

DEPARTMENT OF LOCAL AFFAIRS

FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday, December 5, 2019

1:30 pm – 3:00 pm

1:30-1:45 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Rick M. Garcia, Executive Director

1:45-2:20 DIVISION OF HOUSING

Main Presenters:

- Rick M. Garcia, Executive Director
- Alison George, Director for Division of Housing

Topics:

- Issue: H.B. 19-1309 and the Regulation of Mobile Home Parks: Pages 1-2, Questions 1-3 in Packet
- Affordable Housing Activities: Pages 3-10, Questions 4-6 in Packet

2:20-2:55 DIVISION OF LOCAL GOVERNMENT

Main Presenters:

- Rick M. Garcia, Executive Director
- Chantal Unfug, Director for the Division of Local Government

Topics:

- R1 Rural Economic Development Initiative (REDI) Funding Increase: Pages 10-11, Questions 7-8 in Packet
- R2 Field Services Staff Increase: Pages 11-12, Questions 9-10 in Packet
- R4 Crime Prevention Unused Funds Adjustment: Page 12, Question 11 in Packet
- R5 Gray & Black Market Grant Program: Pages 13-14, Questions 12-13 in Packet
- Energy Impact Assistance Fund (EIAF) Grants: Page 14, Questions 14-15 in Packet

2:55-3:00 OTHER

Main Presenters:

- **Rick M. Garcia, Executive Director**

Topics:

- **Continuously Appropriated Funds: Pages 14-15, Question 16 in Packet**

DEPARTMENT OF LOCAL AFFAIRS
FY 2020-21 JOINT BUDGET COMMITTEE HEARING AGENDA

Thursday, December 5, 2019

1:30 pm – 3:00 pm

DIVISION OF HOUSING

ISSUE: H.B. 19-1309 AND THE REGULATION OF MOBILE HOME PARKS

1. There are concerns regarding the provision allowing landlords to pass up to half of the registration fee on to tenants. Does the Department have any suggestions for restricting that ability? Will the Department track how many landlords pass on the registration fee to their tenants?

RESPONSE: The Division of Housing adopted Rule 2.6, which becomes effective 12/30/2019, to clarify the statutory fee provision pursuant to Section 38-12-1106 (8), C.R.S., as follows:

“A landlord may charge a home owner not more than half of this fee annually. If the landlord attempts to recoup up to 50% of this fee from the home owner, he/she must do so in a clear and consistent manner within one (1) year of paying the registration fee to the Division.”

If a mobile home park violates the law or rule with regard to the fee amount that may be passed on to the home owner, then the Division is authorized to investigate the allegation filed by the home owner and require the park to refund any excess fees it has collected.

It should also be noted that this fee provision is adopted from the Washington State fee structure for registering mobile home parks, which is what the Colorado program is modeled after. In communicating with Washington State about home owners being charged half of the registration fee, the program’s supervisor confirmed that they had not received any complaints regarding a park charging more than the allowed fee to the tenant, and its program has been in place there for seven years now.

We are currently looking into the possibility of tracking how many landlords pass on up to 50% of the registration fee to the home owners. We will include it in our database development as long as it does not disrupt our timeline of ensuring all mobile home parks are registered by the statutory deadline of February 1, 2020.

2. What is the Department’s expectation for responding to complaints (timeliness), particularly in the first year?

RESPONSE: The Division of Housing will start receiving and processing filed complaints on May 1, 2020, with two full-time employees assigned to the program to handle those initial submissions for the first two months and 0.1 FTE in legal services. Effective July 1, 2020 and pursuant to the fiscal note for H.B. 19-1309, the Division is authorized to hire an additional 2.3 FTE and the Attorney General’s Office is authorized to hire an additional 1.1 FTE. The Division will ensure that people filing a complaint receive confirmation of receipt within two business days

after submission. All other communication and resolution timelines will be dependent on the severity of the allegations, the volume of complaints received, and available program staffing. The Division will have a better idea of processing timeline expectations once the program is fully staffed in July 2020 and the anticipated initial high volume of complaints is processed.

3. Will information contained in the registration database be available to the public? Will this legislation clarify for tenants who their park owner/manager is and how to contact them with complaints?

RESPONSE: Yes. Section 38-12-1106 (7), C.R.S., requires the name and address of the landlord be provided as part of the park’s registration. Rule 2.3.A. further clarifies the requirements of the statute to include the phone number and email address (if available) of the landlord designated as the primary contact for the mobile home park. The Mobile Home Park Act defines a “landlord” to be “the owner or person responsible for operating and managing a mobile home park or an agent, employee, or representative authorized to act on said management’s behalf in connection with matters relating to tenancy in the park.” In other words, the landlord will not necessarily be the person, people, or entity that actually owns the park.

Section 38-12-1104 (2), C.R.S., requires the landlord to post a notice provided by the Division that summarizes the home owners rights and responsibilities, provides information on how to file a complaint with the Division, describes the protections afforded home owners under section 38-12-1105 (13), C.R.S., and provides the Division’s toll-free number and website that landlords and home owners can use to seek additional information and communicate complaints specific to the program. Rule 5 then clarifies this requirement as follows:

5.1 A landlord must post and maintain the Home Owner Notice provided by the Division pursuant to section 38-12-1104 (2)(a), C.R.S., in every community hall or recreational hall (e.g. clubhouse) in the manner required in section 38-12-1104 (2)(c), C.R.S., and in a form authorized by the Division within one (1) week of receiving the Home Owner Notice from the Division. A landlord must also provide the Home Owner Notice in an accessible format for any home owner with disabilities (e.g. Braille or audio recording) upon request. If no community hall or recreational hall exists, then the Home Owner Notice must be posted and maintained at the rent drop box or another common area within the premises, in a clearly visible and accessible location.

5.2 In addition to complying with Rule 5.1 or these rules, the landlord must provide a copy of the required Home Owner Notice to each individual home owner within one (1) week of receiving the Home Owner Notice from the Division and on an annual basis, by posting it on the door of every home owner’s mobile home.

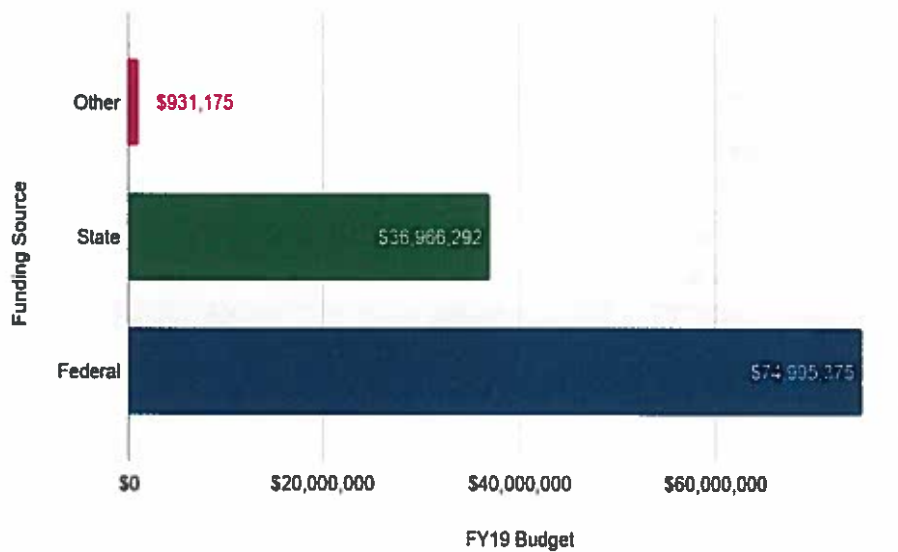
5.3 The landlord must also provide a copy of the required Home Owner Notice with each new/renewed lease executed with a home owner.

The Division will be sharing the required notice with all registered mobile home parks to post as outlined in the statute and rule in early February 2020 after all the parks have first registered with the Division by the statutory deadline of February 1, 2020. This will then give home owners and landlords several months to prepare any complaints they may have alleging violations of the Act and Program on and after May 1, 2020, which is the deadline set in statute for the Division to begin receiving and processing complaints.

