

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0808.01 Bob Lackner x4350

SENATE BILL 22-159

SENATE SPONSORSHIP

Bridges and Zenzinger,

HOUSE SPONSORSHIP

Ortiz and Will,

Senate Committees

Local Government
Finance
Appropriations

House Committees

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.**

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 the department of local affairs (department) as a revolving loan program

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.

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, OR A COMMUNITY PARTNER THAT APPLIES FOR A
19 LOAN THROUGH THE LOAN PROGRAM.

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

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

26 (g) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, CITY
27 AND COUNTY, TRIBAL GOVERNMENT, SPECIAL DISTRICT ORGANIZED UNDER

1 TITLE 32, SCHOOL DISTRICT, DISTRICT, HOUSING AUTHORITY, OR ANY
2 OTHER POLITICAL SUBDIVISION OF THE STATE.

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

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

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

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

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

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

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

24 (b) PROVIDE GAP FINANCING FOR HOUSING DEVELOPMENT,
25 INCLUDING TRANSACTIONS UNDER THE FEDERAL LOW-INCOME TAX CREDIT
26 DEFINED IN SECTION 39-22-2101 (7) AND THE AFFORDABLE HOUSING TAX
27 CREDIT CREATED IN SECTION 39-22-2102 (1). FOR PURPOSES OF THIS

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

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

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

23 (I) SENIOR HOUSING;

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

26 (III) HOUSING UNITS, INTEGRATED INTO NONSEGREGATED
27 HOUSING DEVELOPMENTS, SPECIFICALLY DESIGNED FOR PEOPLE LIVING

1 WITH DISABILITIES;

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

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

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

11 (VII) LAND ACQUISITION FOR AFFORDABLE HOUSING;

12 (VIII) PROPERTY CONVERSION AND ADAPTIVE REUSE; OR

13 (IX) PERMANENT SUPPORTIVE HOUSING.

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

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

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

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

26 (5) **Loan program policies.** THE DIVISION OR THE
27 ADMINISTRATOR, AS APPLICABLE, SHALL ESTABLISH AND PUBLICIZE

1 POLICIES FOR THE LOAN PROGRAM. AT A MINIMUM, THE POLICIES MUST
2 ADDRESS:

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

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

8 (c) THE MAXIMUM ASSISTANCE LEVELS FOR LOANS;

9 (d) LOAN TERMS, INCLUDING INTEREST RATES AND REPAYMENT
10 TERMS;

11 (e) REPORTING REQUIREMENTS FOR LOAN RECIPIENTS;

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

14 (g) UNDERWRITING AND RISK MANAGEMENT POLICIES;

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

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

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

23 (6) **Prioritization criteria.** (a) THE GENERAL ASSEMBLY HEREBY
24 ENCOURAGES THE DIVISION, TO THE EXTENT PRACTICABLE, IN REVIEWING
25 LOAN APPLICATIONS, TO CONSIDER PRIORITIZING APPLICATIONS FOR
26 PROJECTS THAT:

27 (I) INCREASE THE SUPPLY OF HOUSING IN COMMUNITIES ACROSS

1 THE STATE IN PROPORTION TO EACH COMMUNITY'S DEMONSTRATED
2 HOUSING NEEDS THROUGH:

3 (A) A PREFERENCE FOR MIXED-INCOME PROJECTS IN WHICH A
4 PERCENTAGE OF UNITS, PROPORTIONAL TO THE DEMONSTRATED HOUSING
5 NEEDS OF THE LOCAL COMMUNITY, WITHIN A PARTICULAR DEVELOPMENT
6 HAVE RESTRICTED AVAILABILITY TO HOUSEHOLDS AT AND BELOW THE
7 INCOME LEVELS SPECIFIED IN SUBSECTION (6)(b)(I) OF THIS SECTION. THE
8 PERCENTAGE OF RESTRICTED UNITS AND AFFORDABILITY LEVELS MUST
9 COMPLY WITH LAWS ENACTED BY LOCAL GOVERNMENTS PROMOTING THE
10 DEVELOPMENT OF NEW AFFORDABLE HOUSING UNITS PURSUANT TO
11 SECTION 29-20-104 (1).

