

Cover Page

This document includes the following components:

- Memorandum – Additional balancing options omitted from briefing –November 26, 2024
- Department of Local Affairs Staff Budget Briefing – November 18, 2024
- Department of Local Affairs Additional Staff Budget Briefings – November 18, 2024

MEMORANDUM



JOINT BUDGET COMMITTEE

To Members of the Joint Budget Committee
 From Andrea Uhl and Amanda Bickel, JBC Staff
 Date November 26, 2024
 Subject Additional balancing options omitted from briefing

The Staff Budget Briefing for the Department of Local Affairs, dated November 18, 2024, excluded the impact of two statewide budget balancing proposals. The following table modifies the information on page 23 of the Briefing; additions are highlighted in orange.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
R5 Severance tax transfer	\$10,000,000	-\$10,000,000	Y	The Local Government Severance Tax Fund is used primarily for grants and loans to local governments for infrastructure projects. See the briefing issue included in this document for additional details. This is requested as a one-time option.
Statewide R1 Cash fund interest transfer - severance tax	14,590,510	-14,590,510	Y	The request includes an additional transfer from the Local Government Severance Tax Fund for the portion of the balance attributable to interest income. The transfer would be split over FY24-25 and FY25-26; this is a one-time option.
Statewide R1 Cash fund interest transfer - other funds	465,496	-465,496	Y	The request proposes transfers from the Colorado Heritage Communities Fund and Infrastructure and Strong Communities Grant Program Fund for the portion of the balance attributable to interest income. The transfer would be split over FY24-25 and FY25-26; this is a one-time option.
Subtotal - Revenue	\$25,056,006	-\$25,056,006		
Expenditure Reductions				
R4 Defense Counsel on First Appearance Grant Program	-\$392,159	\$0	N	The request includes a reduction to the DCFA Grant Program that would leave \$1.1 million available in FY 25-26. See the briefing issue included in this document for additional details. This is requested as a one-time option.
Statewide R4 1% GF reduction for program lines	-34,402	0	N	The request includes combining Personal Services and Operating Lines, and reducing the consolidated lines by 1%
Statewide R5 round to the nearest \$1,000	-15,196	-16,764	N	The request includes a proposal to round General Fund and cash funds appropriations down to the nearest \$1,000. This proposal would create ongoing savings.
Subtotal - Expenditures	-\$441,757	-\$16,764		
Net General Fund Relief	\$25,497,763			

Incorporating the additions in the table above, the budget request includes proposals for General Fund relief totaling \$25.5 million, representing 36.1 percent of General Fund appropriations. These reductions are offset by proposed increases, so that the Department's net General Fund relief as requested equates to 32.9 percent.

November 26, 2024

The Statewide R1 transfer of \$14.6 million from the Local Government Severance Tax Fund would impact the amount of funding available for Energy/Mineral Impact Assistance Fund Grants. This transfer was not incorporated in any of the information received from the Department for the Severance Tax briefing issue. The table below incorporates the proposed transfer in Statewide R1 and replaces the table at the bottom of page 38 of the Briefing.

Projected Energy/Mineral Impact Funds available if DOLA R5 and Statewide R1 are approved				
	FY 2023-24 prelim	FY 2024-25 forecast	FY 2025-26 forecast	FY 2026-27 forecast
OSPB Sept forecast - Severance Tax to DOLA	\$86.4	\$98.9	\$103.8	\$92.2
Grants (70% of total to DOLA)	60.5	69.2	72.7	64.5
Transfer to GF in HB24-1413	0.0	-25.0	0.0	0.0
Transfer in S.B. 24-174 (see note)	0	*	0.0	0.0
DOLA R5	0.0	0.0	-10.0	0.0
Statewide R1**	<u>0.0</u>	<u>-8.3</u>	<u>-6.3</u>	<u>0.0</u>
Severance Tax Grants	60.5	35.9	56.4	64.5
FML Grants	<u>19.3</u>	<u>21.5</u>	<u>23.2</u>	<u>23.5</u>
Total Grants	\$79.8	\$57.4	\$79.6	\$88.0
Direct Distribution - Severance	25.9	29.7	31.1	27.7
Direct Distribution - FML	20.9	21.5	23.2	23.5
Total Direct Distributions	\$46.8	\$51.2	\$54.3	\$51.2

*\$10.5 million from Severance Tax and \$4.5 million from FML funds was transferred under S.B. 24-174 for grants to local governments for a specific purpose. Because this is a type of use allowable for EIAF grants, this reduction is not included.

**For purposes of this table, staff has assumed that Statewide R1 reductions would also be from the grants portion of the Local Government Severance Tax Fund, but this is not specified in the request.

Joint Budget Committee



Staff Budget Briefing FY 2025-26

Department of Local Affairs

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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November 18, 2024

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2024 legislative session that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: <https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

Overview

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's budget is comprised of four sections:

- The *Executive Director's Office (EDO)* provides leadership and support, including strategic planning, policy management, accounting, budgeting, purchasing, human resources administration, and public information. The State Demography Office is housed within the EDO.
- The *Division of Property Taxation* operates under the leadership of the *Property Tax Administrator*, who is appointed by the *State Board of Equalization*. This division: (1) coordinates and administers the implementation of property tax law throughout the state, including issuing appraisal standards and training county assessors; (2) grants exemptions from taxation for eligible entities; and (3) values multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities. The *Board of Assessment Appeals* is a quasi-judicial body that hears individual taxpayer appeals concerning the valuation of real and personal property, property tax abatements, and property tax exemptions.
- The *Division of Housing* administers state and federal affordable housing programs, including: (1) providing funding to private housing developers, housing authorities, and local governments to increase the inventory of affordable housing; and (2) offering rental assistance statewide through local housing authorities and non-profit service organizations. This division also regulates the manufacture of factory-built residential and commercial buildings, and approves multi-family construction in counties with no construction codes.
- The *Division of Local Government* provides technical assistance and information to local government officials. This division also makes state and federal financial resources available to support community infrastructure and services through various statutory formula distributions and grant programs.

Recent Appropriations

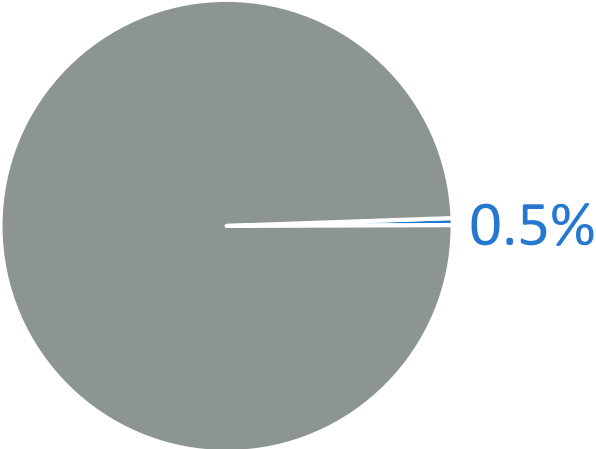
Local Affairs: Recent Appropriations				
Funding Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26*
General Fund ¹	\$55,351,984	\$54,908,525	\$70,674,185	\$74,460,446
Cash Funds	281,810,561	184,814,120	166,951,010	168,724,053
Reappropriated Funds	22,370,987	18,152,298	18,265,146	17,744,842
Federal Funds	82,580,705	125,008,048	124,852,518	125,023,343
Total Funds	\$442,114,237	\$382,882,991	\$380,742,859	\$385,952,684
Full Time Equivalent Staff	221.9	234.5	245.8	251.4

*Requested appropriation

¹ Includes General Fund Exempt

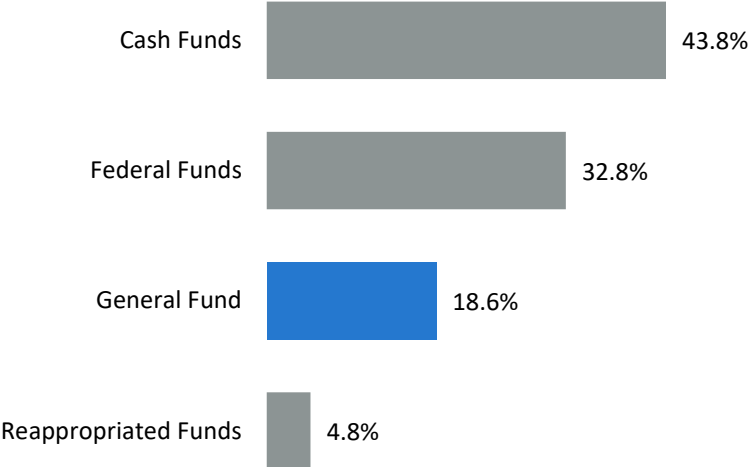
Graphic Overview

Department's Share of Statewide General Fund



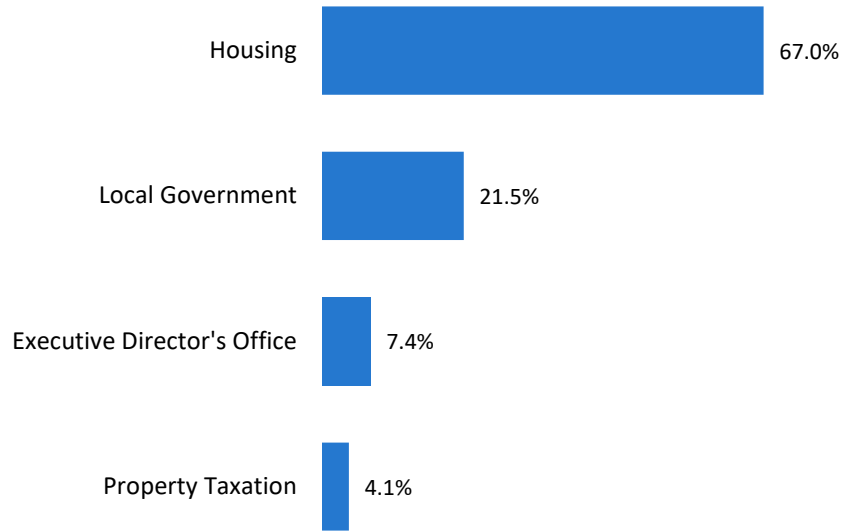
Based on the FY 2024-25 appropriation.

Department Funding Sources



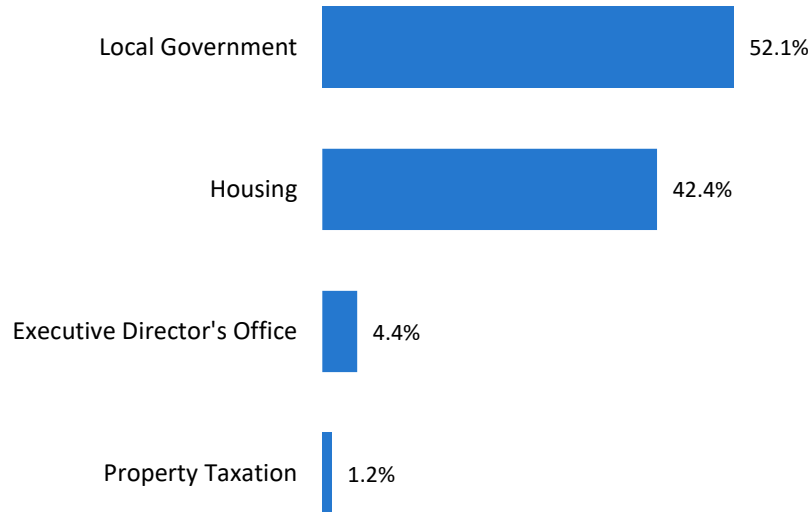
Based on the FY 2024-25 appropriation.

Distribution of General Fund by Division



Based on the FY 2024-25 appropriation.

Distribution of Total Funds by Division



Based on the FY 2024-25 Appropriation

Cash Funds Detail

Department of Local Affairs Cash Funds Detail				
Fund Name	FY 2024-25 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Lottery Proceeds to the Conservation Trust Fund	\$58,157,460	^{1,2}	Lottery proceeds	Acquisition, development, and maintenance of new conservation sites or maintenance for recreational purposes on any public site
Local Government Severance Tax Fund	49,500,000	²	Revenues from state Severance Tax and interest	Grants and loans to local governments for construction and operation of public facilities and services. Also direct distributions to local governments
Local Government Mineral Impact Fund	40,500,000	^{1,2}	Revenues from federal government from mineral leases on federal land in Colorado	Grants and loans to local governments for construction and operation of public facilities and services. Also direct distributions to local governments
Limited Gaming Impact Fund	6,224,234	²	State tax on limited gaming, transferred from Dept. of Revenue	Financial assistance to designated local governments for documented gaming impacts
Marijuana Tax Cash Fund	2,243,102		State sales tax on retail and medical marijuana.	Low-income rental subsidies and Gray & Black Market Marijuana Enforcement Grant
Mobile Home Dispute Resolution Fund	1,869,908	²	Annual registration fee for each mobile home that is independently-owned on rented land within a given landlord's mobile home park	Administrative support for Mobile Home Park Oversight Program; support creation and maintenance of Registration Information Database
Building Regulation Fund	1,792,784		Fees paid by home sellers and installers	Regulate factory-built structures and certain multi-family structures
Property Tax Exemption Fund	1,171,161		Fees for reviewing applications for property tax exemptions	Administration of property tax exemption program.
Affordable Housing Support Fund	889,483	^{1,3}	Revenues created from a tax on one-tenth of one percent of income per Prop 123 (see below)	Affordable home ownership program and programs to serve people experiencing homelessness
Accessory Dwelling Unit Cash Fund	467,246	¹	Transfer from the General Fund	Grants and technical assistance for accessory dwelling unit supportive jurisdictions
Housing Development Grant Fund	383,076	^{1,3}	Appropriations and transfers from the General Fund, Vendor fees, and other sources (see below)	Affordable housing construction grants and loans and related administration. Virtually all expenditures are off-budget
Law Enforcement Community Services Fund	307,847		25% of proceeds received from the sale of forfeited property as ordered by the court and required by C.R.S. 16-13-311(3) and interest on balance	Provide administrative support and funds for Law Enforcement Community Services Grant Program
Child Care Facility Development Cash Fund	250,000	¹	Transfer from the General Fund	Child care facility planning grants, toolkit and technical assistance programs
Water and Power Development Authority/Water Pollution Control Revolving Fund	232,581	¹	Grant funds from the EPA	Grants to projects working on maintaining clean water supplies across the state

**Department of Local Affairs
Cash Funds Detail**

Fund Name	FY 2024-25 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Homeless Prev. Activities Prog Fund	185,000	¹	Voluntary donations through a tax checkoff on state tax return	Programs to assist in avoiding eviction and other programs to assist individuals and families from becoming homeless
Transformational Affordable Housing Revolving Loan Fund	155,891	^{1,3}	Transfer from the General Fund	Revolving loan fund to provide low-interest and below-market-rate funding for affordable housing
Board of Assessment Appeals Cash Fund	141,849		Accelerated Appeal Fee and interest	Pay for costs associated with a taxpayer's appeal
Private Activity Bond Allocations Fund	111,592		State issuance fees on tax exempt bonds authorized by the IRS	Assists in new construction of affordable housing, and assisting in home buying
Geothermal Resource Leasing Fund	50,000		Leasing revenue	Receive deposits of all revenue from sales, bonuses, royalties, leases, and rentals related to geothermal resources
Mobile Home Park Resident Empowerment Loan and Grant Program Fund	28,136	^{1,3}	Transfer from the General Fund	Revolving loan and grant program to provide assistance and financing to mobile home owners to organize ad purchase mobile home parks
Various CF, Other	2,289,660		Cash funds from various sources	Includes sources identified above; most allocated to various uses in the EDO
Total	\$166,951,010			

¹ TABOR exempt. Includes money that is not counted as TABOR revenue based on a vote of the people, money from federal sources, or transfers from the General Fund or other funds (the *transfer* is not counted as TABOR revenue).