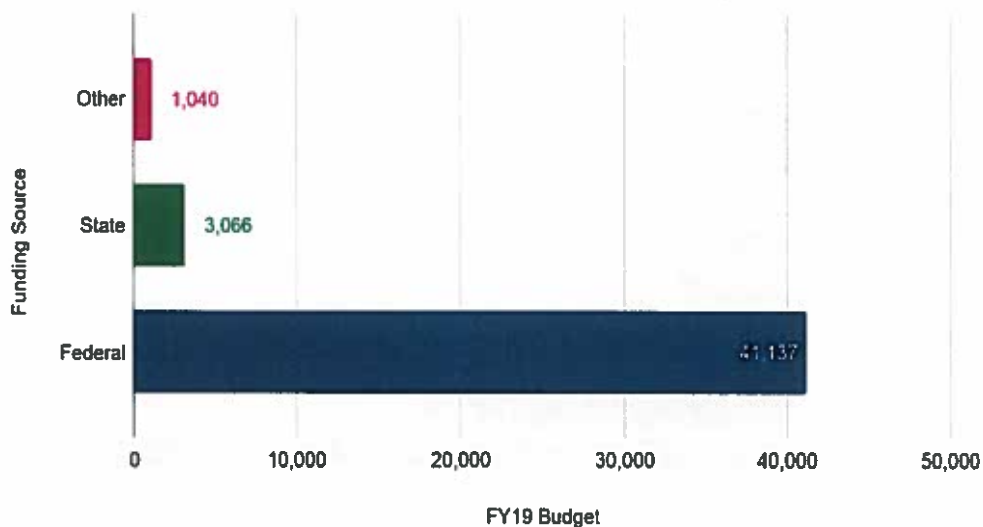
AFFORDABLE HOUSING ACTIVITIES

4. Please provide a comprehensive summary of all state and federal funding that is provided through the Department for affordable housing programs. What types of subsidies and services are available in Colorado (listed by number of units and dollar amounts, if possible)?

Department of Local Affairs, Division of Housing Budget by Funder in FY19

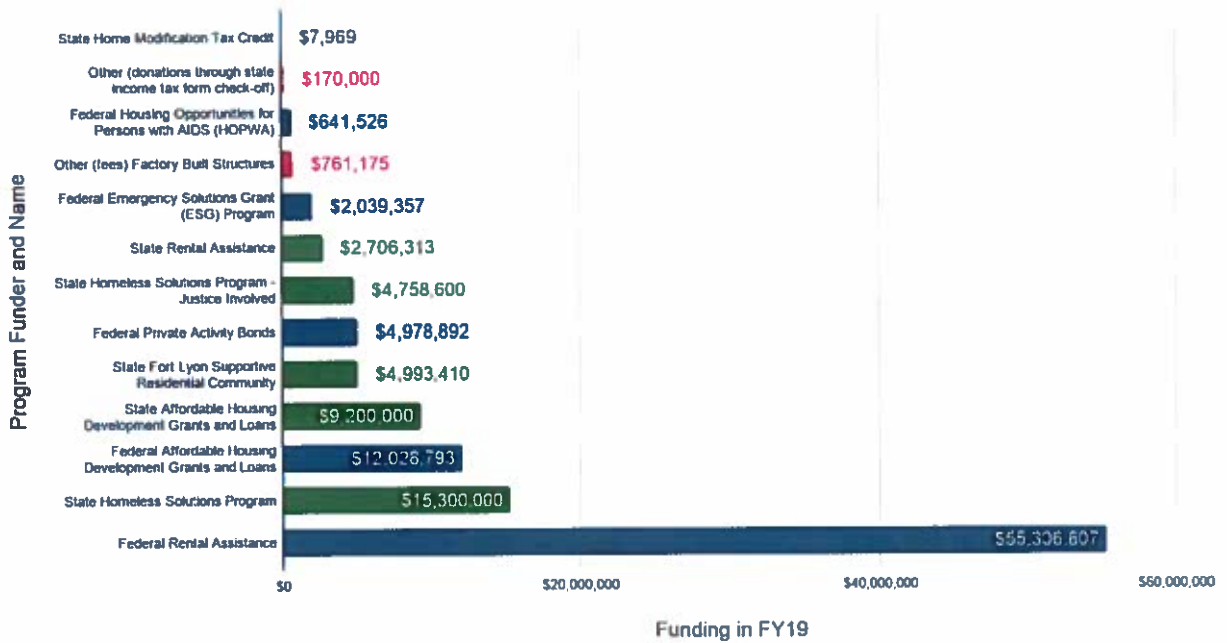


Department of Local Affairs, Division of Housing Households Served by Funder in FY19

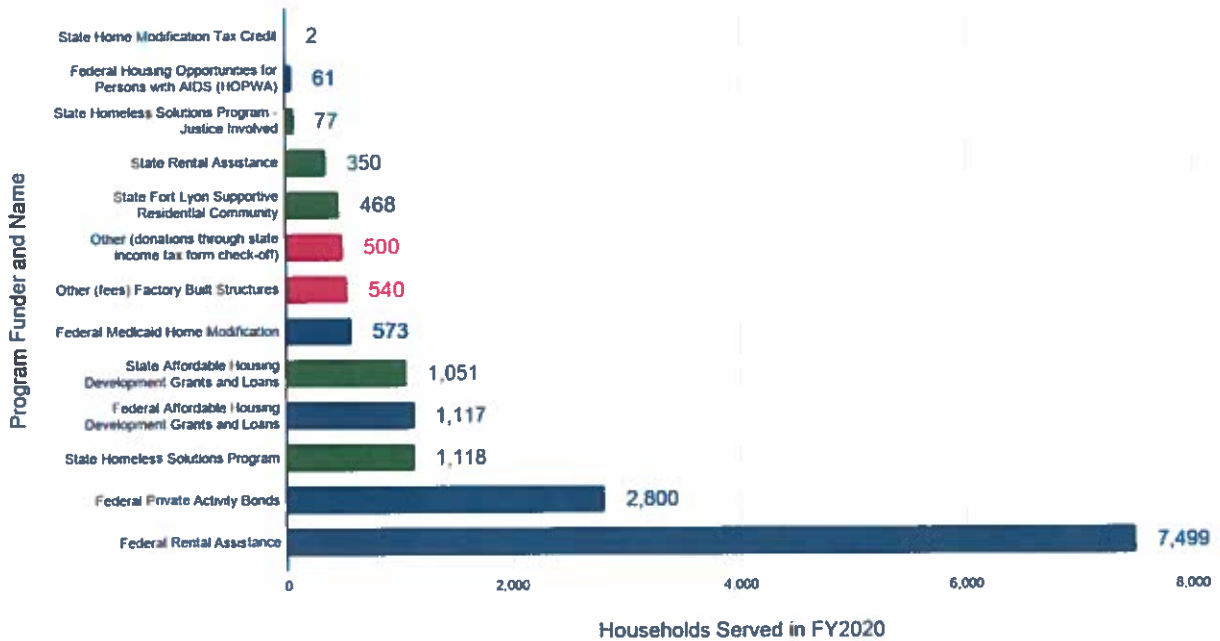


Note: The number of households served by programs funded with federal dollars is skewed by the 29,087 households provided with emergency shelters, day shelters, rapid re-housing, and homelessness prevention through the Emergency Solutions Grant.

Department of Local Affairs Division of Housing State Funding by Funder and Program in FY19



Department of Local Affairs, Division of Housing Households Served by Program in FY19



Note: The number of households served by the Federal Emergency Solutions Grant has been excluded from this graph for scaling purposes. This program assisted 29,185 households in FY 2019.

Following are descriptions of various State and federal programs listed in the preceding charts.

Housing Programs including FY2018-19 Funding and Households Served

Rental Assistance: Federal funds of \$55,306,807 and 7,499 households served

Housing Choice Voucher (HCV): The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, elderly individuals, and people with disabilities to afford decent, safe, and sanitary housing in the private market. The Division of Housing (DOH) provides vouchers to Colorado's most vulnerable residents including individuals with disabilities, individuals experiencing homelessness, survivors of domestic violence, and individuals exiting institutional settings.

Veterans Affairs Supportive Housing (VASH): The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

Section 811: This program assists extremely low income people with significant & long term disabilities to live independently in the community by providing affordable housing linked with voluntary services and supports.

Family Unification: DOH partners with the Colorado Division of Child Welfare and local service providers to administer this unique housing choice voucher program to assist homeless youth aging out of the foster care system (ages 18 through 21) and families where available housing is an obstacle to full custody of their children.

Continuum of Care (CoC) Permanent Supportive Housing (PSH): The CoC PSH program serves chronically homeless persons with disabilities, prioritizing persons with severe mental illness. The program operates in partnership with community mental health centers & service providers across the state. Currently, the program has over 660 voucher holders statewide and has very limited turnover.

Rental Assistance: State funds of \$2,706,313 and 350 households served

Funded through the Colorado State Legislature, these vouchers target the following populations:

Mental Health (MH) Vouchers: The MH voucher program was created to assist homeless persons in transitioning smoothly out of state mental health hospitals into permanent housing. DOH administers housing vouchers for approximately 125 persons statewide in partnership with community mental health centers and sees a less than 10% turnover annually.

