIES. ON OR BEFORE DECEMBER 1,
10 2022, THE DIVISION SHALL DEVELOP AND ADMINISTER A MARKETING
11 INITIATIVE FOR THE PROGRAM IN COORDINATION WITH THE MINORITY
12 BUSINESS OFFICE CREATED IN SECTION 24-49.5-102, THE SMALL BUSINESS
13 ASSISTANCE CENTER CREATED IN SECTION 24-48.5-102, LOCAL CHAMBERS
14 OF COMMERCE, AND OTHER LOCAL AND REGIONAL ECONOMIC
15 DEVELOPMENT ENTITIES TO PROMOTE THE PROGRAM TO ELIGIBLE
16 RECIPIENTS AND TARGET COMMUNITIES. THE MARKETING INITIATIVE
17 SHALL BE CONDUCTED IN THE TOP SPOKEN LANGUAGES IN THOSE
18 COMMUNITIES.

19 (8) **Gifts, grants, and donations - leveraging federal money.**

20 (a) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR
21 DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS
22 SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY RECEIVED THROUGH
23 GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER, WHO SHALL
24 CREDIT THE MONEY TO THE FUND.

25 (b) THE DIVISION MAY EXPEND, DEPLOY, OR LEVERAGE MONEY
26 RECEIVED FROM FEDERAL GOVERNMENT PROGRAMS THAT SUPPORT LOANS
27 AND INVESTMENTS FOR ONE OR MORE OF THE ELIGIBLE PROJECTS SPECIFIED

1 IN SUBSECTION (3) OF THIS SECTION TO MAKE LOANS UNDER THE LOAN
2 PROGRAM OR TO OTHERWISE MARKET, PROMOTE, OR SUPPORT LOANS
3 UNDER THE PROGRAM, IF ALLOWED UNDER FEDERAL LAW.

4 (9) **Transformational affordable housing revolving loan fund**
5 **- transfer of money to fund - payment of administrative costs -**
6 **appropriation.** (a) THE TRANSFORMATIONAL AFFORDABLE HOUSING
7 REVOLVING LOAN FUND IS HEREBY CREATED IN THE STATE TREASURY. THE
8 FUND CONSISTS OF MONEY TRANSFERRED TO THE FUND IN ACCORDANCE
9 WITH SUBSECTION (9)(d) OF THIS SECTION, ANY OTHER MONEY THAT THE
10 GENERAL ASSEMBLY APPROPRIATES OR TRANSFERS TO THE FUND, AND ANY
11 GIFTS, GRANTS, OR DONATIONS CREDITED TO THE FUND PURSUANT TO
12 SUBSECTION (8)(a) OF THIS SECTION.

13 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
14 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
15 FUND TO THE FUND.

16 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
17 DEPARTMENT FOR THE PURPOSES SPECIFIED IN THIS SECTION. THE
18 DEPARTMENT MAY EXPEND UP TO FIVE PERCENT OF THE MONEY
19 APPROPRIATED OR TRANSFERRED INTO, OR REPAID FROM, THE FUND ON AN
20 ANNUAL BASIS TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN
21 ADMINISTERING THIS SECTION.

22 (d) ON JULY 1, 2022, THE STATE TREASURER SHALL TRANSFER ONE
23 HUNDRED FIFTY MILLION DOLLARS FROM THE AFFORDABLE HOUSING AND
24 HOME OWNERSHIP CASH FUND CREATED IN SECTION 24-75-229 (3)(a) THAT
25 ORIGINATES FROM THE GENERAL FUND, TO THE FUND. THE DIVISION SHALL
26 USE THE MONEY TRANSFERRED PURSUANT TO THIS SUBSECTION (9)(d)
27 ONLY FOR:

1 (I) MAKING LOANS TO ELIGIBLE RECIPIENTS PURSUANT TO THE
2 LOAN PROGRAM; AND

3 (II) THE COSTS OF ADMINISTERING THE LOAN PROGRAM AS MAY BE
4 INCURRED BY THE DIVISION OR THE ADMINISTRATOR, AS APPLICABLE, IN
5 ACCORDANCE WITH SUBSECTION (9)(c) OF THIS SECTION. ALL SUCH
6 ADMINISTRATIVE COSTS MUST BE PAID OUT OF THE MONEY EITHER
7 TRANSFERRED TO THE FUND PURSUANT TO THIS SUBSECTION (9)(d) OR
8 THAT IS APPROPRIATED TO THE FUND.