² Not appropriated by the General Assembly. Amounts shown in Long Bill are for informational purposes only.

³ Not appropriated by the General Assembly. Amounts for centrally appropriated and indirect costs shown in Long Bill are for informational purposes only; majority of fund is not reflected.

Additional Detail for Select Funds (Off-budget)

Affordable Housing Support Fund

This fund was created upon voter authorization of Proposition 123 in November of 2022 (Section 29-32-101, C.R.S., et. seq.). Proposition 123 set aside a portion of existing annual tax revenue--one-tenth of one percent on taxable income-- for affordable housing programs administered by the Office of Economic Development (60.0 percent) and the Department of Local Affairs (40.0 percent). The revenue that is set aside is exempt from TABOR in years when the State exceeds its TABOR cap but not if the State is below its TABOR limit. Fiscal year 2023-24 revenue to the Department of Local Affairs was **\$130.8 million**, and ongoing revenue is projected to be similar, subject to economic conditions. All money transferred to the Affordable Housing Support Fund is continuously appropriated to the Department. Statutory uses include up to fifty percent for an affordable home ownership program; up to forty-five percent for a program serving persons experiencing homelessness; up to five percent for a local planning capacity development program; and up to five percent of program funds for the direct and indirect costs of administering the program. Most expenditures from this revenue source are

off-budget, but a portion related to program administration is reflected for informational purposes in the Long Bill.

Housing Development Grant Fund

The Housing Development Grant Fund is continuously appropriated to the Department for housing development grants and loans and related expenditures, which have included rental subsidies. There have been multiple sources of funding deposited to the Fund over the years, including annual General Fund appropriations.

The largest source of revenue to the Fund is vendor sales tax fees. House Bill 19-1245 changed fees paid to vendors for collecting sales tax, increasing the share of sales tax revenue that could be retained by the vendor to 4.0 percent but also capping the total amount the vendor may retain at \$1,000 per filing period. The additional revenue from these changes is directed to the Housing Development Grant Fund, less amounts specified in statute (Section 39-26-123, C.R.S.). **Vendor fees increased to \$71.0 million in FY 2022-23 and a similar level in FY 2023-24; OSPB projects \$36.4 million for FY 2024-25 and \$40.8 million for FY 2025-26 in its September 2024 forecast based on changes included in H.B. 24-1434 (Expand Affordable Housing Tax Credit).** The fund also receives money from the Marijuana Tax Cash Fund (Section 24-23-721, C.R.S.) and has received revenue from other sources in the past, including tobacco taxes and one-time General Fund and federal State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA funds) for various housing initiatives.

General Factors Driving the Budget

Discretionary Appropriations

The Department of Local Affairs administers several programs that allocate state funds and provide grants to local communities. Discretionary appropriations, as well as transfers into continuously appropriated cash funds, are the largest driver of DOLA’s budget. The table below details the most significant discretionary appropriations of state funds for FY 2024-25 *in the Long Bill*.

Significant Discretionary Appropriations for FY 2024-25			
Program	General Fund	Marijuana Tax Cash Fund	Total Funds
Targeted Crime Reduction Grant Program	\$3,000,000	\$0	\$3,000,000
Peace Officers Behavioral Health Support and Community Partnerships	2,000,000	0	2,000,000
Defense Counsel on First Appearance Grant Program	1,500,425	0	1,500,425
Rural Economic Development Initiative	780,000	0	780,000
Public Defender & Prosecutor Behavioral Health Support Grant Program	500,000	0	500,000
Financial Literacy Exchange (FLEX) Program	305,016	0	305,016
Gray and Black Market Marijuana Enforcement Grant Program	0	970,217	970,217
Total	\$8,085,441	\$970,217	\$9,055,658

The number of FTE appropriated to the Department has also grown significantly in recent years due primarily to legislation affecting DOLA. Appropriated FTE increased by 35.7 percent between FY 2017-18 and FY 2024-25.

Fiscal Year	Appropriated FTE
FY 2018-19	181.1
FY 2019-20	189.7
FY 2020-21	201.5
FY 2021-22	205.5
FY 2022-23	221.9
FY 2023-24	234.5
FY 2024-25	245.8

Note that the above figures do not include continuously appropriated funds that have no corresponding appropriation. Such transfers typically allow for a percentage to be spent on administration; so, growth in FTE from those transfers is not reflected in the appropriated number of FTE.

Federal Funds

Federal funds comprise 32.8 percent of DOLA's FY 2024-25 appropriation; this amount is estimated at 32.4 percent in the FY 2025-26 request. Federal funds are shown in the Long Bill for informational purposes only. Most of DOLA's federally funded programs do not require state matching funds and are provided at the discretion of federal authorities.

Summary of Request

Department of Local Affairs

Item	Total Funds	General Fund ¹	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Long Bill	\$379,394,624	\$70,113,196	\$166,163,764	\$18,265,146	\$124,852,518	238.9
Other legislation	1,348,235	560,989	787,246	0	0	6.9
Total	\$380,742,859	\$70,674,185	\$166,951,010	\$18,265,146	\$124,852,518	245.8
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$380,742,859	\$70,674,185	\$166,951,010	\$18,265,146	\$124,852,518	245.8
R1 Ridge View Campus operating	2,000,000	2,000,000	0	0	0	3.7
R2 Board of Assessment Appeals legal assistant	150,000	0	150,000	0	0	0.9
R3 Analytics for unhoused Coloradans	267,816	267,816	0	0	0	2.4
R4 Defense Counsel on First Appearance Prgrm	-392,159	-392,159	0	0	0	0.0
R5 Severance tax transfer	0	0	0	0	0	0.0
Non-prioritized decision items	24,199	1,277	18,127	4,795	0	0.0
Centrally appropriated line items	1,845,145	1,848,235	430,372	-591,112	157,650	0.0
Annualize prior year legislation	1,311,064	83,752	1,220,642	6,670	0	-0.1
Annualize prior year budget actions	5,090	-21,330	-46,098	59,343	13,175	0.1
Technical adjustments	-1,330	-1,330	0	0	0	-1.4
Total	\$385,952,684	\$74,460,446	\$168,724,053	\$17,744,842	\$125,023,343	251.4
Increase/-Decrease	\$5,209,825	\$3,786,261	\$1,773,043	-\$520,304	\$170,825	5.6
Percentage Change	1.4%	5.4%	1.1%	-2.8%	0.1%	0.0

¹ Includes General Fund Exempt.

R1 Ridge View Campus operating: The Department requests \$2.0 million General Fund for partial first-year operating costs for the Ridge View campus, which is being renovated pursuant to S.B. 22-211 (Ridge View Campus). As reflected in S.B. 22-211, the former youth services facility is being renovated to provide a 198 bed transitional housing campus (five 33 bed units), a 27 bed substance abuse withdrawal management facility, and a federally qualified healthcare center that would serve both the campus and the larger community. This bill appropriated \$45.0 million in federal Coronavirus State Fiscal Recovery Funds (ARPA funds) for this purpose for use through December 2024. The timeline was extended to December 31, 2026 in H.B. 24-1465 (Program Changes Refinance Coronavirus Recovery Funds), and \$44.09 million was refinanced to General Fund in House Bill 24-1466 (Refinance Federal Coronavirus Recovery Funds).

The fiscal note for S.B. 22-211 anticipated that the program would require \$19.8 million General Fund per year for operating costs, beginning in FY 2025-26. The request for \$2.0 million in FY 2025-26 incorporates a scaled-back annual state funds operating cost estimate of \$11.5 million, based on a Facilities Master Plan completed in February 2024, as well as the expectation that: (1) the facility will not need a full year of operating funding in FY 2025-26 based on a possibly-delayed opening and residual funding from S.B. 22-211; and (2) anticipated

use of \$3,736,224 in FY 2025-26 from the Innovative Housing Incentive Program (a cash fund in the Governor’s Office of Economic Development and International Trade) intended to support the development and expansion of innovative housing manufacturing businesses). The request indicates a need for \$6.69 million General Fund in FY 2026-27 and indicates that the balance of the annual operating funds required (\$4.76 million) will again come from the Innovative Housing Incentive Program. Staff assumes that beginning in FY 2027-28, \$11.5 million from the General Fund would be required. The request identifies this program as “evidence informed” under the S.B. 21-284 evidence categories. For additional information regarding this request, see the briefing issue included in this document.

R2 Board of Assessment Appeals legal assistant: The request includes an increase of \$150,000 from the Board of Assessment Appeals (BAA) Cash Fund to enable it to add a 1.0 FTE legal assistant on an ongoing basis. Since FY 2022-2023, a temporary aide has provided legal support to the Board, adding to its permanent staff of 6.0 FTE. This has helped to prevent a decision backlog and kept the BAA caught up with its benchmark of issuing hearing decisions within 30 days of hearing. The demand for this work is not expected to dissipate, as data show appeal volume is not decreasing, but rather trending upward. The BAA currently has 1.0 FTE permanent legal aid on staff, but it has enhanced this by employing a series of licensed attorneys as temporary aides, first in 2019, resuming in 2022 and continuously into 2024. The BAA experienced processing backlogs when the existing legal assistant position was temporarily vacant. Having a second legal aide position will provide built-in resiliency for avoiding this type of backlog. The request notes that employing temporary aides is not a sustainable solution and possibly in contravention of State Personnel Board rules. It also requires individuals to be employed for no more than 9 out of 12 months.

R3 Analysis for unhoused Coloradans: The Department requests \$267,816 General Fund and 2.4 FTE, annualizing to \$398,343 General Fund in FY 2026-27 and ongoing, to improve the Colorado Homeless Management Information System (COHMIS) to support the collection, analysis, and implementation of information to better understand the nature of homelessness in Colorado and measure the success of relevant programs. The request indicates that Department also expects to access \$420,000 in one-time cash funds (off-budget) in FY 2025-26 to cover technology and consulting costs related to improving the system.

Colorado has four regional planning bodies, Continuums of Care, that work to address homelessness in their regions under a structure mandated by the federal Department of Housing and Urban Development (HUD). HUD requires use of a homeless management information system in each region, and the Department invested funds in 2018 to create a single statewide system (COHMIS). The system was enhanced with \$2.5 million in federal State and Local Fiscal Recovery Funds (ARPA funds) via H.B. 22-1377. The Department serves as administrator for the COHMIS system and is also the lead for the “Balance of State” Continuum of Care, which represents 54 rural counties.

The Department indicates that having a statewide system allows participating agencies to track and serve people experiencing homelessness across the entire state, shapes how resources are allocated, and informs service requirements. This request is to improve the system so that the State, Continuums of Care, and providers can better track the relationship between services

provided by disparate systems and meaningful *outcomes*, such as exits from homelessness. Colorado already has the most comprehensive data set on the homeless population that has ever been assembled and will shortly complete a one-time Statewide Homeless Landscape analysis, funded in H.B. 22-1377. The Department is working to further develop interoperability and data matching between COHMIS and systems operated by other agencies, including the Office of eHealth Innovation/HCPF, the Department of Human Services, and the Department of Corrections. This request will move these efforts forward, increasing accountability and transparency for state-funded homeless response programs and enhancing capacity to conduct longitudinal analysis and identify process improvements for serving this population.

R4 Defense Counsel on First Appearance (DCFA) Grant Program: The request includes a one-time reduction of \$392,159 General Fund to the DCFA Grant Program. This program reimburses local governments for the costs of providing public defense counsel to defendants on their first appearance in municipal court if they are facing incarceration. This program was created by H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) and extended by S.B. 23-072 following a sunset review. The request identifies this program as “theory informed” under the S.B. 21-284 evidence categories. For additional information regarding this request, see the briefing issue included in this document.

R5 Severance tax transfer (requires legislation): The request proposes to transfer \$10.0 million from the Local Government Severance Tax Fund to the General Fund in FY 2025-26. Most Severance Tax revenue is distributed equally between the Departments of Local Affairs and Natural Resources. The portion directed to the Department of Local Affairs is statutorily allocated between formula distributions (30.0 percent) and Energy/Mineral Impact Assistance Fund grants for local government infrastructure, land use planning, and other projects (70.0 percent). For additional information regarding this request, see the briefing issue included in this document.

Non-prioritized decision items: The request includes a net increase of \$24,199, including \$1,277 General Fund, for the annual fleet vehicle request originating in the Department of Personnel.

Centrally appropriated line items: The request includes a net increase of \$1.9 million total funds, including \$1.8 million General Funds for centrally appropriated line items, summarized in the table below.

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$550,826	\$634,768	\$14,712	-\$277,592	\$178,938	0.0
Salary survey	528,895	253,746	90,763	93,696	90,690	0.0
Legal services	383,780	449,222	-56,343	-9,099	0	0.0
CORE adjustment	240,605	67,883	118,162	38,302	16,258	0.0
Payments to OIT	229,446	-2,435	121,238	81,931	28,712	0.0
Step Plan	106,256	45,232	17,807	15,020	28,197	0.0
Capitol Complex leased space	48,861	-7,494	233,545	-78,183	-99,007	0.0
PERA direct distribution	40,379	96,050	-17,024	-45,166	6,519	0.0
AED and SAED adjustment	27,651	333,797	-95,203	-213,861	2,918	0.0

Centrally appropriated line items

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Paid Family & Medical Leave Insurance	1,244	15,021	-4,284	-9,624	131	0.0
Short-term disability	415	5,007	-1,428	-3,208	44	0.0
Indirect cost assessment	-212,767	0	-32,256	-84,761	-95,750	0.0
Leased space	-39,000	-12,825	0	-26,175	0	0.0
Risk management & property	-36,856	-17,382	19,333	-38,807	0	0.0
Workers' compensation	-21,605	-12,355	24,335	-33,585	0	0.0
Administrative law judge services	-2,985	0	-2,985	0	0	0.0
Total	\$1,845,145	\$1,848,235	\$430,372	-\$591,112	\$157,650	0.0

Annualize prior year legislation: The request includes a net increase of \$1.3 million total funds, including \$83,752 General Fund, to reflect the FY 2024-25 impact of bills passed in previous sessions, summarized in the following table.

Annualize prior year legislation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1152 Accessory dwelling units	\$1,743,151	\$0	\$1,743,151	\$0	\$0	-0.2
HB 24-1219 First responder health benefits	250,000	250,000	\$0	0	0	0.0
HB 24-1294 Mobile homes	40,966	0	40,966	0	0	0.0
HB24B-1001 Property tax	39,932	33,262	0	6,670	0	0.5
SB 24-111 Senior primary residence prop tax reduction	19,004	19,004	0	0	0	0.3
SB 24-174 Affordable housing assistance	-498,475	0	-498,475	0	0	0.0
SB 24-233 Property tax	-108,413	-108,413	0	0	0	-0.5
HB 24-1313 Transit oriented communities	-65,000	0	-65,000	0	0	0.0
SB 24-183 Mobile home taxation task force	-53,995	-53,995	0	0	0	-0.2
HB 24-1302 Tax rate info to owners	-51,106	-51,106	0	0	0	0.0
SB 24-016 Tax credits intermediaries	-5,000	-5,000	0	0	0	0.0
Total	\$1,311,064	\$83,752	\$1,220,642	\$6,670	\$0	-0.1

Annualize prior year budget actions: The request includes a net increase of \$5,090 total funds, including a reduction of \$21,330 General Fund, for the out-year cost of prior year budget actions, summarized in the following table.

Annualize prior year budget actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 24-25 Business product manager	\$5,090	\$0	0	\$5,090	\$0	0.1
FY 24-25 Salary survey	0	-19,735	-6,383	14,879	11,239	0.0
FY 24-25 Step Plan	0	-1,595	-39,715	39,374	1,936	0.0
Total	\$5,090	-\$21,330	-\$46,098	\$59,343	\$13,175	0.1

Technical adjustments: The request includes reductions of \$1,330 General Fund 1.4 FTE related to technical issues.