Colorado Choice Transition (CCT) Vouchers: The CCT voucher program provides housing vouchers for over 225 people with disabilities that require long-term services and supports to transition out of nursing facilities. These vouchers help solve systemic barriers to clients moving into a least-restrictive community living environment and to improve their health outcomes.

(See Homeless Solutions Program below, which also includes some vouchers and other rental assistance programs).

Homeless Solutions Program: State funds of \$15,300,000 and 1,118 households served

The Homeless Solutions Program (HSP) was established in FY 2016-17 through the annual allocation of \$15.3 million from Colorado's Marijuana Tax Cash Fund. The program was initiated to address Colorado's homelessness crisis, with almost 11,000 homeless individuals including Veterans, youth aging out of foster care, and people with significant behavioral health conditions. HSP is prioritized to serve individuals with an extensive history of homelessness and behavioral health conditions who are frequent or high-cost consumers of public systems, such as behavioral health and justice systems. Youth and Veterans experiencing homelessness are also prioritized within the program. HSP focuses particularly on two models that are proven best practices: Supportive Housing and Rapid Re-housing and includes both gap financing for the development of Supportive Housing units and rental assistance. In FY 2018-19, approximately \$10.9 million was committed to projects with the remaining funds rolled forward to FY 2019-20.

Homeless Solutions - Justice Involved (Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System): State funds of \$4,758,600 and 77 households served

In FY 2018-19, \$4,758,600 was appropriated from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System Cash Fund to specifically serve the justice-involved population. These funds have been prioritized for Rapid Re-housing, an efficient and effective best practice for short- to medium-term financial and case management assistance to secure permanent housing. Nearly \$4 million was committed to FY 2019-20 contracts.

Fort Lyon Supportive Residential Community: State funds of \$4,993,410 and 468 individuals served

The Fort Lyon Supportive Residential Community provides recovery oriented transitional housing to individuals faced with homelessness and addiction. The program combines housing with counseling, educational, vocational, and employment services for up to 250 homeless and formerly homeless persons from across Colorado, with an emphasis on serving homeless veterans. The program is located at the former Fort Lyon Veterans Affairs Hospital in Bent County and is part of the state and community efforts to repurpose the facility to meet the needs of homeless individuals across the state and to catalyze the reuse of the facility to meet a variety of community needs. The program is a collaboration between DOH, the Colorado Coalition for the Homeless, and Bent County.

Homeless Prevention Activities Program (HPAP): State funds (donations made through State income tax form check-off) of \$170,000 with approximately 500 households served

Funding for HPAP is made available through the State Income Tax Check-off, which allows Colorado residents to make voluntary contributions on their State Income Tax Return. DOH administers HPAP annually through a competitive process to non-profit organizations throughout the state. Services provided include, but are not limited to: direct payments to landlords and/or utility companies and case management.

Emergency Solutions Grant (ESG) Program: Federal funds of \$2,039,357 and 29,087 households served

The ESG program provides funding throughout the state to local governments and homeless services providers for sheltering and essential social services.

Housing Opportunities for Persons with AIDS (HOPWA): Federal funds of \$641,526 and 61 households served

DOH provides funding to the Colorado AIDS Project, which distributes funds to the Boulder County AIDS Project, Northern Colorado AIDS Project, Southern Colorado AIDS Project and Western Colorado AIDS Project according to need in their respective areas. The funding is primarily used to provide rental assistance and supportive housing services.

Affordable Housing Development Grants and Loans: State funds of \$9,200,000 and 1,051 households served.

DOH provides grants and loans to provide gap funding for the acquisition, rehabilitation and new construction of affordable housing. The types of projects and programs DOH provides funding for include: rental and homeownership; multi-family and single family; low-barrier shelters for people experiencing homelessness or domestic violence; Supportive Housing (SH); new construction and acquisition with or without rehabilitation; homeownership programs such as down payment assistance and single family owner-occupied housing rehabilitation. Funds are targeted toward units that are restricted to households at or below 60% Area Median Income (AMI) for rental projects and at or below 80% AMI for homeownership projects. A minimum of 5% of the units in a rental project must be restricted to households at or below 30% AMI in new construction projects.

An important component of providing housing development grants and loans is both short and long-term monitoring to ensure that funding source requirements are met through construction and that the units are maintained at an affordable rent and serve income eligible residents.

Affordable Housing Development Grants and Loans: Federal Funds of \$12,028,793 and 1,117 households served

This figure includes formula grant awards for the following HUD programs: Community Development Block Grant (CDBG), HOME Investment Partnerships, and Housing Trust Fund programs.

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Private Activity Bonds: Federal funds of \$4,978,892 and 2,800 households served

The Division of Housing tracks the amount issued in PAB for each project, but does not track the number of units in each project. This is an estimate based on 100 units per project in the 28 projects that used PAB.

The *Internal Revenue Code of 1986* allows each state to provide by law a formula for allocating a limited amount of tax-exempt private activity bonds among the issuing authorities of the state. DOH is the state agency which allocates the allowable bond amounts – almost \$600,000,000 per year – to state authorities and local issuing authorities (i.e. cities and counties with a population large enough to receive more than \$1,000,000 in bond allocation). DOH awards the remaining Private Activity Bond allocations (the “Statewide Balance”) to issuing authorities through a competitive application process. Underwriters use investor money called “bond proceeds” to make a loan to a project. The project then pays back the loan and the investors are repaid, plus interest. Eligible activities include new construction or acquisition/rehab of housing for low- to moderate-income people, single-family mortgage revenue bonds, mortgage credit certificates, and manufacturing “small issue” industrial development bonds for construction of manufacturing facilities that produce goods. DOH tracks the delegation, use and expiration of the bonds, following state law and IRS rules.

Manufactured Buildings Program: State cash funds of \$761,175 and 540 households served through inspections

DOH supports, licenses and regulates the residential and non-residential factory-built industry in Colorado. This includes the registration and certification of manufacturers, dealers, and installation professionals; plan review; and inspections of both the structures and the installations. In addition, DOH administers the state’s manufactured housing consumer complaint process, and inspects hotels, motels and multifamily construction in areas of the state that do not have a local building department.

Home Modification Tax Credits: State funds of \$7,969 and 2 households served

H.B.18-1267 created a state income tax credit (up to \$5,000 per qualified individual per year) for home modifications that are necessary to ensure the health, welfare and safety of a qualified individual and enable greater accessibility and independence in the home (e.g. ramps and grab bars, widening of doorways, or modifications to kitchen facilities). DOH manages this program, including taking applications, verifying work completion and issuing tax credit certificates. The total amount of tax credits available per year is \$1,000,000. The program started in January 2019, and by the end of FY 2018-19 had issued credits to two households for a total of \$7,969. Another 67 households were pre-qualified for the program.

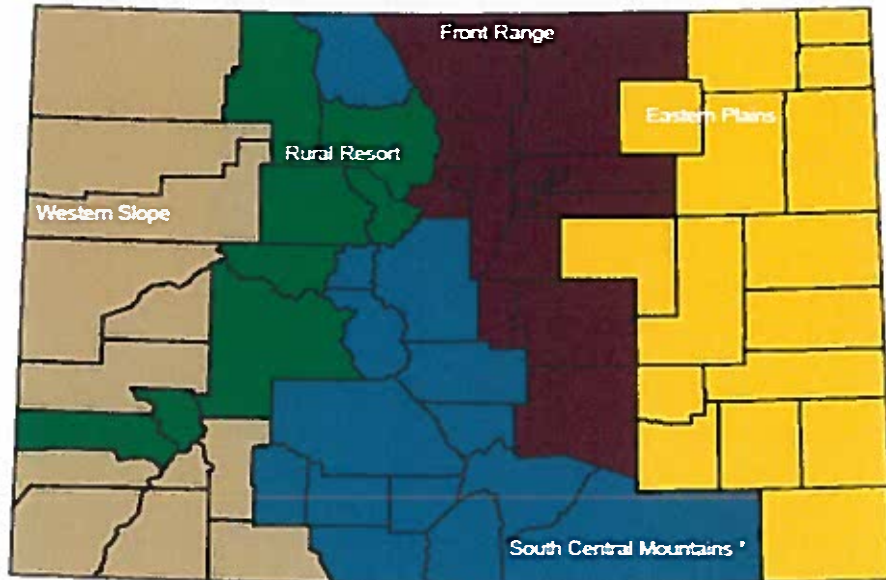
Medicaid Home Modification Program: Federal dollars tracked by HCPF with 573 households served

DOH partners with the Department of Health Care Policy and Financing (HCPF) to administer and oversee the home modification program (e.g. ramps, grab bars, widening of doorways, modifications to kitchen facilities) for eligible low-income Medicaid recipients including reviewing eligibility, inspecting a percentage of completed jobs, and responding to complaints. DOH receives funding to oversee this program through an interagency agreement with HCPF.