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

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

16 (A) FACE BARRIERS TO ACCESSING CAPITAL FROM TRADITIONAL
17 SOURCES;

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

20 (C) ARE OTHERWISE UNDERSERVED;

21 (III) ALIGN WITH OTHER STATE ECONOMIC DEVELOPMENT
22 EFFORTS;

23 (IV) CREATE PERMANENTLY AFFORDABLE HOME OWNERSHIP
24 OPPORTUNITIES;

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

27 (VI) INCLUDE UNITS THAT ARE RESTRICTED FOR RENTAL USAGE TO

1 PERSONS WITH DISABILITIES OR THAT INCLUDE UNIVERSAL DESIGN
2 FEATURES THAT ALLOW INDIVIDUALS TO RESIDE IN THEIR DWELLING UNITS
3 AS THEY AGE; OR

4 (VII) ARE HIGHLY ENERGY EFFICIENT OR USE HIGH-EFFICIENCY
5 ELECTRIC EQUIPMENT FOR SPACE AND WATER HEATING. THE DIVISION MAY
6 CONSULT WITH THE COLORADO ENERGY OFFICE CREATED IN SECTION
7 24-38.5-101 (1) TO DEVELOP CRITERIA FOR MEETING THE OBJECTIVES
8 DESCRIBED IN THIS SUBSECTION (6)(a)(VII).

9 (b) (I) THE RENTAL AND HOME OWNERSHIP TARGETS APPLICABLE
10 TO LOCAL COMMUNITIES ACROSS THE STATE AS REQUIRED BY SUBSECTION
11 (6)(a)(I) OF THIS SECTION ARE SPECIFIED IN THIS SUBSECTION (6)(b)(I) IN
12 ACCORDANCE WITH THE FOLLOWING:

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

17 (B) FOR A HOUSEHOLD RESIDING IN HOUSING ON A
18 HOME-OWNERSHIP BASIS, ANNUAL INCOME OF THE HOUSEHOLD IS AT OR
19 BELOW ONE HUNDRED TWENTY PERCENT OF THE AREA MEDIAN INCOME OF
20 HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
21 LOCATED;

22 (C) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS
23 IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE HOUSEHOLD IS AT
24 OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME
25 OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
26 LOCATED; AND

27 (D) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME

1 OWNERSHIP BASIS IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE
2 HOUSEHOLD IS AT OR BELOW ONE HUNDRED SIXTY PERCENT OF THE AREA
3 MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH
4 THE HOUSING IS LOCATED.

5 (II) AN APPLICANT SEEKING FUNDING FOR A PARTICULAR
6 DEVELOPMENT, PROJECT, OR PROGRAM THAT IS FUNDED BY THE LOAN
7 PROGRAM MAY, AT ANY TIME, REQUEST THAT THE DIVISION GRANT THE
8 APPLICANT AN EXCEPTION TO THE AREA MEDIAN INCOME LEVELS
9 SPECIFIED IN SUBSECTION (6)(b)(I) OF THIS SECTION BASED UPON
10 DEMONSTRATED UNIQUE ECONOMIC AND HOUSING COSTS ATTRIBUTES IN
11 THE LOCAL COMMUNITY IN WHICH THE DEVELOPMENT, PROJECT, OR
12 PROGRAM IS LOCATED.

13 (c) (I) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF
14 HOUSING, CREATED IN SECTION 24-32-704 (1), SHALL CLASSIFY EACH
15 COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL RESORT" AS
16 USED IN SUBSECTION (6)(b)(I) OF THIS SECTION BASED UPON THE
17 DEFINITIONS OF THE TERMS AS SPECIFIED IN THE FINAL REPORT OF THE
18 COLORADO STRATEGIC HOUSING WORKING GROUP FINAL REPORT, DATED
19 JULY 6, 2021. THE DIVISION OF HOUSING SHALL REGULARLY UPDATE AND
20 PUBLISH MODIFICATIONS OF THE INITIAL CLASSIFICATION OF A PARTICULAR
21 COUNTY AS IT RECEIVES OR PRODUCES INFORMATION DOCUMENTING
22 CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST
23 FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

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

26 (A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION
27 SHOULD APPLY TO THAT COUNTY FROM THE ONE MADE APPLICABLE TO THE

1 COUNTY IN ACCORDANCE WITH SUBSECTION (6)(c)(I) OF THIS SECTION
2 BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS
3 PRESENT IN THE COUNTY. NOT LATER THAN SEPTEMBER 1, 2022, THE
4 DIVISION OF HOUSING SHALL PUBLISH ANY SUCH MODIFIED INCOME
5 RESTRICTIONS AND THE BASIS FOR ANY MODIFICATION APPROVED.