Issue: Ridge View Campus Request

The Department's R1 request is for \$2.0 million to operate the new Ridge View Campus for people experiencing homelessness, which is scheduled to open in FY 2025-26. The facility will include 198 transitional housing beds and 27 detoxification facility beds, in addition to a federally qualified health center (FQHC). The Department currently estimates annual ongoing costs of \$11.5 million General Fund, which will be partially offset with available one-time funds in the first two years.

Summary

- S.B. 22-211 (Repurpose Ridge View Campus) required that the Ridge View Campus in Watkins, Colorado, which had previously been a youth services facility, be repurposed to become a supportive residential community for people experiencing homelessness. The bill included an appropriation of \$45.0 million in State and Local Fiscal Recovery Funds (ARPA funds).
- The model follows the Fort Lyon facility in Bent County, which opened 11 years ago. This facility provides transitional housing for up to 250 individuals who have been chronically homeless for periods of up to two years in a low-stress, peer-support environment. The Ridge View program will include a detoxification facility (27 beds) and a federally qualified healthcare center, as well as 198 beds of transitional housing.
- While the new Ridge View facility was originally expected to open as early as FY 2023-24, renovations needed were ultimately more extensive and expensive than required. Capital renovation costs are projected to be \$95.8 million. The Executive Branch expects to be able to cover this amount with several different federal stimulus funding sources.
- The program is now expected to open in early FY 2025-26. The Department is requesting annualized funding of \$11.5 million General Fund, but expects this figure to be lower in FY 2025-26 and FY 2026-27 based on use of existing one-time funds. Request R1 is for just \$2.0 million General Fund.
- Staff expects to continue to work with the Department to refine the funding required in FY 2025-26 and ongoing to operate the facility. The request is far below the estimate in the S.B. 22-211 fiscal note of \$19.8 million but exceeds the estimate in the Facility Master Plan and the amount the State currently pays per person at the Fort Lyon facility.

Discussion

S.B. 22-211 (Repurpose the Ridge View Campus)

Senate Bill 22-211 required that the Ridge View Campus in Watkins, Colorado, which had previously been a youth services facility, be repurposed to become a supportive residential community for people experiencing homelessness. The bill required that the repurposed campus incorporate three specific types of services and programs:

- A transitional housing program for people experiencing homelessness, with case management, care coordination, and vocational and housing placement assistance;
- Substance use recovery treatment and services, consisting of a continuum of care informed by American Society of Addiction Medicine standards, available to people coming from the transitional housing program and to the general public; and
- A federally qualified health center (FQHC) or other primary care clinic at which people have access to medical treatments that help facilitate recovery, including medical and dental care and a continuum of behavioral health services. The health clinic and all behavioral health services and treatment are required to be accessible to people in the transitional housing program and the general public.

To launch the new campus, the bill included the following components:

- Transferred ownership of the Ridge View Campus from the Department of Human Services to the Department of Personnel for use by the Division of Housing in the Department of Local Affairs as a supportive residential community for people experiencing homelessness.
- Required the Department of Local Affairs, in collaboration with the Department of Human Services, to develop a master plan for the redevelopment and operation of the Campus, including a financial plan for startup and ongoing operational costs.
- Required the Department of Local Affairs to select one or more contractors experienced in providing statewide integrated housing, health care, recovery treatment, and supportive service programs for people experiencing homelessness to establish the community.
- Specified that the program administrator had to work with local providers across the state to set up a referral system for clients to live at the community.
- Required an annual report on the program be submitted to committees of reference overseeing local affairs and that related information be presented at Smart Act hearings.
- Provided an appropriation of \$45.0 million Coronavirus State and Local Fiscal Recovery Funds to the Department of Local Affairs for use through December 31, 2024, as well as a small appropriation to the Department of Human Services. Of the \$45.0 million, up to 10.0 percent could be used for department administrative costs and up to 10.0 percent for costs related to transportation.

The bill did not specify a date on which the new facility would begin to provide services, but the fiscal note assumed rapid start-up, with the master plan and evaluation completed in FY 2022-23 and services fully launched by FY 2023-24 at a cost of \$19.8 million per year. The fiscal note reflected the initial \$45.0 million being spent for program operations through FY 2024-25, with new General Fund appropriations required beginning in FY 2025-26. However, these cost estimates were rough, pending the results of the facility master plan.

The facility master plan and campus redevelopment have proceeded at a slower pace than anticipated when the bill was adopted. The facility master plan process was launched in March 2023 and was only completed in February 2024. It reflected a need for costly renovations at the 16 buildings on the 484-acre campus. Design and construction activities are expected to extend from October 2024 through the end of FY 2025-26, and services are expected to begin in FY 2025-26, when construction on some buildings is still ongoing.

Spending from the S.B. 21-211 appropriation has also been delayed, because other funds have been tapped first for capital renovation costs. The timeline for using the \$45.0 million appropriated in S.B. 21-211 was extended by the General Assembly to December 31, 2026 in H.B. 24-1465 (Program Changes Refinance Coronavirus Recovery Funds), and almost all of this amount (\$44.09 million) was refinanced to General Fund in House Bill 24-1466 (Refinance Federal Coronavirus Recovery Funds).

Facility Master Plan

The facility master plan process, launched in March 2023, was extensive, involving the selected master plan contractor, a committee comprised of representatives from relevant state departments (Local Affairs, Health Care Policy and Financing, Behavioral Health Administration, Human Services, and Public Health and Environment), consultation with stakeholders from multiple nonprofits such as the Colorado Coalition for the Homeless, and a public survey which received responses from 145 community members. The Ridge View Campus was originally developed in 2001 to serve up to 500 youth who had been committed to the Division of Youth Corrections/Services in a residential treatment environment. The planning process involved assessing facility appropriateness and feasibility to support the goals, programmatic requirements, and space needs for the services specified in S.B. 22-211, including determining the number of beds that could be offered and related staffing. Facility, programmatic, and staffing needs were informed by the Fort Lyons Supportive Residential Community, a similar state-owned facility in Bent county that opened in 2013.

Capital Needs

The assessment determined that the space and buildings available were more than sufficient for the proposed participant beds but identified a need for significant mechanical, electrical, plumbing, and other facility upgrades. The assessment determined that “immediate intervention for specific buildings is required for the [facility] to open”, with these upgrades grouped into Phase I of renovations. The Phase I buildings comprise 144,092 square feet and include:

- an administrative building, which will become the clinic (federally qualified health care center)
- six “micro-community” housing units, each with 33 beds for transitional housing (198 transitional housing beds on campus)
- a residential treatment and withdrawal management (detox) facility (27 beds)
- a town center, which provides the main dining space, as well as activity rooms, vocational training classrooms, and a laundry room
- an academic building with classrooms for specialized activities, therapy, and vocational training facilities including an art studio, training kitchen, and photography darkroom
- a maintenance building with motor pool/warehouse, auto, carpentry, and fleet storage.

Phase I capital costs were projected at **\$68.9 million**.

Phase II construction, which can be completed after the facility is open, includes a vocational building, a resource center, a second academic building, a gymnasium, and a field house. Costs associated with Phase II renovations were projected at **\$26.9 million**, so final project construction costs are estimated at **\$95.8 million** (about \$426,00 per bed).

Department of Local Affairs Staff have noted that renovation costs were greater than anticipated because, by 2024, many of the mechanical, electrical, and plumbing systems in the Ridge View buildings had exceeded their useful life.

Construction and Renovation Costs (from Master Plan)

Costs are listed out per project and includes required MEP and Architectural renovations costs and the remodel cost associated with the preferred direction. **Although broken out, these costs are interrelated and form the whole required costs. They CANNOT be pursued as individual costs.

Item	Phase 1	Phase 2	Total Estimate
Architectural costs (necessary repairs to exterior components of building)	\$4,637,124	\$2,657,504	\$7,294,628
Mechanical, Engineering, Plumbing (MEP) Costs	34,975,837	15,384,990	50,360,827
Remodel costs (remodeling to fit intended programming purpose)	29,312,893	8,911,431	38,224,324
Total Estimate	\$68,925,854	\$26,953,925	\$95,879,779

Operating Costs

The Facility Master Plan also included estimated operating costs for the new facility once open. As shown in the table below, operating cost estimates for the “preferred model” reflected total costs of \$13,485,607 in the first year, increasing over time, with \$3.4 million in revenue that is anticipated to be Medicaid payments offsetting these operating costs and resulting in a need for a \$10.0 million per year operating subsidy that would increase over time. As described further below, the Department is requesting an ongoing budget that exceeds this figure.

Total Revenue and Operating Costs for the Three Program Areas (from Master Plan)

Revenue	Year 1	Year 2	Year 3	Total
Onsite Substance Use Treatment	\$2,890,800	\$2,890,800	\$2,890,800	\$8,672,400
Transitional Housing	0	0	0	0
Community Clinic	581,647	581,647	581,647	1,744,941
Total Revenue	\$3,472,447	\$3,472,447	\$3,472,447	\$10,417,341

Operating Costs	Year 1	Year 2	Year 3	Total
Onsite Substance Use Treatment	\$4,779,852	\$4,958,215	\$5,129,708	\$14,867,775
Transitional Housing	5,285,223	5,482,444	5,672,069	16,439,736
Community Clinic	3,420,532	3,475,736	3,609,273	10,505,541
Total Operating Costs	\$13,485,607	\$13,916,395	\$14,411,050	\$41,813,052
Operating Income (Loss)	-\$10,013,160	-\$10,443,948	-\$10,938,603	-\$31,395,711

Note 1) Operation costs do not include depreciation of development investment at \$1,040,000 as this is a non-cash expense. 2) Shared administration costs of \$6,796,481 plus 3.5% inflation per year were proportionally distributed across the three programs and are included in the annual operating costs for each program area.

Implementation

The capital costs identified in the Facility Master Plan substantially exceeded even the \$45.0 million appropriated in S.B. 22-211. In response, **the Executive Branch identified additional sources of capital construction funding, all of which originate as federal stimulus funds.** The table below shows the total funds that have been allocated for the project thus far, including these additional sources.

	Funding Type	Amount
S.B. 22-211 amended by H.B. 24-1465 & 1466	Coronavirus State Fiscal Recovery Funds, refinanced to General Fund	\$45,000,000
Capital Projects Fund	US Treasury: CO allocation from total authorized in American Rescue Plan Act ¹	48,703,245
Arapahoe County	County Coronavirus Local Fiscal Recovery Funds	2,000,000
City of Aurora	City Coronavirus Local Fiscal Recovery Funds	1,500,000
Total allocated for Ridge View		\$97,203,245

Based on the capital construction estimates above, this entire amount is likely to be required to complete the capital construction elements of the project, unless there is a decision not to proceed with the Phase II renovation or to otherwise scale back renovations. The amount from the Capital Projects Fund must be used for capital construction, but the other amounts allocated for the project could be used more flexibility. **The Department indicates that by using the Capital Projects Fund, the State is committing to using the facility for the purpose identified for at least five years.**

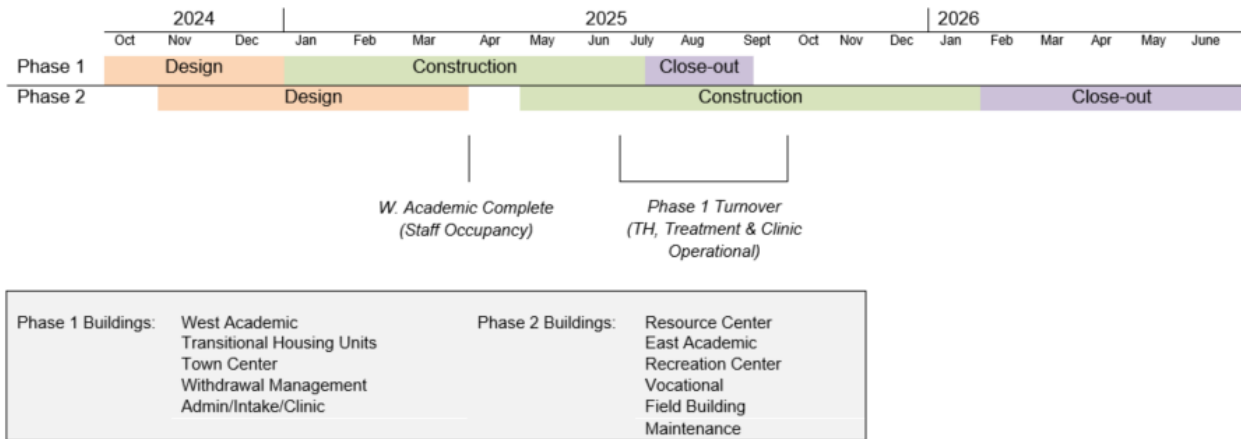
Given the above funding commitments, the Executive Branch has proceeded with the renovations. In response to staff questions, the Department responded with the information and timeline below.

“The renovation project is in the construction phase. The current work is environmental clean-up, plumbing, roofing, and other infrastructure work. The renovation is structured in two phases. Phase I covers the necessary 10 buildings that need to be repaired before staff and participants may utilize the campus. The current timeline has the West Academic Building being renovated by March 2025 and activated shortly after that for staffing and program start-up activities and the remainder of Phase I being substantially complete by July 2025, with any punch-list items being completed over the Summer as needed. Depending on the punch-list items, the programs will be able to open between July-September 2025. It is important to note that these are estimated timelines. This is a complex renovation project of 16 buildings and

¹ The Capital Projects Fund is a federal funding source authorized in the American Rescue Plan Act. Fixed amounts are allocated to states and territories solely for capital projects that are approved by U.S. Treasury. Colorado received an allocation of \$170.8 million, which was managed by the Governor’s Office and not subject to appropriation by the General Assembly. The State’s initial application reflected using the entire amount for statewide broadband expansion, but a portion was redirected to this project.

related campus grounds. It is not atypical for delays to occur, such as weather incidents or waiting for products/supplies.”

As shown in the timeline below, the current plan anticipates that Phase I construction and close-out will be completed between July and September 2025, when the transitional housing, detoxification/treatment facility, and federally qualified health care center would open, assuming facility completion, inspection, and licensing remains on-track. Phase II construction would continue, while the facility is open, through FY 2025-26.



Operating Funds Request: FY 2025-26 and Ongoing Ongoing Annual Cost Projection

The Department’s R1 request summarizes the ongoing operating costs for the Ridge View campus.

Operating Expense	Total Cost of Facility Operations in FY 2026-27
Transitional Housing - Services	3,300,000
Campus Property Management	2,540,000
Treatment / Withdrawal Management	2,238,908
Federally Qualified Health Center	3,027,162
Total¹	\$11,456,534

¹ Ongoing support needed in Department of Local Affairs; Medicaid revenue to detoxification and FQHC facilities (\$3,472,447) would be in addition

Notably, this figure is greater than the \$10.0 million included in the Facility Master Plan estimate, but considerably lower than the \$19.8 million estimate included in S.B. 22-211. The Department is currently in the process of negotiating contracts with operational providers. Staff’s understanding is that the figure above is based on more thorough estimates than the Facilities Master Plan, but staff will need to continue to work with the Department to better understand the basis for these figures before making a figure setting recommendation.

FY 2025-26 and FY 2026-27 Requests

The Department has requested \$2,000,000 General Fund and 3.7 FTE for Ridge View Campus operating costs for FY 2025-26, annualizing to \$6,692,758 and 4.0 FTE in FY 2026-27, with costs reaching the full \$11,456,534 in FY 2027-28. The difference between the full year estimate and the FY 2025-26 and FY 2026-27 requests appear to include:

- Possible delays in when the facility opens, which would reduce first-year operating costs to part-year costs;
- Possible availability of a portion of the \$45.0 million from S.B. 22-211 to help cover operating costs in the first year;
- A proposal to redirect \$8.5 million (\$3,736,224 for FY 2025-26 and \$4,764,776 for FY 2026-27) from the Innovative Housing Incentive Program (IHIP) Cash Fund in the Governor’s Office of Economic Development and International Trade (OEDIT), which provides incentives for innovative manufactured housing production, for the initial years of the Ridge View Campus program. This is essentially a proposal to “recapture” one-time funds previously allocated for manufactured housing incentives in other legislation.² Based on further conversation with the Executive Branch, staff will likely recommend that this “recapture” be deposited in the General Fund, and the General Assembly can then make a General Fund appropriation for the Ridge View Program.