5. Please detail the distribution of state funds through the Housing Development Grant Fund by region.

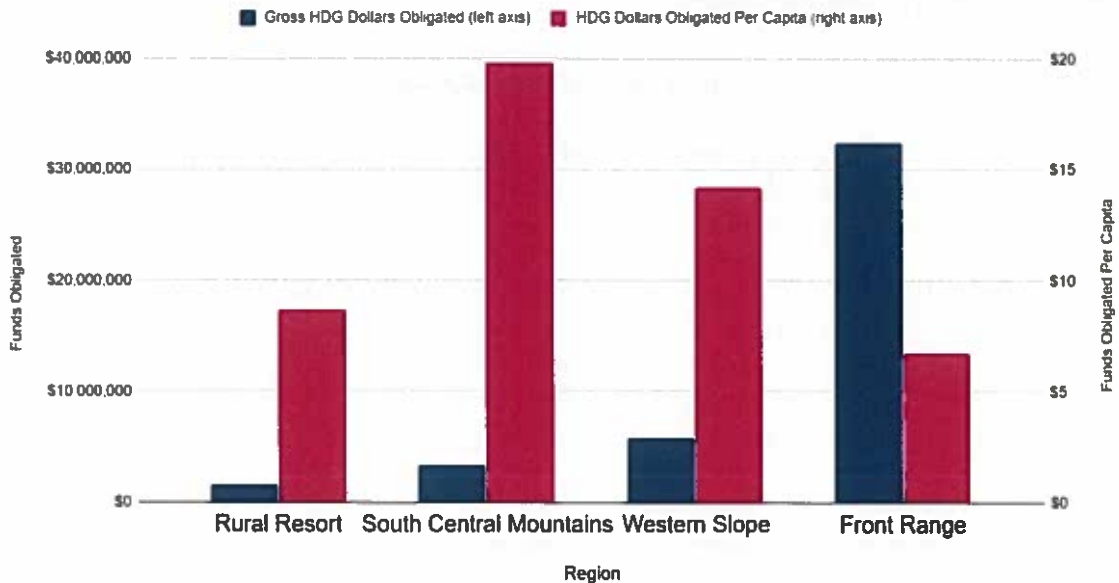
RESPONSE: The following map indicates the regions that the Division of Housing utilizes for categorizing its housing programs. The graph illustrates how HDG funds have been used in different regions of the State. A note accompanies the graph at the top of the next page.

Housing Regions of Colorado



*Jackson County included due to similarity of housing stock.

Housing Development Grant (HDG) Gap Finance Funds Committed by Region in State Fiscal Years 2017-2019



Note: This chart illustrates HDG funds awarded for grants and loans for housing development activities and does not include contracts for rental assistance, single family housing down payment assistance programs, or other similar activities. Though there were no HDG funds awarded towards development projects in the Eastern Plains during these fiscal years, the Division of Housing has awarded \$900,000 in federal funds towards two development projects in the Eastern Plains during this timeframe – an award of \$5.64 per capita.

6. Actual federal funds administered through the Department of Housing and Urban Development rental subsidy program have been significantly higher than the informational amount shown in the Long Bill (\$51.5 million). Has the amount of federal rental voucher funding increased in recent years? If so, is there a reason?

RESPONSE: In FY 2018-19, the rental assistance programs spent \$55,306,807.00. The breakdown between programs is below:

- \$1.5 million on Mainstream Vouchers
- \$5.7 million on CoC (Continuum of Care) PSH (Permanent Supportive Housing) programs
- approximately \$200,000 on TBRA (Tenant-Based Rental Assistance) programs
- \$48 million on Housing Choice Vouchers

In the Housing Choice Voucher (HCV) and Mainstream Voucher programs, the Division of Housing has experienced a slight increase in funding each year. HUD’s “benchmarking” process funds a Public Housing Authority (the Division of Housing is a Public Housing Authority) based on a percentage of what they spent in the prior year **plus** an inflation factor. For example, the Division spent \$45,384,993 in FFY 2018 towards Housing Assistance Payments (HAP) in the HCV Program. The FFY 2019 benchmarking approved by HUD funded all PHAs based on 99.5% of what they spent in 2018 **plus** an inflation factor of 1.04018 (4.0%). With the addition of first time renewal funds of \$25,374, the Division of Housing’s 2019 funding for the HCV program totaled \$46,997,776. This equates to a slight increase in funding for the HCV program totaling \$1,612,783.

DIVISION OF LOCAL GOVERNMENT

R1 RURAL ECONOMIC DEVELOPMENT INITIATIVE (REDI) FUNDING INCREASE

7. You indicate that this program was created through a Long Bill amendment. Provide the history of this program. Do you believe introducing legislation to codify this program would improve the program and the types of projects/activities it funds?

RESPONSE: The General Assembly provided \$780,000 in the FY 2019-20 Long Bill to ensure communities facing economic challenges or risks could be provided with technical and financial assistance to stabilize and diversify their economies. Since FY 2013-14, in partnership with the Office of Economic Development and International Trade (OEDIT), the Department has distributed \$6.1 million to 60 communities towards 107 projects.

The Department does not believe additional legislative direction is necessary at this time, as one of the program’s current advantages is the flexibility the Department has to meet the shifting needs of local governments in rural parts of the state. Additional legislated requirements could reduce

opportunities for innovation to promote economic development in rural communities. As an example, the Location Neutral Employment (LONE) program combines REDI funding from the Department with OEDIT funding and tax credits to reimburse local governments for marketing expenses associated with promoting remote jobs in rural counties. Additional legislative restraints on use of funding could preclude the creation of other similar rapid initiatives in future years.

8. The requested funding increase would support an additional five communities. What is the total demand for funding from the program? Would the requested funding fully address the number of communities seeking funding?

RESPONSE: For the FY 2018-19 funding cycle, the Division received requests for \$1.2 million in REDI funds and awarded \$779,005, which is 65% of the total applications. For the FY 2019-20 cycle, the Division received applications for \$1,348,229 in REDI funding and awarded \$760,288, which is 56% of the total applications.

- a) Please provide examples of the types of entities and activities that have been funded in the past, and what the Department plans to fund in the future.

RESPONSE: The Division awards REDI funds to local governments within counties with less than 50,000 people, and from communities with fewer than 20,000 people. Three types of projects are eligible: local government economic capacity planning grants, infrastructure projects that support economic diversification, and projects that support the growth and development of rural entrepreneurial eco-systems. The Division plans to continue using these eligibility criteria in future award cycles.

An example of a REDI project includes the City of Rifle, in partnership with the Rifle Regional Economic Development Corporation, utilizing \$9,000 for new lighting to complete the renovations for the new Rifle Co-Working Space. The Rifle Co-Working Space opened in May 2019 with an anchor business to help offset the operating costs of the space, and with sixty members and two dedicated desks already rented out to permanent users. These grants are a powerful tool to stimulate additional private investment in a community, as they encourage local governments to proactively plan for economic success in a way that enables economic growth to occur.

R2 FIELD SERVICES STAFF INCREASE

9. Given that the number of field staff has not increased in ten years, what spurred the need for more staff on the Western Slope? Are there other regions that are similarly underserved?

RESPONSE: In the last decade, the demand on the Field Services team has steadily increased due to population growth, the frequency of natural disasters, and large service area each staff member covers. Over the past four years, the Department has discussed the need to increase the team's capacity and decided to focus on efficiencies and LEAN process improvements to ensure it had streamlined workload before requesting additional staff. Through this process, the team enacted process efficiencies such as creation of e-grants portal to accept applications and payments, e-signatures to expedite contracts, use of more unilateral contracts to reduce project start-up timelines, and cross-regional training and collaboration.

Even with these process improvements, the demands on the team still necessitate additional staff to assist local communities with their requests. Increased population leads to more demand from local governments for expert management assistance from the Field Services team. To reach the internal goal of ensuring that the field services team is providing direct and proactive assistance to local governments during at least 60% of their work time by FY 2021-22, the team estimates an additional need of 3.0 FTE. Currently, field services team members spend a significant amount of time commuting between regions, doing general administrative work, and processing contracts, reducing the time available to directly assist communities. The creation of a ninth region will decrease the number of general purpose local governments and special districts in each region, will reduce the travel time to support local governments, and will condense the overall number of annual contracts processed and supported by each Field Services region. The Department expects to redraw five of the current eight regions, which will adjust workloads in these regions.