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

10 (d) TO THE EXTENT PRACTICABLE, THE DIVISION AND THE
11 ADMINISTRATOR, AS APPLICABLE, SHALL SUPPORT INNOVATIVE FUNDING
12 MECHANISMS THAT ALLOW MONEY TO REVOLVE QUICKLY TO ENSURE THE
13 RAPID REUSE OF MONEY FOR ONGOING PROJECTS.

14 **(7) Publicizing the loan program.** THE DIVISION SHALL WORK
15 WITH THE MINORITY BUSINESS OFFICE CREATED IN SECTION 24-49.5-102,
16 SMALL BUSINESS DEVELOPMENT CENTERS, COMMUNITY DEVELOPMENT
17 FINANCIAL INSTITUTIONS, AND STAKEHOLDER PARTNERS TO PROMOTE THE
18 PROGRAM TO ELIGIBLE RECIPIENTS WHO PRIMARILY SERVE COMMUNITIES
19 THAT ARE UNDERSERVED OR DISADVANTAGED, INCLUDING ELIGIBLE
20 RECIPIENTS LOCATED IN RURAL COUNTIES. ON OR BEFORE DECEMBER 1,
21 2022, THE DIVISION SHALL DEVELOP AND ADMINISTER A MARKETING
22 INITIATIVE FOR THE PROGRAM IN COORDINATION WITH THE MINORITY
23 BUSINESS OFFICE CREATED IN SECTION 24-49.5-102, THE SMALL BUSINESS
24 ASSISTANCE CENTER CREATED IN SECTION 24-48.5-102, LOCAL CHAMBERS
25 OF COMMERCE, AND OTHER LOCAL AND REGIONAL ECONOMIC
26 DEVELOPMENT ENTITIES TO PROMOTE THE PROGRAM TO ELIGIBLE
27 RECIPIENTS AND TARGET COMMUNITIES. THE MARKETING INITIATIVE

1 SHALL BE CONDUCTED IN THE TOP SPOKEN LANGUAGES IN THOSE
2 COMMUNITIES.

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

4 (a) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR
5 DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS
6 SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY RECEIVED THROUGH
7 GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER, WHO SHALL
8 CREDIT THE MONEY TO THE FUND.

9 (b) THE DIVISION MAY EXPEND, DEPLOY, OR LEVERAGE MONEY
10 RECEIVED FROM FEDERAL GOVERNMENT PROGRAMS THAT SUPPORT LOANS
11 AND INVESTMENTS FOR ONE OR MORE OF THE ELIGIBLE PROJECTS SPECIFIED
12 IN SUBSECTION (3) OF THIS SECTION TO MAKE LOANS UNDER THE LOAN
13 PROGRAM OR TO OTHERWISE MARKET, PROMOTE, OR SUPPORT LOANS
14 UNDER THE PROGRAM, IF ALLOWED UNDER FEDERAL LAW.

15 **(9) Transformational affordable housing revolving loan fund**
16 **- transfer of money to fund - payment of administrative costs -**

17 **appropriation.** (a) THE TRANSFORMATIONAL AFFORDABLE HOUSING
18 REVOLVING LOAN FUND IS HEREBY CREATED IN THE STATE TREASURY. THE
19 FUND CONSISTS OF MONEY TRANSFERRED TO THE FUND IN ACCORDANCE
20 WITH SUBSECTION (9)(d) OF THIS SECTION, ANY OTHER MONEY THAT THE
21 GENERAL ASSEMBLY APPROPRIATES OR TRANSFERS TO THE FUND, AND ANY
22 GIFTS, GRANTS, OR DONATIONS CREDITED TO THE FUND PURSUANT TO
23 SUBSECTION (8)(a) OF THIS SECTION.

24 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
25 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
26 FUND TO THE FUND.