Staff will continue to work with the Department prior to figure setting to evaluate the proposed annual budget for operating the facility, the cost implications of when the facility actually opens its doors, the proposal to offset initial costs with one-time funds, and whether other funding sources (e.g., Prop 123 money) should be considered as a source of operating support for the new facility.

The Model: Fort Lyon Supportive Housing Program

The new Ridge View facility is modeled on the Fort Lyon Supportive Housing Program, which is located at the historic Fort Lyon campus outside the town of Las Animas in rural Bent county. The Division contracts with the Colorado Coalition for the Homeless to administer the program’s residential and supportive services, as well as operation of the campus, using \$5,750,000 General Fund annually appropriated by the General Assembly.

The Fort Lyon program serves up to 250 individuals at a given time. There is also a federally qualified health care center on the site, although Fort Lyon does not have a detoxification facility, which will be included at the new Ridge View Campus.

The Fort Lyon program was authorized and funded by S.B. 13-210 (Concerning Employment Conditions for Correctional Officers; codified at 24-32-724, C.R.S.), despite objections voiced by

² The Governor’s Office indicates that one of the innovative housing programs it planned to support is not moving at a pace that would be necessary to receive an incentive in the near term, however, it still expects to provide an incentive for this project using Proposition 123 funds at a later date.

members of the JBC at the time. The program was conceived as a way to respond to two goals: ongoing preservation and use of the Fort Lyon property, where a state prison operated until 2011, and chronic homelessness statewide. Despite the JBC and JBC Staff's initial skepticism, over time Fort Lyon has become a valued component of Colorado's continuum of care.

The program, like the one being developed at Ridge View, serves individuals who have been chronically homeless and are in recovery from addiction. It offers individuals with a long history of trauma and life on the street the opportunity to stay in a safe, sober environment for up to two years. The program offers housing and food and requires that participants remain drug and alcohol free. Clients are required to set personal goals, such as sobriety (required for all) and education/training and employment. However, the facility does not offer clinical treatment, and activities are based on individual choices. Clients typically participate in "AA" meetings and, at their discretion, in various educational, employment, and arts activities. The program describes itself as a peer-support model. Those who work with the unhoused population acknowledge that the program is not for everyone: many individuals who go to Fort Lyon leave quickly, returning to their former lives. However, the facility offers an important option for a particular segment of the homeless population that is ready to make a change.

House Bill 16-1411 (Fort Lyon Residential Community Study) authorized a study of the costs and benefits of the Fort Lyon program compared to other programs serving similar populations. The study, released in August 2018, found costs per person of \$18,800 from 2014 through 2017, based on the 250-person facility capacity, and that 47 percent existed to permanent housing. For clients who received Medicaid pre- and post-enrollment, it found notable decreases in service costs post-enrollment relative to a control population. As acknowledged in the report, it is challenging to compare the costs and benefits of this model to other programs serving this type of population because the program itself is unique and populations served are not always comparable.³ The Colorado Coalition for the Homeless 2023 report on the program reports that 40.0 percent of individuals who exited the program in the most recent year exited to permanent housing and this figure increases to 58.0 percent when including transitional, temporary housing, and long-term care.⁴

As part of staff's review of the proposed budget for the new Ridge View facility, staff will compare costs with those at Fort Lyon. On its face, the new facility appears to be requested at a notably higher operating cost per person of \$27,980 per person for a population of 198 in transitional housing (excludes detoxification or clinic) plus \$5.2 million to cover additional clinic and detoxification facility costs. This compares with \$5.7 million for transitional housing (\$23,000 per person for a population of 250) at Fort Lyon, without any additional amount for clinic and detoxification. The Department has noted that funding for Fort Lyon may be too low,

³ https://leg.colorado.gov/sites/default/files/documents/audits/1771s_fort_lyon_ii_evaluation.pdf

⁴ https://www.coloradocoalition.org/sites/default/files/2023-10/Fort%20Lyon%2010%20Year%20Report%202023_Digital.pdf

but staff is expecting further explanation and justification from the Department for cost discrepancies.

Budget Reduction Options

The Executive Budget Request includes reductions of \$10.4 million General Fund for the Department of Local Affairs, representing 14.8 percent of the Department's General Fund appropriations. This issue brief reviews these proposals and offers additional options identified by staff.

Summary

- The Executive budget request includes \$10.4 million of General Fund relief in the Department of Local Affairs. Of this amount, \$10.0 million is a transfer from the Local Government Severance Tax Fund to the General Fund. A briefing issue related to the Department's severance tax funds is included later in this document.
- The request includes a \$392,159 General Fund reduction to the Defense Counsel on First Appearance Grant Program. Staff suggests that modifying, further reducing, or eliminating this program entirely should be considered as options. A briefing issue related to the DCFA Grant Program is found later in this document.
- The Financial Literacy Exchanging (FLEX) Program is not serving any participants and has accrued a large fund balance. A transfer to the General Fund and elimination of the program are options for the Committee's consideration.

Recommendation

- Staff recommends that the Department discuss the Executive budget proposals and staff options at its hearing.

Discussion

Funding History FY 2018-19 to FY 2024-25

The Department of Local Affairs represents 0.5 percent of total state General Fund appropriations in FY 2024-25. As reflected in the table below, General Fund in this section of the budget has increased by 47.6 percent since FY 2018-19 after adjustments for inflation⁵. This is more than the statewide increase in General Fund appropriations of 11.3 percent over the same period after adjustments.

⁵ Fiscal year 2018-19 appropriations are adjusted for inflation, calculated based on the Legislative Council Staff September forecast, which reflects an increase in the Denver-Aurora-Lakewood consumer price index of 26.7 percent between FY 2018-19 and FY 2024-25.

FY 2018-19 to FY 2024-25 Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25	Increase/ -Decrease after inflation adjustment	
	Nominal	FY 24-25 Dollars ¹		Amount ²	Percent
General Fund	\$37,800,724	\$47,876,009	\$70,674,185	\$22,798,176	47.6%
Total Funds	\$317,858,832	\$402,579,917	\$380,742,859	(\$21,837,058)	-5.4%

¹ Denver-Aurora-Lakewood Consumer Price Index - FY 2024-25 is based on the LCS Sept 2024 forecast

² \$8.8 million of the General Fund increase is attributable to FY 24-25 actions that shifted a portion of the \$15.3 million MTCF appropriation for Affordable Housing Construction Grants and Loans to General Fund

Budget Requests for General Fund Relief

For this section of the budget, the budget request includes proposals for General Fund relief totaling \$10.4 million, representing 14.8 percent of General Fund appropriations. These reductions are offset by proposed increases, so that the Department’s net General Fund relief as requested equates to 11.5 percent. The proposals for General Fund relief are summarized in the table below; one requires statutory change.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
R5 Severance tax transfer	\$10,000,000	-\$10,000,000	Y	The Local Government Severance Tax Fund is used primarily for grants and loans to local governments for infrastructure projects. See the briefing issue included in this document for additional details. This is requested as a one-time option.
Subtotal - Revenue	\$10,000,000	-\$10,000,000		
Expenditure Reductions				
R4 Defense Counsel on First Appearance Grant Program	-\$392,159	\$0	N	The request includes a reduction to the DCFA Grant Program that would leave \$1.1 million available in FY 25-26. See the briefing issue included in this document for additional details. This is requested as a one-time option.
Statewide R4 1% GF reduction for program lines	-\$34,402	\$0	N	The request includes combining Personal Services and Operating Lines, and reducing the consolidated lines by 1%
Subtotal - Expenditures	-\$426,561	\$0		
Net General Fund Relief	\$10,426,561			

Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request. A General Fund reduction of 5.0 percent to this Department would require a reduction of \$3.5 million.

Additional Options for General Fund and Marijuana Tax Cash Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
Additional severance tax transfer	\$2,000,000	-\$2,000,000	Y	See the briefing issue included in this document for additional details. This could be a one-time or ongoing option.
Financial Literacy Exchange (FLEX) Cash Fund transfer	525,470	-525,470	Y	This continuously appropriated fund was created by HB 22-1389 and has received \$708,952 General Fund. No participants have been enrolled in or are using the program to date. Some funds have been spent on administration. This is a one-time option.
Subtotal - Revenue	\$2,525,470	-\$2,525,470		
Expenditure Reductions				
Eliminate Defense Counsel on First Appearance Grant Program	-\$1,113,093	\$0	Y	This option would eliminate the DCFA Grant Program entirely. See the briefing issue included in this document for additional details.
Eliminate Financial Literacy Exchange (FLEX) Program	-309,752	0	Y	This option would eliminate the program entirely. No participants have been enrolled in or are using the program to date.
Gray and Black Market Marijuana Enforcement Grant Program reduction	0	-150,000	N	This option would create ongoing savings to the MTCF by reducing the program by approximately 15%, leaving \$825,000 intact.
Subtotal - Expenditures	-\$1,422,845	-\$150,000		
Net General Fund Relief	\$3,948,315			

Revenue Enhancements

Additional severance tax transfer to the General Fund

Description: See the briefing issue included in this document for a detailed discussion of DOLA's severance tax revenue and related programs.

Financial Literacy Exchange (FLEX) Cash Fund transfer

Description: See proposal below for discussion of the FLEX Cash Fund and program.

Expenditure Reductions

Eliminate Defense Counsel on First Appearance Grant Program

Description: See the briefing issue included in this document for a detailed discussion of this proposal.

Eliminate Financial Literacy Exchange (FLEX) Program

Description: The FLEX Program allows households participating in the State Housing Voucher (SHV) Program to open an escrow-like savings account. Account holders will receive a \$200 monthly match and access to services such as financial mentoring, life skills training, and asset management. No participants have been enrolled into this program to date. Options related to

the FLEX Program include transferring the balance of the cash fund to the General Fund (one-time) and eliminating the program before any participants begin utilizing it.

Key Considerations: This program is funded by an annual General Fund appropriation into a continuously appropriated cash fund. The FLEX Fund has received \$708,952 since FY 2022-23 and is expected to have an ending FY 2024-25 balance of \$525,470. No households have been enrolled in this program due to the FLEX account administrators' inability to provide case management and other additional responsibilities without compensation.

Additional background: House Bill 22-1389 (Financial Literacy Exchange Program) created the program and corresponding cash fund. The FLEX Program is modeled after the U.S. Department of Housing and Urban Development (HUD) Family Self-Sufficiency Program. The [Legislative Council Staff Fiscal Note](#) estimated 50 households would establish accounts in the first year, growing to 100 in the following years. Account holders will receive \$200 per month of state matching funds, equating to \$240,000 per year with 100 participating households. The Department is spending approximately 90,000 per year for an FTE to administer this program.

The FTE associated with the program has created infrastructure and conducted trainings, webinars, marketing, and outreach to potential community partners. The Department is contracting with two administrators for the FLEX accounts. However, those agencies are unable to provide case management and the other services advertised by the program without compensation. The Department plans to pursue legislative changes during the 2025 session to allow funds to be used for "coordination by the community partners", estimated at \$34,500. The additional costs would be paid out of the existing appropriation, which would result in fewer than 100 households being served by this program.

Gray and Black Market Marijuana Enforcement Grant Program reduction – Marijuana Tax Cash Fund balancing

Description: The Gray and Black Market Marijuana Enforcement Grant Program provides grants to local law enforcement agencies and district attorneys to assist with the enforcement of unlicensed and illegal marijuana cultivation and related crimes. The program receives an annual appropriation of approximately \$975,000 from the Marijuana Tax Cash Fund, of which about \$775,000 is available for grants after administration costs. This option would cut the appropriation by \$150,000 ongoing, leaving approximately \$625,000 available for grants.

Key Considerations: The program utilizes a formula-based model to distribute all available grant funding to local governments who have opted in, with higher weight given to rural communities. The recipients later provide the Department with information on how the funding was utilized and return unused funds. Expenditures are not reported by category, but staff's understanding is that a significant amount of funding is used for equipment purchases.

Additional background: The Gray and Black Market Marijuana Grant Program was created by H.B. 17-1221 and has received \$22.6 million from the Marijuana Tax Cash Fund since its inception. However, a significant portion of the funds reverted in the first two years. The program was changed from a reimbursement model to a formula distribution after the first year, which eventually resulted in all available funding being awarded every year. The program

was also cut substantially in FY 2020-21 due to underutilization; the Department submitted a prioritized request for the reduction prior to the start of the COVID-19 pandemic. Recipients have been utilizing almost all of the funding; an average of \$54,818 was de-obligated annually for the last three fiscal years.

Historic Appropriations	
Year	Amount
FY 2017-18	\$5,919,036
FY 2018-19	5,940,151
FY 2019-20	5,944,365
FY 2020-21	950,673
FY 2021-22	950,673
FY 2022-23	955,178
FY 2023-24	963,668
FY 2024-25	970,217
Total	\$22,593,961

For FY 2022-23, the most recent year for which a SMART Act Report is available, the program was appropriated \$955,178 and \$650,000 was available for grants after administrative costs. Recipients reported the following outputs attributable to the program for FY 2022-23:

FY 2022-23 Program Outputs	
Cases/seizures	1,272
Pounds seized	21,474
Grows/site/labs dismantled	124
Plants seized	27,732
Disruptions of sale or distribution	162
Arrests	229
Weapons seized	22

Recipients have stated that the time, manpower, equipment, and specialized training for this type of enforcement were cost-prohibitive prior to the program, with rural recipients stating that they would not be able to do this enforcement without grant funding. It is unclear to staff how the impact of this proposed option could be predicted or measured, but is of the opinion that \$625,000 in annual grant funding could still significantly subsidize enforcement activities in rural communities that need it most.

Other Grant Programs

DOLA has several other discretionary grant programs that were not highlighted in this document. Staff will gather additional information on the following programs prior to figure setting:

- *Rural Economic Development Initiative (REDI) Grants* – Created through a FY 2013-14 Long Bill amendment and modified by S.B. 20-002 and S.B. 21-204. This initiative receives an annual appropriation of \$780,000 General Fund. Provides grants for rural communities to develop plans and undertake projects that create jobs, drive capital investment, and diversify their economies.

- *Targeted Crime Reduction Grant Program* – Created by H.B. 17-1326 and modified by H.B. 21-1215 and 23-1299. This program receives an annual appropriation of \$3.0 million General Fund. Provides grant funding for academic improvement programs, community-based services, community engagement programs, and projects to increase safety and usability of common outdoor spaces. Funding is available to organizations in the communities of North Aurora, Southeast Colorado Springs, Grand Junction, and Trinidad. This program is scheduled to sunset on September 1, 2027.
- *Peace Officers Behavioral Health Support and Community Partnership Grant Program* – Created by H.B. 17-1215 and modified by H.B. 21-1030 and S.B. 22-005, this program receives an annual appropriation of \$2.0 million General Fund. Provides funding for co-responder and community-based alternative responses, counseling services for peace officers and their immediate families, peer support programs, and training, education, and counseling related to job-related trauma. Funding is available for law enforcement agencies and peace officer organizations; behavioral health or community-based social services providers can apply in partnership with the former.
- *Public Defender and Prosecutor Behavioral Health Support Program* – Created by S.B. 22-188. This program receives an annual appropriation of \$500,000 General Fund, which is entirely passed through to the Office of the State Public Defender and Colorado District Attorney’s Council. Provides grant funding for counseling services, training, education, and peer support programs for job-related trauma.

Issue: Severance Tax

The Executive Request proposes a one-time transfer of \$10.0 million from the Local Government Severance Tax Fund to the General Fund.