10. What types of requests is the team not able to respond to now? How do they handle this (e.g., do they delay responses or simply prioritize and not respond to those deemed low priority)?

RESPONSE: This team prioritizes requests and reacts to demands regularly to ensure the most immediate needs are met. During times of natural disasters, the Division temporarily reassigns the field services team to cover the most urgent areas, reallocates staff from the Denver office, and leaves non-urgent requests to a later time. However, any outstanding Field Service team requests are eventually addressed once the impact of a natural disaster has been appropriately contained. The additional capacity provided by R-2 will enable this team to be more proactive in identifying trends and responding to needs all across Colorado.

R4 CRIME PREVENTION UNUSED FUNDS ADJUSTMENT

11. House Bill 17-1326 created the justice reinvestment crime prevention initiative within the Department and identified Aurora and Colorado Springs as target communities. Please explain why funds for the Crime Prevention Initiative Small Business Lending and Grants program are limited to two specific communities. Would these funds be better utilized by expanding the program to other geographies?

RESPONSE: As identified in the original legislation, only two communities were picked for the pilot project in an effort to collect data on the program's success. According to the bill's sponsors, Arapahoe County (Aurora) and El Paso County (Colorado Springs) together send more people to prison than anywhere else in the state, leaving these communities disproportionately impacted by crime and criminal justice involvement. In addition, these communities are home to community-based organizations (i.e. nonprofits) that were ready to engage in the work required by this pilot program. As a result, these two communities were identified for the pilot.

To date, the program has not shown the level of demand for grants that was originally anticipated when the pilot was established. Further, since the program is in its third year, the Department is still collecting data needed to evaluate whether the program is successful at achieving its objectives to strengthen neighborhoods and reduce crime. If the program is successful, it could be expanded to other parts of the State and interest has already been expressed by other communities. If the General Assembly is interested in expanding this program, the Department will engage with partners and stakeholders to ascertain capacity, cost, and the ability to launch into additional communities.

R5 GRAY & BLACK MARKET GRANT PROGRAM

12. Provide data about program utilization and expenditures to date. Does the Department anticipate a need for \$6.0 million in FY 2021-22? If so, based on what data?

RESPONSE: Grant awards provided by the Gray & Black Market Marijuana Enforcement Program (GBMJ) have been utilized to cover, in part or in full, investigation and prosecution costs of law enforcement and district attorneys. These expenditures include expenses such as salaries/fringe dedicated to investigation of unlicensed and illegal operations, small and large equipment (e.g. drones, trailers, vehicles), surveillance, pretrial incarceration costs, lab testing, IT hardware, and IT software and services, as well as safety equipment and education of law enforcement. District attorneys are primarily using these funds for added personnel and overtime hours dedicated to prosecution of unlicensed and illegal marijuana operations violating State law.

The Department is appropriated nearly \$6 million in cash funds from the marijuana tax cash fund to support the GBMJ program. However, demand for these dollars has not been as robust as the Department and the General Assembly expected when H.B. 17-1221 was signed into law. Figures to date include:

- In FY 2017-18, \$5,849,112 was appropriated for program grants but only \$708,395 of grant funding was awarded and ultimately spent.
- In FY 2018-19, the program rolled forward \$5,140,717 in unused funds, and was appropriated an additional \$5,940,151. Under a new funding formula, \$3,306,663 was awarded and spent, and \$809,075 was returned to the MTCF.
- In FY 2019-20, the program rolled forward \$5,858,965 in unused funds and was appropriated an additional \$5,944,365. Grant activity is still ongoing, but approximately 10% of awarded funds have been expended to date.

As the program matures, the Division is seeing grant dollars used more rapidly. The Division believes this indicates that as the grantees become more familiar with the program, use of the appropriated dollars will increase. Further, the Division has seen significant interest among the eligible applicants over the last six months and inquiries coming into the Division have increased. Therefore, the Department anticipates that, after a one-time reduction in FY 2020-21 intended to reduce funding rolled forward in FY 2021-22, the program will be able to issue grants at the original appropriation level.

13. The Department has indicated that small local law enforcement agencies, at least initially, did not feel like it is worth their time to seek reimbursement. Describe the distribution methodologies that have been used to date, and whether any further changes would improve the efficiency and utilization of this grant program.

RESPONSE: Initially, as prescribed by H.B. 17-1221, the GBMJ program was launched as a reimbursement program. This caused a hardship, especially on smaller local law enforcement agencies. After additional input from law enforcement agencies, the district attorneys, the Colorado Municipal League, Colorado Counties, Inc., and the Department of Revenue's Marijuana Enforcement Division, all agreed that a new distribution method of financial assistance to cover

the cost of activities, to address the legislated priorities, and to meet the legislative intent of H.B. 17-1221 would help the program provide support to eligible grantees.

Beginning the September 1, 2018 application cycle, the Division utilized a formula based on regional population figures to mathematically determine grant funding amounts a government is eligible for. Rural areas, as defined by the associated statutes, receive priority funding and are, therefore, weighted more heavily than other local government applicants. Financial assistance is now provided through an advance request, which allows local governments to receive funding upfront. The grant recipients must report quarterly on how funds are being spent in accordance with statute. The Division has received positive feedback from local governments regarding this shift in methodology and does not believe additional changes to the program are necessary at this time.

ENERGY IMPACT ASSISTANCE FUND (EIAF) GRANTS

14. Please explain the role of the Energy and Mineral Impact Assistance Advisory Committee in approving/rejecting grant applications.

RESPONSE: The Energy and Mineral Impact Assistance Advisory Committee does not approve or reject applications. The committee reviews applications and makes recommendations to the Department's Executive Director who is responsible for final funding decisions. There is a public hearing during each application cycle attended by Department staff and the Advisory Committee that provides applicants an opportunity to present and make a case for their projects.

15. Will the \$12 million set aside for clean-energy and \$5 million set aside for "middle mile" broadband projects go through the Committee?

RESPONSE: Yes, the projects for the Renewable Clean Energy Challenge and Broadband set-asides will be reviewed by the EIAF Advisory Committee.

OTHER

CONTINUOUSLY APPROPRIATED FUNDS

16. For each of the following cash funds, please indicate whether the Department believes continuous spending authority is necessary, and if so, why. What consequences or challenges would the Department expect if the fund were annually appropriated rather than continuously appropriated?

- Justice Reinvestment Crime Prevention Cash Fund created in Section 24-32-120 (1)(c),C.R.S.
- Targeted Crime Reduction Grant Program Cash Fund created in Section 24-32-120 (2)(i),C.R.S.

RESPONSE: The above funds were established by S.B. 19-064 and are associated with the crime prevention initiative grant program and lending program. The Department believes continuous spending authority is justified for these funds. Both of these programs are still in early stages and may take three to five years to become fully established. The Department believes continuous authority allows for easier implementation and project completion as well as fully utilizing dollars in later years of the three- to five-year cycle as potential applicants become more familiar with program requirements.

- Mobile Home Park Act Dispute Resolution and Enforcement Program Fund created in Section 38-12-1110 (1),C.R.S.

RESPONSE: The above fund was established by H.B. 19-1309. The Department believes continuous spending authority is justified for this fund. As this is a new program, the Division cannot perfectly project the number of complaints it will receive in early years of the program, but stakeholders have suggested that this number in the first year may be significant. Retaining the continuous appropriation authority would provide the program with flexibility to increase spending from this fund to address an influx of requests at any time. For example, the program may be required to pay for contractors to ensure a quick and timely response to complaints.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED. PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

1. Provide a list of any legislation that the Department has: (a) not implemented, or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

The Department is on target to meet all the implementation dates contained within the various bills passed during the 2019 legislative session. Some of the target dates will be reached in 2020 as permitted by the applicable legislation.

2. Does the Department have any HIGH PRIORITY OUTSTANDING recommendations as identified in the "Annual Report: Status of Outstanding Audit Recommendations" that was published by the State Auditor's Office and dated June 30, 2019 (link below)? What is the Department doing to resolve the HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

Based on the SAO's follow-up audit process and information reported by the Department as of June 30, 2019, there are no outstanding audit recommendations. In the SAO's *2018 Annual Report: Status of Outstanding Audit Recommendations*, the Department also had no outstanding audit recommendations. Between July 1, 2013, and June 30, 2018, the Department agreed or partially agreed to implement 19 audit recommendations. One of these was from financial audits and 18 were from performance audits.