27 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE

1 DEPARTMENT FOR THE PURPOSES SPECIFIED IN THIS SECTION. THE
2 DEPARTMENT MAY EXPEND UP TO FIVE PERCENT OF THE MONEY
3 APPROPRIATED OR TRANSFERRED INTO, OR REPAID FROM, THE FUND ON AN
4 ANNUAL BASIS TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN
5 ADMINISTERING THIS SECTION.

6 (d) ON JULY 1, 2022, OR AS SOON AS PRACTICABLE THEREAFTER,
7 THE STATE TREASURER SHALL TRANSFER ONE HUNDRED FIFTY MILLION
8 DOLLARS TO THE FUND. THE DIVISION SHALL USE THE MONEY
9 TRANSFERRED PURSUANT TO THIS SUBSECTION (9)(d) ONLY FOR:

10 (I) MAKING LOANS TO ELIGIBLE RECIPIENTS PURSUANT TO THE
11 LOAN PROGRAM; AND

12 (II) THE COSTS OF ADMINISTERING THE LOAN PROGRAM AS MAY BE
13 INCURRED BY THE DIVISION OR THE ADMINISTRATOR, AS APPLICABLE, IN
14 ACCORDANCE WITH SUBSECTION (9)(c) OF THIS SECTION. ALL SUCH
15 ADMINISTRATIVE COSTS MUST BE PAID OUT OF THE MONEY EITHER
16 TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (9)(c) OF THIS
17 SECTION OR THAT IS APPROPRIATED TO THE FUND.

18 (10) **Reporting.** IN CONNECTION WITH THE PUBLIC REPORT THE
19 DIVISION PREPARES IN ACCORDANCE WITH SECTION 24-32-705.5 (1), THE
20 DIVISION SHALL INCLUDE IN THE REPORT INFORMATION SUMMARIZING THE
21 USE OF ALL OF THE MONEY THAT WAS PROVIDED AS A LOAN FROM THE
22 LOAN PROGRAM IN THE PRECEDING STATE FISCAL YEAR. AT A MINIMUM,
23 THE INFORMATION INCLUDED IN THE REPORT PERTAINING TO THE LOAN
24 PROGRAM MUST SPECIFY THE NUMBER OF ELIGIBLE RECIPIENTS THAT
25 APPLIED FOR A LOAN, THE NUMBER OF ELIGIBLE RECIPIENTS THAT WERE
26 NOT AWARDED A LOAN, THE AMOUNT OF LOAN MONEY DISTRIBUTED TO
27 EACH LOAN RECIPIENT, A DESCRIPTION OF EACH LOAN RECIPIENT'S USE OF

1 THE LOAN MONEY, THE USE OF LOAN MONEY ALONG THE HOUSING AND
2 INCOME SPECTRUMS, THE AMOUNT OF TIME FROM COMPLETION OF A LOAN
3 APPLICATION THROUGH THE FUNDING OF A LOAN, RECOMMENDATIONS
4 CONCERNING FUTURE ADMINISTRATION OF THE LOAN PROGRAM, AND HOW
5 THE USE OF THE LOAN FURTHERED THE VISION OF TRANSFORMATIONAL
6 AFFORDABLE HOUSING DESCRIBED IN THE FINAL REPORT OF THE TASK
7 FORCE ESTABLISHED IN SECTION 24-75-229 (6)(a). THE DIVISION SHALL
8 ALSO INCLUDE IN THE REPORT ITS RECOMMENDATIONS CONCERNING
9 FUTURE ADMINISTRATION OF THE LOAN PROGRAM.

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

12 **24-32-705. Functions of division.** (7) The division shall
13 administer:

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

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

20 **SECTION 4.** In Colorado Revised Statutes, 24-32-705.5, **add**
21 (3.5) as follows:

22 **24-32-705.5. Annual public report on funding of affordable**
23 **housing preservation and production - definition.** (3.5) FOR THE
24 PUBLIC REPORT REQUIRED BY SUBSECTION (1) OF THIS SECTION, THE
25 DIVISION MUST INCLUDE, ON AN ANNUAL BASIS, THE INFORMATION
26 REQUIRED TO BE INCLUDED IN ACCORDANCE WITH SECTION 24-32-726
27 (10).

1 **SECTION 5. Safety clause.** The general assembly hereby finds,
2 determines, and declares that this act is necessary for the immediate
3 preservation of the public peace, health, or safety.