Summary

- The Executive Request proposes a one-time transfer of \$10.0 million from the Local Government Severance Tax Fund to the General Fund.
- Fifty percent of most severance tax revenues are directed to the Department of Local Affairs for allocation to local governments. Of this amount, seventy percent is used for local government energy impact grants. The requested transfer would reduce the pool of money for these grants.
- During previous economic downturns, as well as in FY 2024-25, the State has swept money from the Local Government Severance Tax Fund, as well as the Local Government Mineral Impact Fund (which receives a portion of the state's share of federal mineral lease money). As in the current request, reductions have been taken from money that would otherwise be directed to local government grants.
- Severance tax is a particularly volatile source of revenue and is not TABOR exempt. Grants to local governments for infrastructure and other projects, although valued, are a relatively minor source of funding for most local governments.

Recommendation

- Staff recommends that the Committee discuss with the Executive Branch and other legislators whether to make an ongoing change to funding for the Local Government Severance Tax Fund. The current Executive Request provides a one year transfer of \$10.0 million to benefit the General Fund, but the General Assembly faces an ongoing funding deficit.
- One option would be to require that the first \$10.0 million (or other amount) of revenue that would otherwise be directed to the Local Government Severance Tax Fund for Energy Impact Assistance grants would instead be directed to the General Fund. Another option would be to direct any receipts that are *greater* than a specified amount at year end to the General Fund. This would “shave the top” from Severance Tax revenue peaks for the benefit of the General Fund. The advantage of the first option would be that it would provide a relatively reliable ongoing funding source for the General Fund. The advantage of the second would be that it would be most likely to take effect when severance tax revenue is growing quickly—which is also the point at which it is most likely drive General Fund refunds under the TABOR cap.

Discussion

Local Government Mineral and Energy Impact Funds

The Department of Local Affairs is responsible for distributing state revenues associated with mineral extraction for the benefit of local governments. This includes money from two major funding streams discussed below. While these streams are separate, the functions of the two funding sources are similar within this department. This includes:

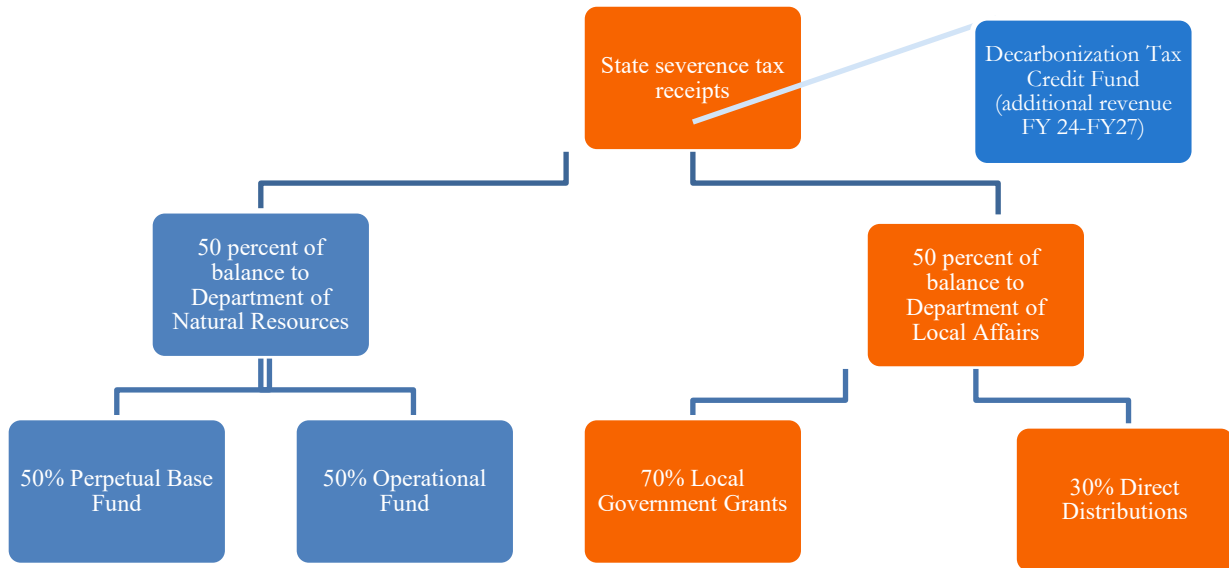
- 50 percent of most⁶ state **severance tax** revenue, levied pursuant to 39-29-101, et. seq., C.R.S., on oil, gas, and metallic minerals, based on the value of material extracted from privately and publicly owned lands; and
- 41.7 percent of most **federal mineral lease (FML)** revenues, the state’s share of rents and royalties from private sector mineral extraction on federal lands located in the state (“non-bonus” revenues). The Department also administers a 50 percent share of “bonus” revenues (initial payments from private entities for the right to extract oil, gas, or minerals on a parcel of land) that may be used when the regular revenue stream declines.

Severance Tax: State severance tax receipts are allocated to the Department pursuant to 39-29-108, C.R.S., and funding is allocated within the Department pursuant to Section 39-29-110, C.R.S.

- *Local Affairs Grants and Loans (70.0 percent):* Local governments apply to the Department for the loans and grants at three different times during the year. DOLA is assisted by a 12-member Energy and Mineral Impact Assistance Advisory Committee in making funding decisions. The money must be used for the planning, construction, and maintenance of public facilities, and for the provision of public services.
- *Local Affairs Formula Allocations (30.0 percent):* Provided to local governments by August 31 of the following fiscal year based on the geographic location of energy industry employees, mine and well permits, and overall mineral production.

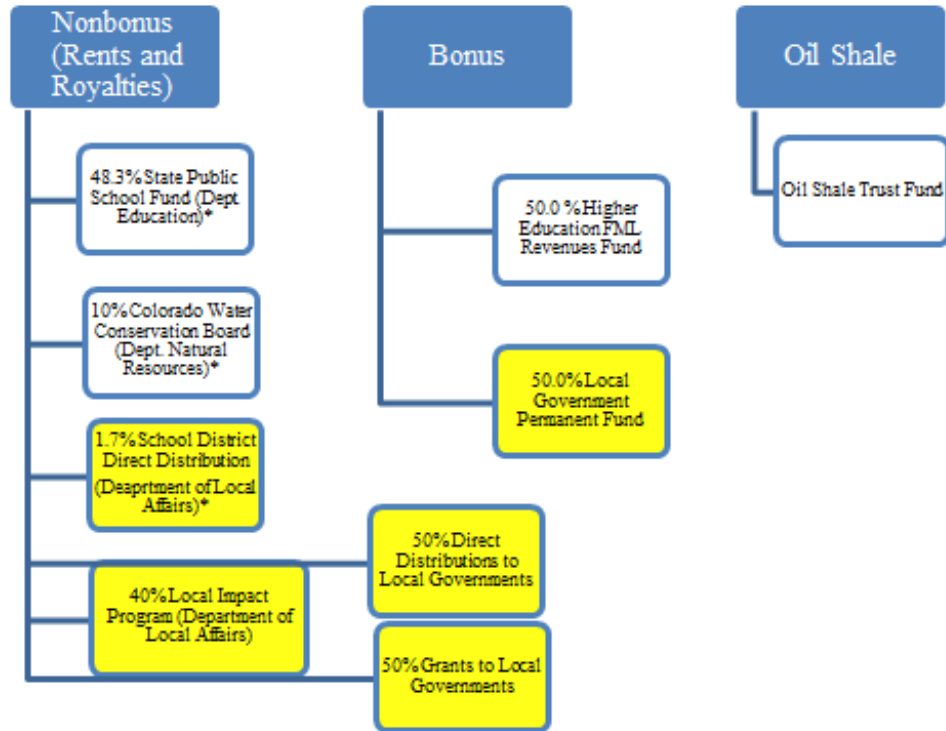
⁶ Pursuant to H.B. 23-1272, for FY 2023-24 through FY 2026-27 severance taxes are increased by reducing the credit against severance taxes for ad valorem taxes. The resulting increase in severance tax revenue (estimated at \$37.5 million for FY 2024-25) is directed to the Decarbonization Tax Credits Cash Fund. Because of this, the Local Affairs share of total revenue is less than 50.0 percent, but overall revenue is greater than it would otherwise be. There is also a diversion to the Just Transitions Cash Fund provided in H.B. 21-1312.

Allocation of State Severance Tax Revenue
(Section 39-29-108, C.R.S.)



Federal Mineral Lease Funds: Federal mineral lease funds are allocated based on a more complex flow. Pursuant to 34-63-102, C.R.S. 41.7 percent of the State's share of private sector payments to the federal government for mineral and mineral fuel production on federal lands (referred to as federal mineral lease revenues “non-bonus” payments) is deposited to the Local Government Mineral Impact Fund on a quarterly basis. The Department also administers a 50 percent share of “bonus” revenues (initial payments from private entities for the right to extract oil, gas, or minerals on a parcel of land) that may be used when the regular revenue stream declines. As shown in the chart below, this funding source is distributed as follows:

- *Local Affairs Grants and Loans (half of the 40.0 percent of non-bonus revenues directed to DOLA):* As for grants and loans using severance tax, allocations are based on review by the Energy and Mineral Impact Assistance Advisory Committee and used for the planning, construction, and maintenance of public facilities, and for the provision of public services.
- *Local Affairs Formula Allocations (half of the 40.0 percent of non-bonus revenues directed to DOLA plus the 1.7 percent directed to school districts):* Funds are provided to local governments by August 31 of the following fiscal year based on the proportion of money credited to the mineral leasing fund that is derived from each county, as well as the proportion of employees of mines or related facilities who reside in a county compared to the rest of the state. These allocations are further divided, by formula, to municipalities within each county. School districts receive separate formula distributions. In addition, the Department’s 50 percent share of bonus revenues, which are deposited to the Permanent Fund and available when revenue declines sufficiently, are used for formula distributions.

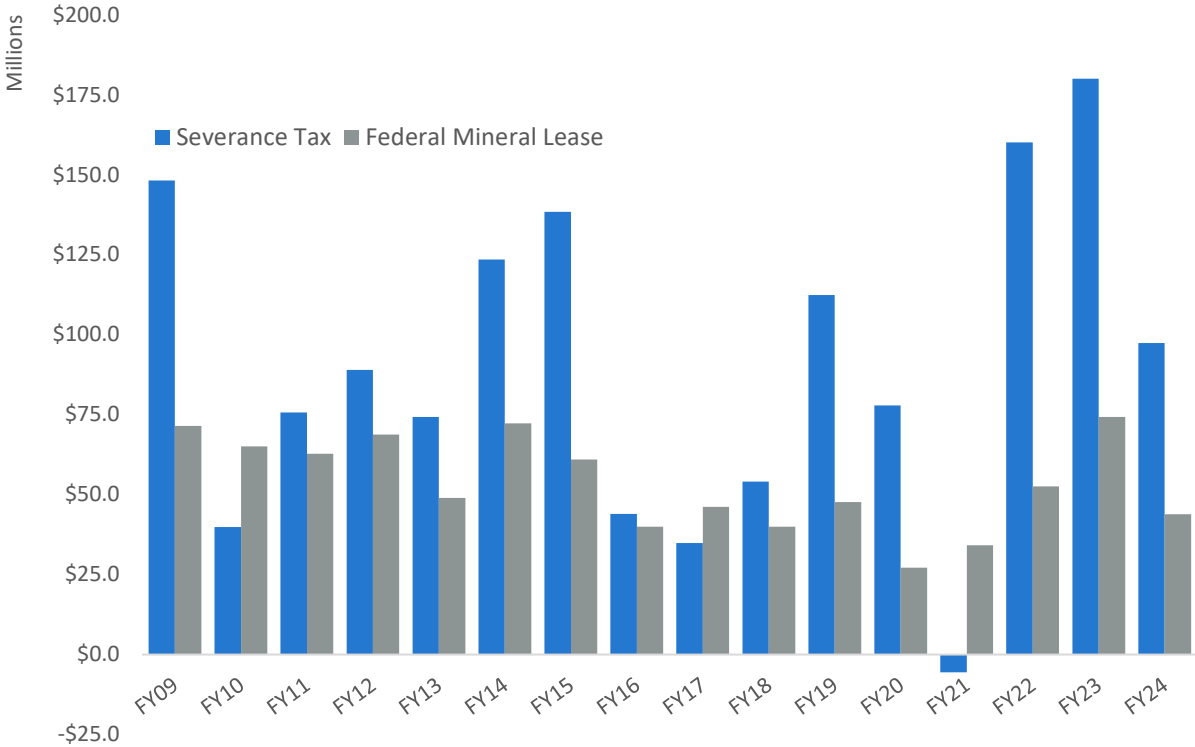


*Spillover if above cap to Higher Ed FML Revenues Fund

Use of Mineral and Energy Impact Funds

Severance tax and federal mineral lease revenues are volatile funding sources, as reflected in the chart below.

Severance Tax & Mineral Lease Revenue to the Department of Local Affairs



As noted above, funding received by the Department of Local Affairs from both severance tax and federal mineral lease money is used for a combination of direct distributions (30% of severance tax + 50% of FML); and Energy/Mineral Impact Grants (70% of severance tax + 50% of FML).

In addition, these funds have been redirected to the General Fund, particularly during periods of significant economic crisis. More recently, funds have also been redirected when overall severance tax revenue is high and the General Assembly has preferred uses for the money. The table below shows the history of such diversions.

Local Government Severance and Mineral Impact Fund Transfers to General Fund				
Fiscal Year	From LG Severance Tax Fund	From LG Mineral Impact Fund	From Local Government Permanent Fund	Total Transfers to General Fund
2004-05	\$3,796,129	\$0	\$0	\$3,796,129
2005-06	0	0	0	0