3. If the Department receives federal funds of any type, please respond to the following:
 - a. Are you expecting any changes in federal funding with the passage of the FFY 2020-21 federal budget? If yes, in which programs, and what is the match requirement for each program?

The latest numbers in the proposed federal budget being considered by each house of the U.S. Congress differs from each other as well as that of the Trump Administration. At this time, the Department has not been informed of any significant changes to funding for federal programs from which it receives money.

- b. Does the Department have a contingency plan if federal funds are eliminated?

Since the Department is not aware of any funding reductions to federal programs from which it receives money, no contingency plans have been developed. We continue to closely monitor discussions and proposals at the Federal level, along with partner communities and agencies, for further developments.

- c. Please provide a detailed description of any federal sanctions or potential sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2019-20 or 2020-21.

The Department is not aware of any current or pending sanctions for state activities related to its federal funding.

- d. Compared to other states, Colorado ranks low in receipt of federal dollars. How can the Department increase the amount of federal money received?

The State Demography Office, which is part of the Department, has stated that the most effective way to increase the amount of federal dollars received by all state agencies is to ensure that the 2020 Census count is as accurate as possible. In its FY 2019-20 budget, the Department received a one-time \$300,000 General Fund appropriation as a result of R-4 (“Census 2020 Communications Outreach and Support”) and a one-time \$6 million General Fund appropriation pursuant to adoption of H.B. 19-1239 (“Census Outreach Grant Program”). These moneys are aimed at helping communities all over Colorado ensure the most accurate 2020 census count. The Department is not aware of other federal dollars that are available for its programs, but for which it has failed to obtain funding.

- e. What state funds are currently utilized to draw down (or match) federal dollars? What state funding would be required to increase the amount of federal funding received?

The Divisions of Housing and Local Government use a small portion of their General Fund appropriations to provide the State match for both the Community Development Block Grant (CDBG) and the Community Services Block Grant (CSBG). As mentioned above, the Department is not aware of other federal dollars that are available for its programs, but for which it has failed to obtain funding.

4. Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign?

The Department did not pay for any public awareness campaigns in FY 2018-19 out of its current operating budget and does not plan to do so in FY 2019-20. Beginning July 1, 2019, the Department received \$248,000 General Fund associated with R-4 (“Census 2020 Communications Outreach and Support”) to fund marketing materials and communication strategies to educate, engage, and encourage people to respond to the Census 2020 questionnaire. However, these are one-time funds and are dedicated to this specific purpose.

5. Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

By Department and By Division. Information on FTE vacancies in FY 2018-19 for both the Department and each division is provided in the Schedules 3 and 14 included as part of the Department's FY 2020-21 budget submission. A summary of the division vacancies is provided below. This data was compiled as of June 30 at the close of FY 2018-19.

| Division | FY 2018-19 Approp. | FY 2018-19 Actual | Vacancy Rate |
|-------------------------------|--------------------|-------------------|--------------|
| Executive Director's Office | 14.2 FTE | 12.8 FTE | 9.9% |
| Division of Property Taxation | 37.2 FTE | 35.6 FTE | 4.3% |
| Board of Assessment Appeals | 13.2 FTE | 7.4 FTE | 43.9% |
| Division of Housing | 57.8 FTE | 55.2 FTE | 4.5% |
| Division of Local Government | 58.7 FTE | 58.9 FTE | (0.03%) |

The vacancy rate for the Board of Assessment Appeals is misleading since appropriated FTE includes eight board members. These critical staff typically work 30-40 hours per month and pursuant to Section 24-50-603 (7), C.R.S., are provided full benefits for their service. To ensure that full salary benefits ('POTS') are provided to the Department, each of these staff must be appropriated at the level of 1.0 FTE. If the board members are excluded from both appropriated and actual FTE, then the Board of Assessment Appeals' utilization of FTE in FY 2018-19 slightly exceeded the amount in the H.B. 18-1322.

By Program for Programs with 20 FTE or More. The Department believes this only applies to the Division of Property Taxation whose program line is comprised of 37.2 FTE and the Personal Services line item in the Division of Housing's Community and Non-Profit Services section. While the Department's Long Bill has three other lines that exceed 20.0 FTE, these are comprised of staff for several distinct programs.

| Program | FY 2018-19 Approp. | FY 2018-19 Actual | Vacancy Rate |
|-------------------------------------|--------------------|-------------------|--------------|
| Division of Property Taxation | 37.2 FTE | 35.6 FTE | 4.3% |
| DoH Community & Non-Profit Services | 25.6 FTE | 21.9 FTE | 14.4% |

By Occupational Class within Larger Occupational Group with 20 FTE or More. The Department has two occupational classes across its divisions and programs that meet this criteria and are listed below.

| Job Class | Occupational Group Code | FY 2018-19 Approp. | FY 2018-19 Actual | Vacancy Rate |
|----------------------------------|-------------------------|--------------------|-------------------|--------------|
| Property Tax Specialist | H | 29.0 FTE | 28.7 FTE | 1.03% |
| Community & Economic Development | H | 51.7 FTE | 46.7 FTE | 9.7% |

Reasons for leaving the Department's employment are self-reported by separating employees and are often not provided. Reasons that have been provided include early retirement, accepting a job outside the State system, and personal reasons.

6. Please identify how many rules you have promulgated in the past two years (FYs 2017-18 and 2018-19). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis.

During the past two years, the Department has revised a total of seven sets of rules. The Department does not regulate businesses and therefore has not conducted a cost-benefit analysis of the rules.

7. What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations.

Between FY 2014-15 and FY 2018-19, the ‘per person’ cost of rental vouchers provided by state housing programs administered by the Division of Housing has exceeded the Denver-Boulder-Greeley CPI. This has been driven primarily by increasing rents in the Denver metro area. The following table summarizes this disparity over that time.

| Fiscal Year | Cost of Voucher | Annual Increase | CPI-U | Annual Increase |
|-------------|-----------------|-----------------|-------|-----------------|
| 2015-16 | \$6,917 | n/a | 243.3 | n/a |
| 2016-17 | \$7,426 | 7.3% | 250.8 | 2.9% |
| 2017-18 | \$8,055 | 8.5% | 255.0 | 3.4% |
| 2018-19 | \$8,648 | 7.4% | 261.0 | 2.4% |

The Department is also seeing impacts related to the rising cost of construction. The Federal Reserve Bank of St. Louis collects and publishes data on a variety of economic indicators including the price index for both construction materials and labor. The measures provided are calculated at a national level because they are not available at the state, regional, or local level. The Denver-Boulder-Greeley CPI-U increased by 1.7% in FY 2016-17, 2.9% in FY 2017-18, and 2.4% in FY 2018-19, while the Producer Price Index for Construction Materials increased by 2.4%, 4.7%, and 4.6%, respectively.

Similarly, the cost of construction labor has increased substantially in recent years. The average annual wage for workers employed in the residential building construction industry in Colorado was \$67,411 in 2018 and increased by 3.9% in calendar year 2016, 5.4% in 2017, and 5.9% in 2018. Increasing construction costs decreases the number of affordable housing units that the Department can fund with State funds.

8. How is the Department’s caseload changing and how does it impact the Department’s budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

Housing affordability continues to present challenges in Colorado. The number of Colorado households paying more than 30% of their income towards housing grew by 6.6%, or 28,000, from 2013 to 2018. Median home values increased from \$245,500 to \$373,300 over this same time period, a change of 55%, while median contract rents increased from \$858 to \$1,181, a 38% increase. While the price of housing overall has risen, the quantity of housing stock available at the bottom of the market (with rents under \$800) has shrunk substantially, with over 124,000 or 55%, fewer units available at that price-point in 2016 as compared to 1990.

According to HUD's Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey (AHS) report, only 2.76% of the Denver Metropolitan Statistical Area's housing stock is livable for persons with disabilities while 0.03% is wheelchair accessible. This will also challenge the state from a housing perspective, as the number of persons over 65 with an ambulatory difficulty increased by 8.4%, from 127,763 in 2013 to 140,774 in 2018.

2. Please provide an overview of the Department's current and future strategies for the use of outward facing technology (e.g. websites, apps), the role of these technologies in the Department's interactions with the public and other state agencies, the Department's total spending on these efforts in FY 2018-19, and expected spending in FYs 2019-20 and 2020-21.