9 (10) **Reporting.** IN CONNECTION WITH THE PUBLIC REPORT THE
10 DIVISION PREPARES IN ACCORDANCE WITH SECTION 24-32-705.5 (1), THE
11 DIVISION SHALL INCLUDE IN THE REPORT INFORMATION SUMMARIZING THE
12 USE OF ALL OF THE MONEY THAT WAS PROVIDED AS A LOAN FROM THE
13 LOAN PROGRAM IN THE PRECEDING STATE FISCAL YEAR. AT A MINIMUM,
14 THE INFORMATION INCLUDED IN THE REPORT PERTAINING TO THE LOAN
15 PROGRAM MUST SPECIFY THE NUMBER OF ELIGIBLE RECIPIENTS THAT
16 APPLIED FOR A LOAN, THE NUMBER OF ELIGIBLE RECIPIENTS THAT WERE
17 NOT AWARDED A LOAN, THE AMOUNT OF LOAN MONEY DISTRIBUTED TO
18 EACH LOAN RECIPIENT, A DESCRIPTION OF EACH LOAN RECIPIENT'S USE OF
19 THE LOAN MONEY, THE USE OF LOAN MONEY ALONG THE HOUSING AND
20 INCOME SPECTRUMS, THE AMOUNT OF TIME FROM COMPLETION OF A LOAN
21 APPLICATION THROUGH THE FUNDING OF A LOAN, RECOMMENDATIONS
22 CONCERNING FUTURE ADMINISTRATION OF THE LOAN PROGRAM, AND HOW
23 THE USE OF THE LOAN FURTHERED THE VISION OF TRANSFORMATIONAL
24 AFFORDABLE HOUSING DESCRIBED IN THE FINAL REPORT OF THE TASK
25 FORCE ESTABLISHED IN SECTION 24-75-229 (6)(a). THE DIVISION SHALL
26 ALSO INCLUDE IN THE REPORT ITS RECOMMENDATIONS CONCERNING
27 FUTURE ADMINISTRATION OF THE LOAN PROGRAM.

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

3 **24-32-705. Functions of division.** (7) The division shall
4 administer:

5 (a) The affordable housing guided toolkit and local officials guide
6 program in accordance with section 24-32-721.5;

7 (b) THE TRANSFORMATIONAL AFFORDABLE HOUSING REVOLVING
8 LOAN FUND PROGRAM CREATED IN SECTION 24-32-726 (2)(a), UNLESS THE
9 DIVISION ELECTS TO CONTRACT OUT FULL OR PARTIAL ADMINISTRATION OF
10 THE LOAN PROGRAM PURSUANT TO SECTION 24-32-726 (2)(b).

11 **SECTION 4.** In Colorado Revised Statutes, 24-32-705.5, **add**
12 (3.5) as follows:

13 **24-32-705.5. Annual public report on funding of affordable**
14 **housing preservation and production - definition.** (3.5) FOR THE
15 PUBLIC REPORT REQUIRED BY SUBSECTION (1) OF THIS SECTION, THE
16 DIVISION MUST INCLUDE, ON AN ANNUAL BASIS, THE INFORMATION
17 REQUIRED TO BE INCLUDED IN ACCORDANCE WITH SECTION 24-32-726
18 (10).

19 **SECTION 5. Appropriation.** (1) For the 2022-23 state fiscal
20 year, \$379,081 is appropriated to the office of the governor for use by the
21 office of information technology. This appropriation is from
22 reappropriated funds received from the department of local affairs from
23 the transformational affordable housing revolving loan fund created in
24 section 24-32-726 (9)(a), C.R.S., that originate from the general fund, and
25 is based on an assumption that the office of information technology will
26 require an additional 4.3 FTE. To implement this act, the office may use
27 this appropriation to provide information technology services for the

1 department of local affairs.

2 **SECTION 6. Safety clause.** The general assembly hereby finds,
3 determines, and declares that this act is necessary for the immediate
4 preservation of the public peace, health, or safety.