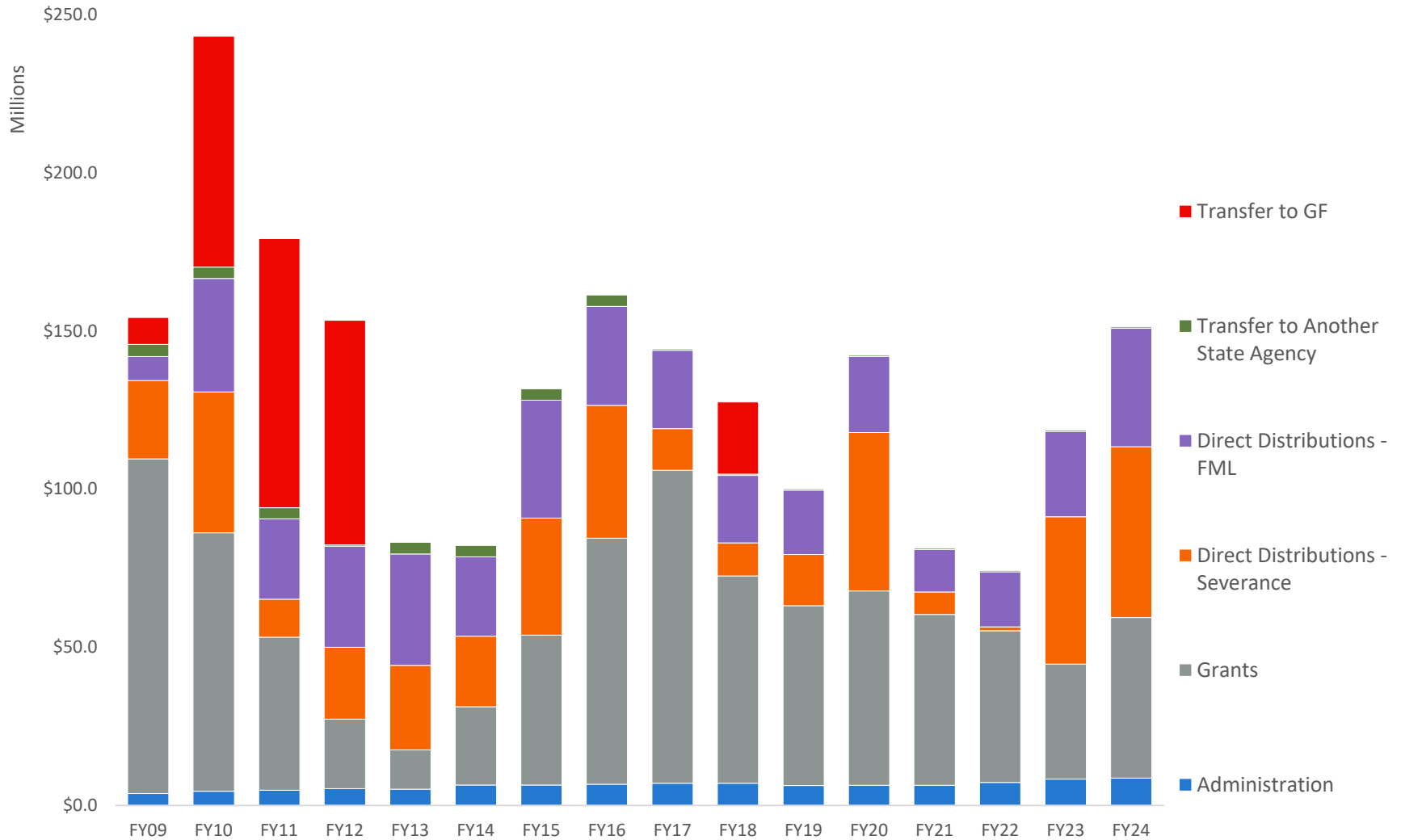
Local Government Severance and Mineral Impact Fund Transfers to General Fund				
Fiscal Year	From LG Severance Tax Fund	From LG Mineral Impact Fund	From Local Government Permanent Fund	Total Transfers to General Fund
2006-07	0	0	0	0
2007-08	0	0	0	0
2008-09	7,500,000	1,000,000	0	8,500,000
2009-10	50,327,796	22,600,000	14,305,697	87,233,493
2010-11	70,000,000	15,000,000	4,800,000	89,800,000
2011-12	41,000,000	30,000,000	0	71,000,000
2012-13	0	0	0	0
2013-14	0	0	0	0
2014-15 ⁷	8,166,366	0	0	8,166,366
2015-16		0	0	0
2016-17	0	0	0	0
2017-18	22,850,000	0	0	22,850,000
2018-19	0	0	0	0
2019-20	0	0	2,300,000	2,300,000
2020-21	0	0	0	0
2021-22	0	0	0	0
2022-23	0	0	0	0
2023-24	0	0	0	0
2024-25 ⁸	25,000,000	0	0	25,000,000
Totals	\$228,640,291	\$68,600,000	\$21,405,697	\$318,645,988

As shown above, for FY 2024-25, the General Assembly adopted an additional \$25.0 million transfer from the Local Government Severance Tax Fund to the General Fund in H.B. 24-1413, as well as a transfer of 10.5 million from the Local Government Severance Tax Fund and \$4.5 million from the Local Government Mineral Impact Fund to the Housing Needs Planning Technical Assistance Fund created in S.B. 24-174. The following chart shows the history of uses for the last 15 years of actual data, including transfers to the General Fund, through FY 2023-24.

⁷ This amount was taken “off the top” before being deposited into the Local Government Severance Tax Fund pursuant to S.B. 15-255.

⁸ In addition to the General Fund transfer included in H.B. 24-1413, the General Assembly adopted S.B. 24-174, which transferred an additional \$10.5 million from the Local Government Severance Tax Fund and \$4.5 million from the Local Government Mineral Impact Fund to the Housing Needs Planning Technical Assistance Fund.

Use of DOLA's Energy Impact Funds



Typically, when the General Assembly has chosen to “sweep” funding from severance tax or federal mineral lease money into the General Fund, the reductions have been taken to grant funding, rather than formula distributions to local governments. Staff presumes that this is because grant funding, in particular, is not something any local government relies upon, and, second, the grant funding is less directly tied to active mineral development, which can have significant cyclical impacts on local economies and local demand for public services.

Executive Request to Transfer \$10.0 million to the General Fund

Executive Budget Request R1 proposes a transfer of \$10.0 million from the Local Government Severance Tax Fund to the General Fund. The request notes that The FY 2025-26 budget environment is challenging due to increases in mandatory caseload-related expenditures and that Colorado has also seen higher than average Cash Fund revenue earnings which has contributed to additional pressures on the state’s General Fund balance within the TABOR fiscal year spending limit. This is relevant to the request because, when Severance Tax revenue increases more quickly than General Fund revenue, it drives TABOR refunds from the General Fund.

The request notes that average severance tax revenue since 2001 has been \$160.6 million, and current projections are for high levels of revenue: “Local government partners will have less funding than they otherwise would for capital construction projects in their communities because the funds will support the state budget. However, the total dollar amount for local governments is likely to be similar to historic levels if the actual revenues are close to projections.”

In response to staff questions, the Department notes that “as of now and based on the most recent projections, there is no anticipated impact to the current DOLA FY [Energy Impact Assistance Fund] grant cycle spending plan to administer two more cycles of \$25M and award \$50M in combined severance and federal mineral lease grant funds through the end of FY25. The proposed reduction will not negatively impact the direct distribution portion of severance tax.”

More on Energy Impact Grants

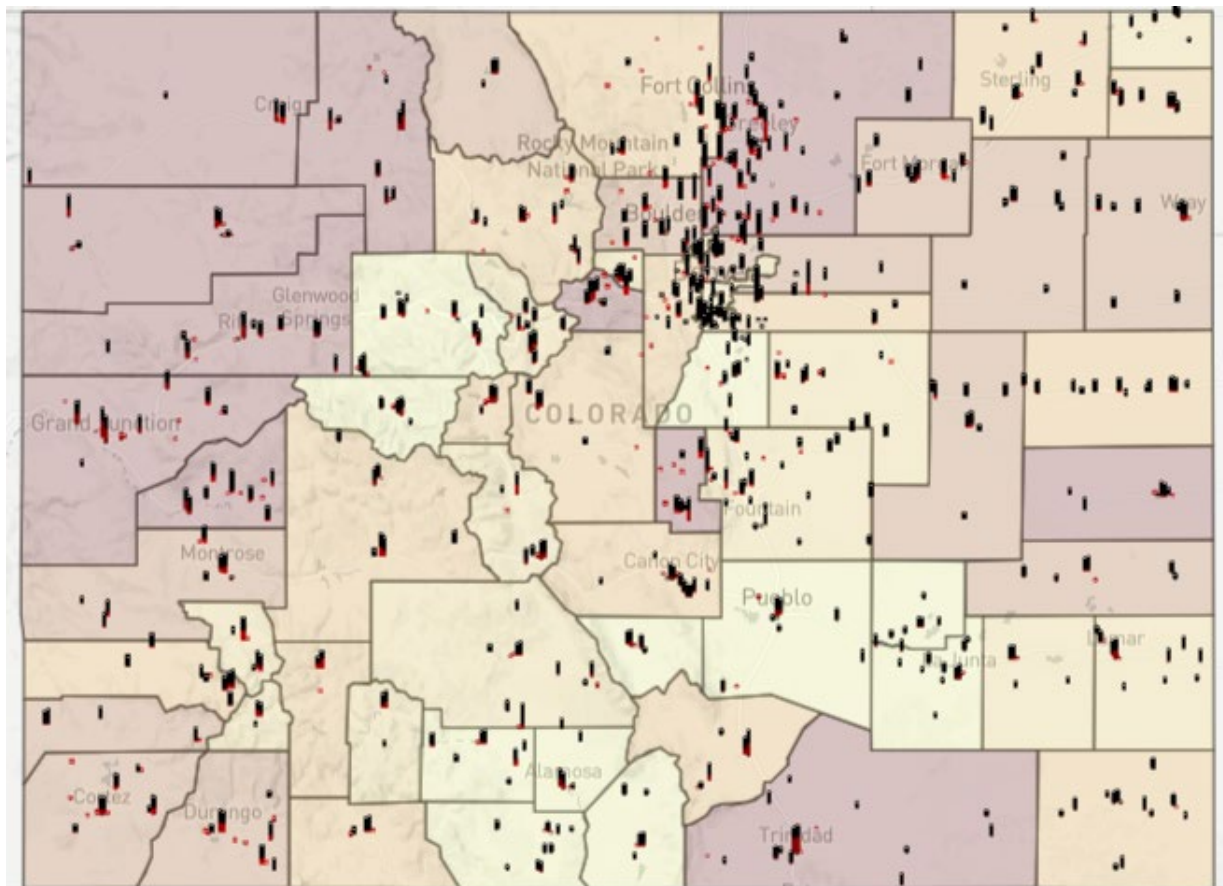
Statute requires that energy impact funds be distributed to impacted governments “for the planning, construction, and maintenance of public facilities and for the provision of public services”. Priority is given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands. (Sections 39-29-110 and 34-63-102 (1) (b), C.R.S.) Eligible recipients are government entities: municipalities, counties, school districts, and most special districts.

The Executive Director of the Department of Local Affairs determines the allocation of grants for purposes consistent with statute, taking into consideration the recommendations of the statutory Energy Impact Advisory Committee. Smaller grants may be reviewed and approved

by Department staff. Larger grants are part of the grant cycle reviewed by the nine-member Energy Impact Advisory Committee. Regular grant cycles occur three times a year (August, December, and April). Each cycle is typically for \$20 to \$35 million, depending upon funds available. Additional funds may be awarded for Special Executive Initiatives and other multi-jurisdictional projects as funding allows. Some features of the system:

- Revenue may swing dramatically. Outlays swing less dramatically, as the department moderates cycles through its spending patterns and retains a reserve to help manage this.
- New direct distributions and grant commitments in a fiscal year are largely, though not entirely, based on receipts in the prior year.
- The system provides a high level of latitude to the Executive Branch to focus local government grants on areas that are policy priorities for the Governor. These goals may or may not be a particular focus of interest of the General Assembly. Uses must be broadly consistent with the statutory uses of energy impact funds—but are not otherwise created in statute. Currently this includes the Climate Resilience Challenge and More Housing Now and Land Use Initiative.

The map below shows the distribution of Energy and Mineral Impact Assistance Fund money around the state from 2012 through 2024. As shown, funds are allocated to every area of Colorado. The regional shading on the map shows “impact scores” by region, which are calculated to reflect the estimated impact of mineral and energy extraction by county.



Source: DOLA financial assistance map: https://gis.dola.colorado.gov/CO_Grants/

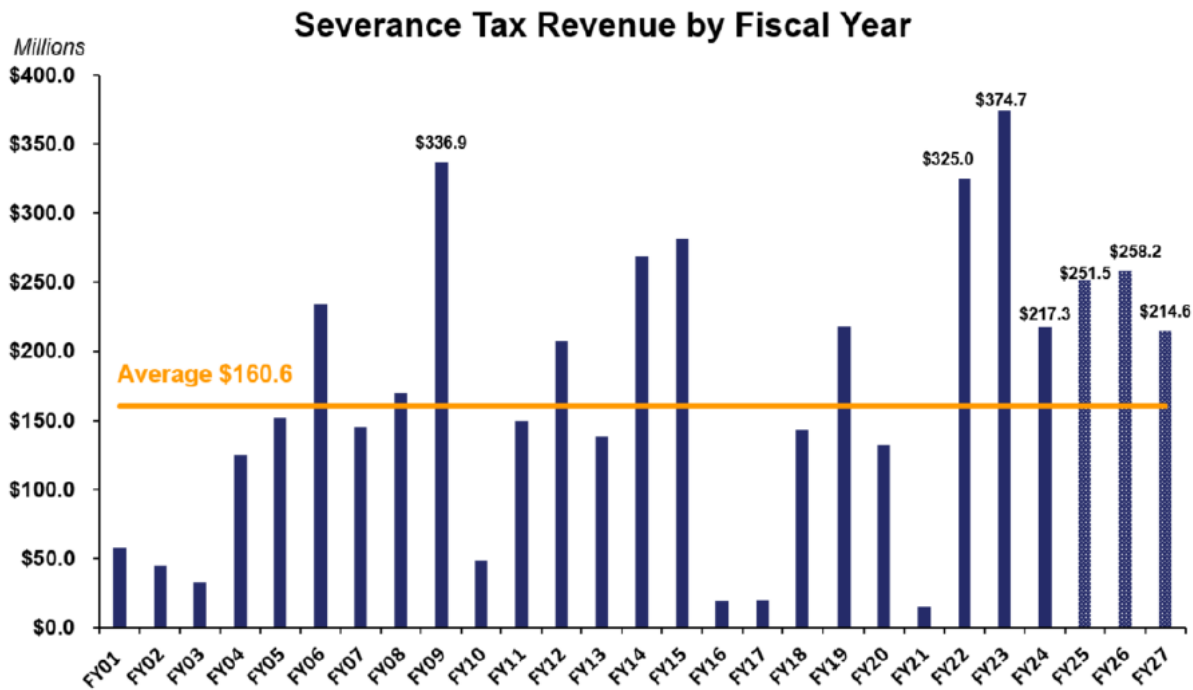
In analysis conducted by JBC Staff in prior years, staff noted:

- *There was not a statistically significant relationship between whether a community is highly impacted by energy development and the amount of grant funding it receives.* Statute directs that energy impact grant funds be allocated to political subdivisions socially or economically impacted by mineral and energy development and processing. The Department calculates a “energy impact score” for all communities in the State but has identified all communities as energy impacted to some extent. Specifically, based on regression analysis, staff found no correlation between FY 2015-16 energy impact scores and where grants had been awarded between FY 2008-09 and FY 2014-15.

Energy Impact Grants represent a very small portion of local government funding. The \$50.6 million in average annual grants from FY 2008-09 to FY 2014-15 represented 0.6 percent of total annual county and municipal budgets in FY 2010-11. The significance ranges by locality from 0 percent in Broomfield and Gilpin Counties, which received no funding, to 7.6 percent in Las Animas County.

More on Revenue Volatility and Tax Projections

Severance Tax revenue in recent years has ranged from as little as \$14.7 million received in total (statewide) in FY 2020-21 to as great as \$374.7 million in FY 2022-23, just two years later, averaging \$160.6 million between FY 2000-01 and FY 2023-24. Revenue is projected to exceed \$260 million in FY 2024-25 and FY 2025-26, but these figures can shift swiftly. The following chart, included in the Governor’s request, highlights this historic dynamic.



Revenue from severance tax, as well as mineral impact funds, are notoriously hard to forecast. The tables below are from the September 2024 OSPB forecast. Notably, Legislative Council Staff

forecasts are lower for Severance Tax revenue (\$229.8 million for FY 2025-26) and higher for FML revenue (\$139.5 million for FY 2025-26) than the OSPB forecast figures shown below.

Severance Tax Forecast Distribution Table (OSPB):

Figure 46. Severance Tax Forecast Distribution Table	Preliminary FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total Severance Tax Revenue (excluding interest, in millions)	\$186.4	\$226.0	\$237.8	\$199.3
Distribution				
Decarbonization Tax Credits Administration	\$13.7	\$28.2	\$30.3	\$14.9
Department of Natural Resources	\$86.4	\$98.9	\$103.8	\$92.2
Department of Local Affairs	\$86.4	\$98.9	\$103.8	\$92.2

FML Forecast Distribution Table (OSPB):

	Preliminary FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
Total FML Revenue	\$96.9	\$108.2	\$116.7	\$118.1
Change	-44.2%	11.7%	7.8%	1.2%
Bonus Payments (portion of total FML revenue)				
Local Government Perm Fund	\$0.2	\$0.2	\$0.3	\$0.3
Higher Ed FML Revenues Fund	\$0.2	\$0.2	\$0.3	\$0.3
Non-Bonus FML Revenue				
State Public School Fund	\$46.6	\$52.0	\$56.1	\$56.8
Colorado Water Conservation Board	\$9.6	\$10.8	\$11.6	\$11.8
DOLA Grants	\$19.3	\$21.5	\$23.2	\$23.5
DOLA Direct Distribution	\$19.3	\$21.5	\$23.2	\$23.5
School Districts	\$1.6	\$1.8	\$2.0	\$2.0

Severance tax revenue is included under the state’s TABOR revenue cap (“non-exempt” revenue). Since FML revenue is paid from the federal government, it is exempt from the TABOR cap, even though, unlike other sources of federal revenue, the State has broad latitude in how this money is used.