Over the last two years, the Department has utilized new and advanced technology to increase our ability to serve our customers more efficiently. In order to process our Colorado Open Records Act (CORA) documents more effectively and track all submissions and responses, the Communications team created an online submission web-form on the department's public-facing website that allows these requests to be directed to the Chief Administrative Officer without having to release a direct email address and also prevents errors in typing and selecting the appropriate source for submission. The Department is also serving as the State's pilot agency using electronic signatures on all grants and contracts issued from the Department to grantee or contract recipients. This process will save three weeks in processing time on all grants and contracts, as well as many loans, issued by the Department and has been recognized as a 3E (Effective, Efficient, Elegant) project by the Governor's Office on Lean initiatives for cutting waste and saving time. These required a minimal amount of staff time and operating dollars.

Last year, the Division of Housing (DOH) launched a new online portal that allows for the acceptance of online payments and has reduced the time for processing payments. DOH has also created an online interactive tool which features housing affordability data that looks at the following categories: rental gaps, affordability by household, cost burden mapping, housing burden by county, ownership supply and demand, rent distribution, and AMI income by rent levels. The interactive tool is managed by both the Communications team and DOH to ensure data is timely and is updated through a system called Tableau. This interactive tool can be accessed at: public.tableau.com/profile/connor.everson5568#!/vizhome/ColoradoHousingAffordabilityDataExplorer/Introduction. The cost to DOH to launch the portal was approximately \$6,940.

In the summer of 2018, the Division of Property Taxation (DPT) launched a new Assessor's online reference library on DOLA's website. The video library allows for county assessors to access a basic overview of assessment statistics and State Board of Equalization requirements, time trending techniques and exposure to the performance evaluation process, all of which enhance their knowledge base in their field. DPT will work in conjunction with the Communications team to add more courses each year. In FY 2019-20, DPT will launch a similar online reference library for the Property Tax Exemptions Program. The Assessor's online reference library cost \$13,225 and the Exemptions library is expected to cost \$7,935.

Last year, the Division of Local Government (DLG) launched a new portal for grant applications on the Department's external website, which has simplified their grant-making process and is also recognized as a 3E project by the Governor's Office. The portal is intuitive and leads filing entities through the grant application, as well as notifies them of successful applications that result in awards. The portal also leads applicants through various contracting and reporting requirements. Several of DLG's programs are now utilizing the online portal for grant applications including: Energy/Mineral Impact Assistance Funds (EIAF), Community Development Block Grants, Limited Gaming Impact, Gray and Black Market Marijuana Enforcement, Peace Officers Mental Health Support, and the Defense Counsel First Appearance Program (H.B. 18-1353). Initial programming costs totaled approximately \$500,000 over the course of three years with annual maintenance costs of \$20,000-\$30,000 depending on whether new grant programs have come online. Many of these costs were funded out of the Department's Payment to OIT common line item in the EDO section of the Long Bill.

The Department continues to update its social media strategy that includes methodologies to increase public engagement and awareness. The Department has also added social media applications to its Communications Plan and incorporated HootSuite as a tool so messaging is consistent across all social media applications including LinkedIn, Facebook, and Twitter. Our Twitter application feeds directly to our external website calendar on the homepage and allows customers to see what is going on within the Department. Information is also shared daily with the public regarding external events such as housing groundbreakings; upcoming legislative changes that impact the public; grant awards; press releases; program launches; and other public meetings. These required a minimal amount of staff time and operating dollars.

10. There are many ways in which the Department may interact with internal or external customers, including the public and other departments. How is the Department gathering feedback and evaluating customer experience? Please address all interactions, e.g. technology, in-person, call centers, as well as total spending on these efforts in FY 2018-19 and expected spending in FYs 2019-20 and 2020-21.

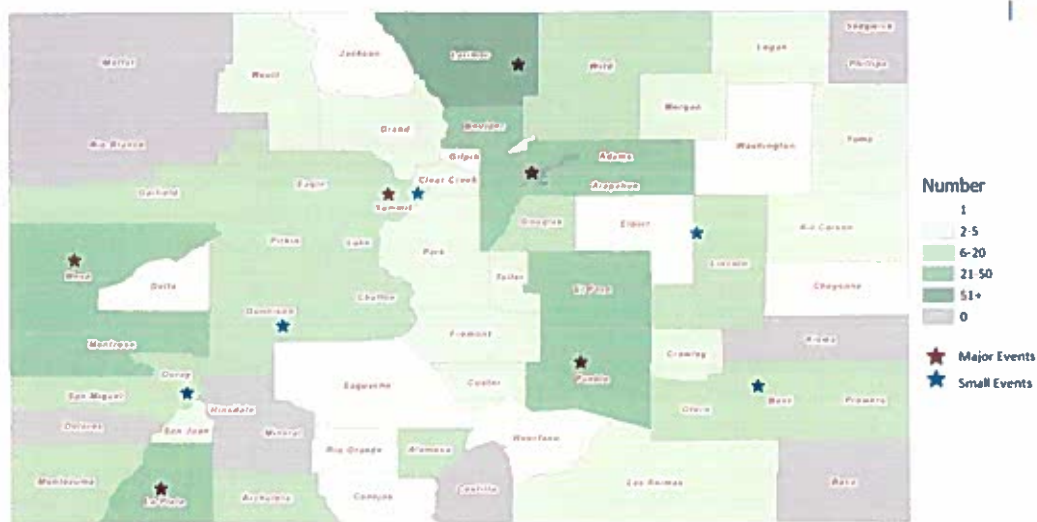
Division of Housing FY2018-19 Stakeholder Engagement: In 2018-19 the Division of Housing held outreach and training meetings in collaboration with Housing Colorado at five locations throughout the state: Grand Junction, Pueblo, Durango, Fort Collins, and Denver. The meetings included a legislative update and a description of strategic priorities from Housing Colorado; information on the Division of Housing's new and existing programs; information on regulations governing residential factory-built structures; and a discussion of the role that factory built homes and micro-housing can play in developing and preserving affordable housing.

FY 2018-19 Stakeholder Engagement Costs (excluding staff time): \$11,000

Division of Housing FY2019-20 Stakeholder Engagement: As required by H.B. 19-1322, the Division of Housing must "consult with stakeholders from urban and rural communities and representatives from populations of different income levels with diverse housing needs" in determining how best to allocate money to promote the various housing purposes. From July

to November 2019, the Division conducted this stakeholder engagement process, which included full-day stakeholder meetings in Grand Junction, Pueblo, Durango, Denver, Fort Collins, and Frisco plus additional focused stakeholder meetings in Bent County, Limon, Ouray, Keystone, and Gunnison. Input was collected at the stakeholder meetings and through an online survey. Over 850 individuals provided input, representing a wide range of rural and urban stakeholders including veterans, seniors, homeless individuals and families, justice-involved individuals, low-income renters, moderate-income home buyers, and people with disabilities. The Division is currently analyzing the data to compile a final report by the end of February 2020.

The map below shows the locations of the stakeholder engagement activities and the number of participants by county in meeting the requirements of H.B. 19-1322.



H.B. 19-1309 entails setting up a new Mobile Home Park Act Dispute Resolution and Enforcement Program, which includes the promulgation of rules to implement the program and clarify the Mobile Home Park Act. The Division of Housing held stakeholder meetings in Adams County, El Paso County, Larimer County, and Eagle County to collect stakeholder input in the rulemaking process. Additionally, the Division provided information to a broad stakeholder list and accepted written input via email or mail, and in-person input at the rule-making hearing. The initial stakeholder engagement and rulemaking was to ensure clarification regarding the registration process, which requires in statute that all mobile home parks in the state be registered by February 1, 2020. An additional round of stakeholder engagement is planned for January and February to further clarify the complaint process with a goal of adopting new rules and policies by April 2020 in time to start receiving and processing complaints by May 1, 2020.

The Building Codes & Standards Section will be revisiting its regulatory process and codes to keep pace with innovation and in some instances, anticipating important developments in the arena of factory-built structures, both residential and nonresidential, including the sale and installation of manufactured homes, in order to ensure effective and efficient regulation of a quickly evolving industry. As a result, it will be working with the Technical Advisory

Committee (TAC), which is authorized by statute to advise the State Housing Board on recommendations it has concerning the construction codes to be adopted for the state--to review several key areas in our regulatory process that are in need of updating. They include at a minimum: closed panel construction, work completed onsite that is deemed to be the responsibility of the factory that built the structure offsite, determining what is the responsibility of the seller/dealer in overseeing manufactured home projects for consumer protection, and creating a process for inspecting and certifying the installation of multi-family residential modular structures as they become more prevalent and complex. Stakeholders will be invited to participate in the TAC meetings that will be held in December 2019 and January 2020 for an anticipated rulemaking hearing in March 2020.

