



Legislative Council Staff

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Final Fiscal Note

Drafting Number:	LLS 23-1000	Date:	July 27, 2023
Prime Sponsors:	Rep. McCluskie; Frizell Sen. Roberts; Exum	Bill Status:	Signed into Law
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Bill Topic: **PROPOSITION 123 AFFORDABLE HOUSING PROGRAMS**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes technical changes to administrative requirements of Proposition 123. The bill reallocates administrative authority for grant programs within divisions of the Department of Local Affairs, and specifies legislative reporting requirements. The bill results in no net change in revenues or expenditures.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Summary of Legislation

Proposition 123, passed at the 2022 general election, dedicates a portion of annual income tax revenue for affordable housing programs administered by the Office of Economic Development and International Trade (OEDIT), and the Department of Local Affairs (DOLA). Some of the dedicated revenue is placed in the Affordable Housing Support Fund and continuously appropriated to the Division of Housing in DOLA for three specific programs, including the Land Planning Capacity Development Program, which provides grants to local governments to assist with processing land use, permit, and zoning applications for housing projects.

This bill moves administration of the land planning program from the Division of Housing to the Division of Local Government in DOLA, and makes corresponding changes to allocations of the dedicated revenue, cash fund sources, and spending authority.

Among other changes, this bill:

- allows tribal governments to participate in the housing programs created in Proposition 123;
- adds some definitions and clarifies ambiguous language;

- specifies that all units from certain Proposition 123 projects are counted towards a required growth obligation as a condition of funding, and allows local governments and tribal governments to divide between them units that result from collaborative agreements;
- allows rural resort communities to petition the Division of Housing to apply different eligibility criteria for certain affordable housing programs; and
- requires that OEDIT and DOLA provide three annual reports to legislative committees about the affordable housing programs.

State Expenditures

The bill moves administrative responsibility for an existing grant program between divisions of DOLA, but results in no net change in the revenue or expenditures from Proposition 123. Workload in OEDIT and DOLA increase minimally for new reporting requirements, and in DOLA to update rules to consider different eligibility criteria for some applicants and programs.

Effective Date

The bill was signed into law by the Governor and took effect on June 5, 2023.

State and Local Government Contacts

Counties

Law

Local Affairs