Actual and Projected Funds Available (OSPB forecast; current request)				
Department of Local Affairs (\$ millions)				
	FY 2023-24	FY 2024-25	FY 2025-26	2026-27
Grants - Severance*	\$60.5	\$44.2	\$62.7	\$64.5
Grants - FML	19.3	21.5	23.2	23.5
Grants - Total	\$79.8	\$65.7	\$85.9	\$88.0
Direct Distributions - Total	46.8	51.2	54.3	51.2

*Adjusted for transfers to the GF of \$25M in FY 2024-25 and requested transfer \$10M for FY 2025-26

Issue: Defense Counsel on First Appearance Grant Program

The Department's R4 request proposes a one-time General Fund reduction of \$392,159 to the Defense Counsel on First Appearance Grant Program, which would leave a General Fund appropriation of \$1,113,093 available for FY 2025-26.

Summary

The Defense Counsel on First Appearance Grant Program was created by H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) to reimburse municipal courts for a state-imposed requirement to appoint legal counsel to any defendant in custody and charged with an offense that carries a potential sentence of incarceration. This program has been chronically over-appropriated and underutilized. Of the \$4.5 million that has been awarded through this program since its inception, over half has gone to Denver and Aurora. Given the State's current financial circumstances, in addition to concerns about the overly punitive nature of municipal courts, staff suggests the Committee and the General Assembly consider whether to continue funding this program at all.

Recommendation

Staff expects to recommend approval of the R1 reduction at figure setting, and will further recommend that it be an ongoing reduction given the chronic underutilization of this program. Staff also recommends the Committee explore options for funding below what was requested, limiting the program to municipalities under a certain size, or eliminating the program entirely.

Discussion

History

House Bill 16-1309 (Right to Counsel in Municipal Court) imposed a requirement on municipal courts to appoint legal counsel to any defendant in custody and charged with an offense that carries a potential sentence of incarceration. Counsel must be present for the defendant's initial appearance unless he or she makes a knowing, intelligent, and voluntary waiver of his or her right to counsel. If the defendant remains in custody, they have a right to counsel until released. Once released, the defendant may apply for and the court must appoint an attorney if the defendant is deemed indigent and faces a potential sentence of incarceration. The General Assembly passed H.B. 18-1353 (Defense Counsel in Municipal Court Grant Program) to reimburse local governments, in whole or in part, for their costs associated with the requirements imposed by Section 13-10-114.5, C.R.S.

The H.B. 18-1353 fiscal note was unable to estimate the potential cost of the defense counsel requirements to municipalities across the state; the bill included an appropriation of \$1.85 million General Fund. The appropriation was cut in half in FY 202-21 due to projected underutilization and the COVID-19 pandemic. Funding gradually returned to its original level before being cut pursuant to the Department’s FY 2024-25 R4 request. A history of appropriations and reversions is shown below; this information was provided in the request for information response related to this program submitted with the November 1st request.

Funding by Year							
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Appropriations	\$1,846,959	\$1,995,520	\$1,000,000	\$1,309,520	\$1,998,494	\$1,999,982	1,500,425
Awarded	1,176,562	289,700	1,000,000	627,000	277,300	1,081,300	n/a
Expended	211,561	552,472	517,917	668,987	682,518	872,914	n/a
Reverted	n/a	533,097	513,100	338,268	529,701	1,789,755	n/a

Note: Reversions may not equal the difference between awards and expenditures in a given year due to one year of roll-forward authority provided for each appropriation and differing expiration dates of individual awards.

Following a [sunset review](#), H.B. 23-072 extended the program for an additional five years through FY 2027-28. The review alleges that “the DCFA Grant Program helps to ensure that the State of Colorado continues to maintain a fair justice system for any and all defendants who face the possibility of incarceration”. The importance of providing defense counsel was also a primary topic of discussion in legislative committee hearings for H.B. 23-072. Staff would note that municipal courts are statutorily required to provide defense counsel whether or not the State is subsidizing them for it; therefore, the existence of this program *should* be immaterial to whether or not defendants are appropriately provided with counsel in municipal court.

Program Utilization

The DCFA Grant Program has been over-appropriated since its inception. The following reasons have been cited for underutilization:

- A limited number of courts meet both the eligibility guidelines and experience enough cases to make the program cost-effective. Small municipalities are unlikely to have both a municipal court and the ability to incarcerate defendants post-sentencing. These municipalities transfer applicable cases to county court or a larger municipality.
- Courts face challenges in tracking eligible cases and cannot successfully request reimbursement.
- The COVID-19 pandemic substantially decreased the amount of courtroom activity. The program has experienced an uptick in demand as proceedings have returned to normal.

The Department has provided, and continues to provide, substantial outreach directly to municipalities and through the Office of the Alternate Defense Counsel. The Department also offers in-depth technical assistance and even hosts weekly office hours throughout each reporting period.

The following table shows a complete history of awards by recipient. Awards are determined based on the estimated eligible caseload provided by the applicant. During the application process, the applicant has to provide billing statements and other supporting documentation

from the previous fiscal year to justify the eligible case forecast for the upcoming year. Denver and Aurora account for over half of all funding awarded throughout this program’s history.

Awards by Municipality								
Recipient	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	Total Share (over 6 yrs)
Alamosa	\$1,800	n/a	n/a	n/a	\$4,000	\$4,000	\$9,800	0.2%
Arvada	5,400	9,700	10,000	8,000	n/a	8,000	41,100	0.9%
Aurora	98,100	145,000	150,000	150,000	150,000	300,000	993,100	22.3%
Brighton	6,300	n/a	n/a	n/a	36,000	36,000	78,300	1.8%
Broomfield	n/a	n/a	n/a	n/a	n/a	15,000	15,000	0.3%
Brush	6,300	n/a	n/a	n/a	n/a	n/a	6,300	0.1%
Castle Rock	n/a	n/a	n/a	n/a	3,300	3,300	6,600	0.1%
Colorado Springs	52,875	n/a	30,000	5,000	n/a	150,000	237,875	5.3%
Commerce City	41,400	n/a	25,000	13,000	n/a	13,000	92,400	2.1%
Cortez	22,950	n/a	n/a	n/a	n/a	12,500	35,450	0.8%
Cripple Creek	n/a	n/a	n/a	n/a	1,500	n/a	1,500	0.0%
Denver	243,909	n/a	500,000	275,000	n/a	275,000	1,293,909	29.1%
Edgewater	n/a	n/a	n/a	n/a	10,000	10,000	20,000	0.4%
Englewood	29,934	n/a	55,000	25,000	n/a	25,000	134,934	3.0%
Federal Heights	1,000	n/a	n/a	n/a	1,500	2,500	5,000	0.1%
Firestone	n/a	n/a	1,000	n/a	1,500	1,500	4,000	0.1%
Fort Collins	8,100	14,000	10,000	10,000	n/a	15,000	57,100	1.3%
Grand Junction	3,258	n/a	4,000	n/a	n/a	n/a	7,258	0.2%
Greeley	17,100	n/a	18,000	8,000	n/a	8,000	51,100	1.1%
Greenwood Village	2,700	n/a	n/a	n/a	n/a	n/a	2,700	0.1%
Hudson	15,300	n/a	2,000	n/a	n/a	n/a	17,300	0.4%
Lafayette	31,500	n/a	n/a	n/a	n/a	n/a	31,500	0.7%
Lakewood	71,244	50,000	25,000	25,000	n/a	30,000	201,244	4.5%
Littleton	59,400	n/a	30,000	15,000	15,000	30,000	149,400	3.4%
Lochbuie	n/a	n/a	n/a	n/a	1,500	1,500	3,000	0.1%
Longmont	23,400	n/a	16,000	6,000	n/a	6,000	51,400	1.2%
Loveland	6,120	5,000	5,000	4,000	n/a	4,000	24,120	0.5%
Manitou Springs	n/a	n/a	n/a	n/a	2,000	2,000	4,000	0.1%
Northglenn	5,220	9,000	5,000	4,000	n/a	4,000	27,220	0.6%
Palisade	1,530	n/a	n/a	n/a	n/a	n/a	1,530	0.0%
Parker	2,250	2,000	5,000	4,000	n/a	4,000	17,250	0.4%
Pueblo	213,975	n/a	28,000	18,000	18,000	36,000	313,975	7.1%
Rifle	8,280	10,000	10,000	8,000	n/a	8,000	44,280	1.0%
Sheridan	36,000	15,000	10,000	8,000	n/a	8,000	77,000	1.7%
Thornton	62,325	30,000	20,000	18,000	18,000	36,000	184,325	4.1%
Westminster	69,102	n/a	25,000	15,000	15,000	25,000	149,102	3.3%
Wheat Ridge	29,790	n/a	16,000	8,000	n/a	8,000	61,790	1.4%
Total	\$1,176,562	\$289,700	\$1,000,000	\$627,000	\$277,300	\$1,081,300	\$4,451,862	100.0%

Municipal Courts

There are over 200 municipal courts in Colorado. These courts are separate from the judicial system, but operate under the Colorado Supreme Court’s rules and procedures. Municipal courts deal with violations of city laws committed within the city limits such as traffic

infractions, shoplifting, illegal fireworks, dog leash-law violations, and disturbances. Municipal courts are designed as the lowest-level courts but have recently come under scrutiny for having much harsher sentences than state courts.

Senate Bill 21-271 (Misdemeanor Reform) reformed sentencing provisions for misdemeanors and petty offenses, reduced the number of misdemeanor and petty offense classifications, and created a new civil infraction classification. These reforms do not apply to municipal courts. A recent Denver Post article⁹ reported that “Some municipalities, like Aurora and Pueblo, beefed up their local ordinances in response to the state reforms, passing mandatory-minimum jail requirements for certain low-level, non-violent offenses that carry little to no jail time in state courts”, and that “Aurora has passed several ordinances in the last year imposing mandatory jail sentences for shoplifting, car theft, failure to appear and skipping out on a bill at a restaurant” (Tabachnik and Bradbury).

Police officers have discretion over whether to send a defendant’s case to municipal or state court. The same Denver Post article states that Marc Sears, president of the Aurora Fraternal Order of Police union, acknowledged that Aurora police officers are encouraged to send people to municipal court because the court generates funds for the city. Aurora has received nearly \$1.0 million from the Defense Counsel on First Appearance Grant Program since FY 2018-19. Based on the information above, staff’s understanding is that this program may be reimbursing municipal courts for providing defense counsel for charges that would not carry the potential for incarceration (and therefore would not be subject to Section 13-10-114.5, C.R.S., or eligible for the program) if the municipality had the same sentencing guidelines as state courts.

The harsher sentencing in municipal courts compared to state courts raises concerns about equal protection; the Colorado Supreme Court has agreed to hear a case challenging the constitutionality of this disparate sentencing¹⁰. Additionally, Colorado legislators are rumored to be considering a bill to address sentencing disparities during the 2025 legislative session.

⁹ Tabachnik, Sam and Bradbury, Shelly. “How Colorado’s municipal courts became the state’s most punitive forum for minor crimes.” *The Denver Post*, 25 September 2024, <https://www.denverpost.com/2024/09/22/colorado-municipal-courts-sentences-minor-crime/?share=euowrt2nrptnmv0urpts>

¹⁰ Tabachnik, Sam and Bradbury, Shelly. “Can municipal courts jail people longer for minor crimes than state courts? Colorado Supreme Court will decide.” *The Denver Post*, 18 October 2024, <https://www.denverpost.com/2024/10/18/colorado-supreme-court-municipal-jail-sentences/>

Footnotes and Requests for Information

Update on Long Bill Footnotes

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2024 Long Bill (H.B. 24-1430) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB24-1430> The Long Bill footnotes relevant to this document are listed below.

74 Department of Local Affairs, Executive Director's Office, Administration, Moffat Tunnel Improvement District -- It is the General Assembly's intent that the Department continue its current practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties because this practice ensures that funds remain available to cover any potential Improvement District Liabilities related to the Tunnel and any costs related to studies or other actions that need to occur prior to the expiration of the lease with Union Pacific Railroad in 2025 in order to protect the interests of the Improvement District and the State.

Comment: This footnote was first included in the FY 2018-19 Long Bill. The Union Pacific lease expires in 2025 and current statute contemplates the sale of this asset. At this time, the Department does not have any plans to sell the District's assets or to renegotiate the current lease agreements with Union Pacific Railroad or Century Link. If the General Assembly is genuinely interested in selling these assets, the Department would need to consult with an engineering firm familiar with railroad assets to determine the steps required to organize those assets for sale.

Under current law, lease payment revenue from the property is to be distributed to the nine Improvement District counties (Adams, Boulder, Denver, Eagle, Gilpin, Grand, Jefferson, Moffat, and Routt) after the Department has set aside sufficient revenue for administrative costs. In light of the information provided in response to a 2017 request for information, the Committee added this footnote to express the General Assembly's intent that the Department continue its practice of retaining lease payment revenues in the Moffat Tunnel Cash Fund and suspending distribution payments to Improvement District counties.

75 Department of Local Affairs, Division of Housing -- It is the General Assembly's intent that the Department target state General Fund appropriations for affordable housing to projects and clients that can be reasonably expected to reduce other State costs. It is the General Assembly's further intent that the Department prioritize State-funded rental assistance for the following populations: Medicaid clients who are transitioning from a nursing home or long-term care facility; clients transitioning from a State Mental Health Institute or a State-funded behavioral healthcare facility; and clients transitioning

from the Department of Corrections, the Division of Youth Services in Department of Human Services, or a county jail.

Comment: This footnote expresses legislative intent, and was first included in the FY 2015-16 Long Bill. Further detail regarding types of clients to be targeted for rental assistance was included in the FY 2019-20 Long Bill.

76 Department of Local Affairs, Division of Housing, Community and Non-Profit Services, Community Services, Low Income Rental Subsidies -- It is the General Assembly's intent that the Department be able to expand eligibility for state housing vouchers to people receiving services on the Home and Community-Based Services Developmental Disabilities waiver who need assistance to remain in their least restrictive residential setting, so long as existing populations served by these voucher programs are not negatively impacted.

Comment: This footnote expresses legislative intent, and was first included in the FY 2024-25 Long Bill.

77 Department of Local Affairs, Division of Housing, Community and Non-Profit Services, Community Services, Low Income Rental Subsidies; Field Services, Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S.; and Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice Systems -- It is the General Assembly's intent that the Department record expenditures for rental vouchers issued by the Division of Housing within the Low Income Rental Subsidies line item.

Comment: This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill.

78 Department of Local Affairs, Division of Housing, Field Services, Affordable Housing Program Costs; Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. -- It is the General Assembly's intent that appropriations for State administration of affordable housing construction grants and loans, including administration funding authorized pursuant to Section 24-32-721(3)(b), C.R.S., be expended in the Affordable Housing Program Costs line item.

Comment: This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill.

79 Department of Local Affairs, Division of Local Government, Field Services, Program Costs -- It is the General Assembly's intent that \$462,500 of the reappropriated funds in this line item appropriation be used for the Colorado Main Street Program.

Comment: This footnote expresses legislative intent, and was first included in the FY 2019-20 Long Bill.

Update on Requests for Information

The Joint Budget Committee annually submits requests for information (RFIs) to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2024-25 Report):

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The RFIs relevant to this document are listed below.

Department of Local Affairs Requests

- 1 Department of Local Affairs, Division of Housing, Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S. -- The Department is requested to provide a report to the Joint Budget Committee by November 1, 2024, regarding the \$8.8 million General Fund portion of this appropriation that was previously funded by the Marijuana Tax Cash Fund. The report should include details about the usage of the funds and a discussion of whether other programs and/or funding streams (such as Proposition 123) could be used for those purposes instead if the \$8.8 million were to be reduced in the future.