FY 2019-20 Estimated Stakeholder Engagement Costs (excluding staff time): \$18,316

For FY 2020-21, the Division intends to again hold five outreach and training sessions around the state in collaboration with Housing Colorado, similar to FY 2108-19, unless legislation requires a different format and intent. Also in FY 2020-21, additional rulemaking and associated stakeholder meetings will likely be held in relation to the Mobile Home Park Act Dispute Resolution and Enforcement Program and the Building Codes & Standards Section to determine if rules are working and if any need to be repealed, modified, or created to ensure these regulatory programs continue to be effective and efficient.

FY 2020-21 Estimated Stakeholder Engagement Costs (excluding staff time): \$14,000

Division of Local Government Stakeholder Engagement: The Division of Local Government regularly engages in stakeholder engagement processes and are a routine responsibility for many of its various program staff. The Field Services team spends much of its time requesting, collecting and responding to information from stakeholders all over the State as well as asking for feedback on the Division's services. They are the frontlines for learning about new issues facing local governments and special districts. New legislation and new grant programs require significant stakeholder engagement to determine the best way to implement within statute and to meet the needs of impacted parties. Recent examples include the Peace Officers Mental Health Support Grant Program, the Defense Counsel on First Appearance Grant Program, and the Law Enforcement Community Services Grant Program. Even before any moneys are distributed, there is substantial front-end work required to 'stand-up' a grant program. The Division's external partners include the Colorado Departments of Natural Resources (DNR) and Public Health and Environment (CDPHE), the Rural Development Agency within the U.S. Department of Agriculture (USDARD), and the Colorado Water Resources and Power Development Authority. These partnerships are especially critical to the coordination of the State's funding for water and wastewater projects. Much of the costs for the Division's stakeholder engagement activities are hard to quantify since they are part of many staff's job responsibilities.

11. Please highlight the long-term financial challenges of fulfilling the mission of the Department with particular attention to any scenarios identified in the Department's Long Range Financial Plan involving an economic downturn, department-specific contingencies, emerging trends, or major

anticipated expenses (Subsections 3-6 of Section 4 of the Long Range Financial Plan submitted pursuant to H.B. 18-1430).

As outlined in its Long Range Financial Plan, the Department's biggest challenges in fulfilling its various missions revolve around the continued availability during an economic downturn of General Fund associated with both the Low Income Rental Subsidies and Affordable Housing Construction Grants and Loans Pursuant to Section 24-32-721, C.R.S. line items as well as the Peace Officers Mental Health Support and Defense Counsel on First Appearance Grant Programs. Related to the Department's support from State cash funds, a more active and conservative approach to enforcement of federal laws in states that have legalized marijuana consumption could compel the General Assembly and the Governor to curtail or eliminate the Department's use of marijuana dollars for both the Affordable Housing Construction Grants and Loans Pursuant to Section 24-32-721, C.R.S. (\$15.3 million) and the Gray and Black Market Marijuana Enforcement Grant Program (\$6.0 million) line items. Colorado's severance tax revenue collection model can lead to significant volatility from year to year; however, it does not necessarily correlate with national economic cycles and when it does there is often a lag of up to two years to see this impact to the State.

12. In some cases, the roles and duties of existing FTE may have changed over time. For all FY 2020-21 budget requests that include an increase in FTE:

- a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;

Existing staff may apply for the positions requested in R-2 ("Field Services Staff Increase) and R-3 ("Affordable Housing Administration Reappropriation"). If existing staff fill these positions, then that will create new vacancies that would need to be posted and filled. In most instances, the changing roles and duties of existing staff doesn't address the need to cover an increasing bandwidth of workload and thus the need for additional FTE.

- b. Specify why additional FTE are necessary; and

In regards to R-2, regional managers are a specialized position and are typically filled by candidates living in the applicable geographic region. This request also includes an administrative assistant position that will be located in Grand Junction. There are currently no staff at that location who would apply for this position. It is assumed that this position will be filled by an applicant residing in or near Grand Junction. None of the Division's vacancies allocated to other programs are available to address this request.

The FTE associated with R-3 will provide the Division of Housing with the full complement of asset managers and housing development specialists to effectively and efficiently manage the Affordable Housing Construction Grants and Loans Pursuant to Section 24-32-721, C.R.S. line item.

- c. Describe the evaluation process you used to determine the number of FTE requested.

In terms of R-2 and the proposal to create a new region for the field services team, a new regional manager is fundamental. Currently, the Department has four regional assistants,

which each support two regional managers. Since this request adds a ninth regional manager, an additional regional assistant is necessary to relieve workload issues across the field services team. Additionally, supporting two regional managers at the Grand Junction office will require more administrative support. The FTE requested as part of R-3 are based on the staff needed to fully support the \$24.5 million in state funds appropriated to the Affordable Housing Construction Grants and Loans Pursuant to Section 24-32-721, C.R.S. line item.

13. Please describe the impact of Colorado’s low unemployment rate on the Department’s efforts to recruit and retain employees.

The low unemployment rate means the Department needs to be a more competitive with compensation and benefits in order to retain current staff and recruit future employees. Cities and counties in Colorado tend to compensate better than the Department for similar positions. Over the last few years, the Department has lost several employees to local governments because of higher compensation. The Department’s compensation policy (and that typically required for pricing fiscal notes) of hiring at or near range minimum presents a challenge when competing against employers who pay more. Attracting experienced employees from local governments is even more of a challenge because meeting their compensation demands results in compression pay issues. As turnover at the Department continues to occur, compression may become more significant and more widespread.

14. **NOTE: An example template for providing data for this question will be provided by the JBC Staff.**

State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:

- a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds \$100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited.
- b. For each source, list actual revenues collected in FY 2018-19, and projected revenue collections for FY 2019-20 and FY 2020-21.

| Non-Tax Revenues Collected by Department Subject to TABOR | | | | |
|---|-----------------------------|------------------------------|--------------------|--------------------|
| (a) Revenue Source | (a) Associated Cash Fund | (b) Annual Revenue Collected | | |
| | | FY18-19 Actual | FY19-20 Projection | FY20-21 Projection |
| Fees | Building Regulation | \$1,073,317 | \$1,060,000 | \$1,060,000 |
| Fees | Private Activity Bond | \$119,239 | \$168,490 | \$126,375 |
| Fees | Property Tax Exemption | \$1,038,031 | \$1,035,000 | \$1,035,000 |
| Fees | Board of Assessment Appeals | \$133,302 | \$280,000 | \$115,000 |
| Licenses | Search & Rescue | \$557,636 | \$550,000 | \$550,000 |

- c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2020-21.

None of the Department’s FY 2020-21 decision items are associated with these funds.

15. Please describe the Department's current practice regarding employee parking and other transportation options (i.e. EcoPass). Please address the following:

a. Does the Department have adequate parking for all employees at all locations?

Most of the Department's employees are located at 1313 Sherman Street, which is one block south of the State Capitol. They are responsible for finding parking for their vehicles as well as paying for that parking if necessary.

b. If parking is limited, how are available spaces allocated?

This issue is not applicable to the Department.

c. If free parking is not available, how is parking paid for, and who pays (employee or Department)? (e.g. stipends, subsidized parking, eco passes)

The Department's employees pay to park their personal vehicles as necessary.

d. If employees pay fees for parking, where is the revenue credited and how is it spent, and is it subject to TABOR?

Several employees pay to park in the James Merrick State Parking Facility at the corner of 14th Avenue and Lincoln Street. A couple of staff also park in the lot between 1313 Sherman and 1375 Sherman Street. Fees for both locations are paid to the Department of Personnel and Administration.

e. Do parking and/or transportation benefits factor into Department compensation and/or retention efforts?

Since FY 2017-18, the Department has paid the full cost of RTD Eco-Passes for all employees who are interested. It is not clear if this retains employees, but it is one of the benefits that senior management regularly receives positive feedback.

16. Please identify all continuously appropriated funds within the Department's purview with a fund balance or annual revenue of \$5.0 million or more. Please indicate if these funds are reflected in the FY 2019-20 Long Bill.

| Fund Name | FY 2018-19 Revenue | FY 2018-19 Balance | In Long Bill |
|---------------------------------|--------------------|--------------------|--------------|
| Local Government Severance Tax | \$112,371,376 | \$61,409,216 | Yes |
| Local Government Mineral Impact | \$47,622,214 | \$14,132,722 | Yes |
| Limited Gaming Impact | \$5,443,118 | \$51,554 | Yes |
| Conservation Trust | \$66,645,188 | \$126,563 | Yes |
| Housing Development Grant | \$9,636,916 | \$15,982,805 | No |

The balance for the Housing Development Grant fund does not reflect encumbrances for grants and loans awarded with new dollars received July 1, 2019. These effectively bring the fund balance to almost \$0.