Comment: The Department provided a thorough response, which may be accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>

In FY 2024-25, the state cut \$15.3 million in Marijuana Tax Cash Funds first provided in FY 2017-18 for a variety of homeless response programs. The reduction was due to insufficient Marijuana Tax Cash Fund revenue, and the funding was partially replaced by \$8.8 million General Fund. The response indicates:

Marijuana Tax Cash Funds that were reduced, and the General Fund that partially replaced this funding, is used to support State Housing Vouchers. State Housing Vouchers, including both tenant-based and project-based vouchers, assist the Department in its mission to create housing opportunities for Coloradans who face the greatest challenges to accessing housing by providing state-funded resources for populations unable to access the over-subscribed federal voucher programs. These funds also leverage increased federal resources by meeting required matches for federal supportive housing vouchers. In FY 2023-24 the State vouchers served 2,593 households with severe needs for a total of for \$23.1 million.

The portion of funding that was reduced and refinanced has been targeted to individuals who are transitioning from mental health institutes back to the community or who need more intensive services to help avoid institutional placement. These funds have also been used to support a variety of eligible homeless response efforts, including tenancy support services,

development of the Homeless Information Management System, and the Rapid ReHousing for Reentry program.

Filling the \$6.5 million gap in funding due to the changes in FY 2024-25, “required DOLA/DOH to re-purpose other funding sources eligible for utilization in addressing homelessness including those made available through Proposition 123”.

The \$8.8 million General Fund that partially replaced the cut is anticipated to be fully used to support the existing state vouchers for individuals transitioning from the mental health institutes. “Currently, DOLA/DOH does not see viable alternatives [to continuing the General Fund support] including but not limited to Proposition 123.” Although H.B. 23-1304 allows the Department to use Proposition 123 for this type of activity, “this would require cutting existing programs or halting new affordable housing development, a course of action that runs contrary to the intention of the voters”. The response notes that Proposition 123 prohibited supplanting existing appropriations for affordable housing. It notes that a loss of the full \$15.3 million over two years “would require significant modifications to existing commitments, the suspension or non-renewal of existing programs, and extensive stakeholder engagement.”

2 Department of Local Affairs, Division of Local Government, Field Services, Defense Counsel on First Appearance Grant Program -- The Department is requested to collaborate with interested stakeholders to provide by November 1, 2024, a report to the Joint Budget Committee concerning the Defense Counsel on First Appearance Grant Program in the Division of Local Government. The report should include, at a minimum:

- an assessment of the program’s structure and suggested modifications to ensure interested municipalities are applying for and receiving funding;
- a review of the application process and publicly available instructions/information with recommendations to increase ease of use;
- a summary of the Department’s engagement with interested parties including non-profits and municipal representatives, and;
- usage of the program through FY 2023-24 including appropriations, awards by recipient, and reversions by year.

Comment: The Department provided a thorough response, which may be accessed from the OSPB website under FY 2025-26 Budget Request, All Budget Documents, Agency Budget Submissions, (9) DOLA, (7) RFIs and Long Range Financial Plan: <https://www.colorado.gov/governor/office-state-planning-budgeting>. The response to the RFI is referenced as part of a briefing issue that discusses the Defense Counsel on First Appearance Grant Program.

Department Annual Performance Report

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Local Affairs is required to publish an **Annual Performance Report** for the *previous state fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2025-26 budget request, the FY 2023-24 Annual Performance Report and the FY 2024-25 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performance/department-performance-plans>

Appendix A: Numbers Pages

Appendix A details actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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Department of Local Affairs
Richard Garcia, Executive Director

(1) Executive Director's Office

(A) Administration

Personal Services	<u>1,724,991</u>	<u>2,056,612</u>	<u>2,186,478</u>	<u>2,287,735</u>
FTE	14.4	18.8	20.1	20.2
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	1,724,991	2,056,612	2,186,478	2,287,735
Federal Funds	0	0	0	0
Health, Life, and Dental	<u>1,633,030</u>	<u>2,888,228</u>	<u>3,174,283</u>	<u>3,725,109</u>
General Fund	612,988	949,848	1,073,465	1,708,233
Cash Funds	425,066	607,025	730,309	745,021
Reappropriated Funds	594,976	676,707	820,705	543,113
Federal Funds	0	654,648	549,804	728,742
Short-term Disability	<u>17,346</u>	<u>25,872</u>	<u>28,497</u>	<u>28,912</u>
General Fund	6,056	7,815	8,856	13,863
Cash Funds	3,887	4,644	6,389	4,961
Reappropriated Funds	7,403	7,255	8,325	5,117
Federal Funds	0	6,158	4,927	4,971

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
AED/SAED	<u>0</u>	<u>0</u>	<u>1,899,732</u>	<u>1,927,383</u>	
General Fund	0	0	590,386	924,183	
Cash Funds	0	0	425,920	330,717	
Reappropriated Funds	0	0	554,976	341,115	
Federal Funds	0	0	328,450	331,368	
Paid Family Medical Leave Insurance	<u>0</u>	<u>0</u>	<u>85,488</u>	<u>86,732</u>	
General Fund	0	0	26,567	41,588	
Cash Funds	0	0	19,166	14,882	
Reappropriated Funds	0	0	24,974	15,350	
Federal Funds	0	0	14,781	14,912	
S.B. 04-257 Amortization Equalization Disbursement	<u>564,971</u>	<u>887,961</u>	<u>0</u>	<u>0</u>	
General Fund	193,715	268,221	0	0	
Cash Funds	123,297	159,397	0	0	
Reappropriated Funds	247,959	249,010	0	0	
Federal Funds	0	211,333	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>564,971</u>	<u>887,961</u>	<u>0</u>	<u>0</u>	
General Fund	193,715	268,221	0	0	
Cash Funds	123,297	159,397	0	0	
Reappropriated Funds	247,959	249,010	0	0	
Federal Funds	0	211,333	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Salary Survey	<u>336,922</u>	<u>956,230</u>	<u>687,434</u>	<u>528,895</u>	
General Fund	103,964	288,707	214,008	253,746	
Cash Funds	71,094	172,018	152,764	90,763	
Reappropriated Funds	161,864	268,031	202,472	93,696	
Federal Funds	0	227,474	118,190	90,690	
Step Increase	<u>0</u>	<u>0</u>	<u>638,041</u>	<u>106,256</u>	
General Fund	0	0	188,367	45,232	
Cash Funds	0	0	179,341	17,807	
Reappropriated Funds	0	0	142,344	15,020	
Federal Funds	0	0	127,989	28,197	
PERA Direct Distribution	<u>180,208</u>	<u>61,117</u>	<u>454,531</u>	<u>494,910</u>	
General Fund	0	18,462	141,256	237,306	
Cash Funds	78,991	10,970	101,906	84,882	
Reappropriated Funds	101,217	17,139	132,784	87,618	
Federal Funds	0	14,546	78,585	85,104	
Workers' Compensation	<u>103,789</u>	<u>103,305</u>	<u>151,560</u>	<u>129,955</u>	
General Fund	36,717	36,546	53,617	41,262	
Cash Funds	21,956	21,854	32,062	56,397	
Reappropriated Funds	45,116	44,905	65,881	32,296	
Federal Funds	0	0	0	0	
Operating Expenses	<u>149,230</u>	<u>119,732</u>	<u>147,082</u>	<u>148,529</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	149,230	119,732	147,082	148,529	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Legal Services	<u>306,812</u>	<u>1,028,413</u>	<u>903,955</u>	<u>1,328,701</u>	
General Fund	241,510	623,142	539,894	989,116	
Cash Funds	51,583	392,926	353,665	338,288	
Reappropriated Funds	13,719	12,345	10,396	1,297	
Federal Funds	0	0	0	0	
Administrative Law Judge Services	<u>0</u>	<u>410</u>	<u>9,580</u>	<u>6,595</u>	
General Fund	0	0	0	0	
Cash Funds	0	410	9,580	6,595	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Payment to Risk Management and Property Funds	<u>122,487</u>	<u>247,883</u>	<u>157,641</u>	<u>120,785</u>	
General Fund	43,304	87,636	55,732	38,350	
Cash Funds	25,707	52,025	33,085	52,418	
Reappropriated Funds	53,476	108,222	68,824	30,017	
Federal Funds	0	0	0	0	
Vehicle Lease Payments	<u>107,117</u>	<u>110,930</u>	<u>121,638</u>	<u>145,837</u>	
General Fund	103,874	94,852	66,032	67,309	
Cash Funds	0	5,333	41,704	59,831	
Reappropriated Funds	3,243	10,745	13,902	18,697	
Federal Funds	0	0	0	0	
Information Technology Asset Maintenance	<u>57,413</u>	<u>71,560</u>	<u>102,656</u>	<u>102,656</u>	
General Fund	24,929	36,158	36,158	36,158	
Cash Funds	11,530	12,412	13,909	13,909	
Reappropriated Funds	20,954	22,990	52,589	52,589	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Leased Space	<u>21,508</u>	<u>21,808</u>	<u>47,000</u>	<u>8,000</u>	
General Fund	18,500	18,500	18,500	5,675	
Cash Funds	0	0	0	0	
Reappropriated Funds	3,008	3,308	28,500	2,325	
Federal Funds	0	0	0	0	
Capitol Complex Leased Space	<u>568,210</u>	<u>709,967</u>	<u>891,319</u>	<u>940,180</u>	
General Fund	237,267	225,055	282,544	275,050	
Cash Funds	119,581	113,426	142,398	375,943	
Reappropriated Funds	211,362	200,484	251,695	173,512	
Federal Funds	0	171,002	214,682	115,675	
Payments to OIT	<u>2,483,529</u>	<u>3,740,412</u>	<u>4,229,696</u>	<u>3,703,187</u>	
General Fund	886,434	1,057,448	1,404,146	1,274,231	
Cash Funds	519,037	630,938	1,505,573	998,336	
Reappropriated Funds	1,078,058	1,378,482	789,368	871,299	
Federal Funds	0	673,544	530,609	559,321	
CORE Operations	<u>482,005</u>	<u>423,327</u>	<u>118,422</u>	<u>359,027</u>	
General Fund	170,515	116,832	32,682	100,565	
Cash Funds	100,670	68,976	19,293	137,455	
Reappropriated Funds	210,820	144,448	40,411	78,713	
Federal Funds	0	93,071	26,036	42,294	
IT Accessibility	<u>0</u>	<u>248,116</u>	<u>0</u>	<u>0</u>	
General Fund	0	137,778	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	110,338	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Moffat Tunnel Improvement District	<u>104</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>	
General Fund	0	0	0	0	
Cash Funds	104	0	5,000	5,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Office of the State Architect	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
DPA Administration Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
DHR Training Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
DHR Labor Relations Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Financial Ops and Reporting Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Procurement and Contracts Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
DHR State Agency Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (A) Administration	9,424,643	14,589,844	16,040,033	16,184,384	0.9%
<i>FTE</i>	<u>14.4</u>	<u>18.8</u>	<u>20.1</u>	<u>20.2</u>	<u>0.5%</u>
General Fund	2,873,488	4,235,221	4,732,210	6,051,867	27.9%
Cash Funds	1,675,800	2,411,751	3,772,064	3,333,205	(11.6%)
Reappropriated Funds	4,875,355	5,569,425	5,541,706	4,798,038	(13.4%)
Federal Funds	0	2,373,447	1,994,053	2,001,274	0.4%

(B) State Demography Office

in the Executive Director's Office in FY 2020-21.

Program Costs	<u>604,341</u>	<u>614,700</u>	<u>648,916</u>	<u>681,022</u>	
<i>FTE</i>	<u>5.9</u>	<u>6.4</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	481,548	496,665	517,951	538,629	
Cash Funds	101,224	95,176	110,083	119,738	
Reappropriated Funds	0	0	0	0	
Federal Funds	21,569	22,859	20,882	22,655	
Indirect Cost Assessment	<u>8,481</u>	<u>12,703</u>	<u>15,957</u>	<u>14,186</u>	
General Fund	0	0	0	0	
Cash Funds	8,481	12,703	13,434	11,914	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	2,523	2,272	
SUBTOTAL - (B) State Demography Office	612,822	627,403	664,873	695,208	4.6%
<i>FTE</i>	<u>5.9</u>	<u>6.4</u>	<u>6.0</u>	<u>6.0</u>	<u>0.0%</u>
General Fund	481,548	496,665	517,951	538,629	4.0%
Cash Funds	109,705	107,879	123,517	131,652	6.6%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	21,569	22,859	23,405	24,927	6.5%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
TOTAL - (1) Executive Director's Office	10,037,465	15,217,247	16,704,906	16,879,592	1.0%
<i>FTE</i>	<u>20.3</u>	<u>25.2</u>	<u>26.1</u>	<u>26.2</u>	<u>0.4%</u>
General Fund	3,355,036	4,731,886	5,250,161	6,590,496	25.5%
Cash Funds	1,785,505	2,519,630	3,895,581	3,464,857	(11.1%)
Reappropriated Funds	4,875,355	5,569,425	5,541,706	4,798,038	(13.4%)
Federal Funds	21,569	2,396,306	2,017,458	2,026,201	0.4%

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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(2) Property Taxation

ted fund sources include transfers from the Local Government Mineral and Energy Impact Grants and Disbursements line item in the Division of Local Government and indirect cost recoveries.

Division of Property Taxation	<u>2,621,413</u>	<u>2,629,752</u>	<u>3,601,865</u>	<u>3,840,183</u>	
FTE	33.4	37.8	38.7	39.0	
General Fund	1,713,425	1,643,039	2,261,991	2,380,833	
Cash Funds	714,619	775,011	1,098,518	1,205,680	
Reappropriated Funds	193,369	211,702	241,356	253,670	
Federal Funds	0	0	0	0	
State Board of Equalization	<u>4,831</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	
General Fund	4,831	12,856	12,856	12,856	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Board of Assessment Appeals	<u>545,273</u>	<u>729,410</u>	<u>718,817</u>	<u>894,666</u> *	
FTE	10.3	13.2	13.2	14.1	
General Fund	449,451	581,514	592,328	618,177	
Cash Funds	95,822	147,896	126,489	276,489	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	<u>161,261</u>	<u>106,788</u>	<u>103,919</u>	<u>116,187</u>	
General Fund	0	0	0	0	
Cash Funds	123,010	84,961	88,003	98,102	
Reappropriated Funds	38,251	21,827	15,916	18,085	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
TOTAL - (2) Property Taxation	3,332,778	3,478,806	4,437,457	4,863,892	9.6%
<i>FTE</i>	<u>43.7</u>	<u>51.0</u>	<u>51.9</u>	<u>53.1</u>	<u>2.3%</u>
General Fund	2,167,707	2,237,409	2,867,175	3,011,866	5.0%
Cash Funds	933,451	1,007,868	1,313,010	1,580,271	20.4%
Reappropriated Funds	231,620	233,529	257,272	271,755	5.6%
Federal Funds	0	0	0	0	0.0%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(3) Division of Housing					
on of Local Government.					
(A) Community and Non-Profit Services					
(1) Administration					
Personal Services	746,474	1,243,873	3,759,931	4,001,374	
FTE	32.2	35.2	37.1	36.9	
General Fund	609,428	1,096,559	1,176,825	1,215,933	
Cash Funds	75,117	76,136	77,446	87,100	
Reappropriated Funds	61,929	71,178	256,135	258,426	
Federal Funds	0	0	2,249,525	2,439,915	
Operating Expenses	118,369	107,897	502,538	469,181	
General Fund	79,600	55,256	92,587	59,230	
Cash Funds	4,938	1,018	4,938	4,938	
Reappropriated Funds	33,831	51,623	64,918	64,918	
Federal Funds	0	0	340,095	340,095	
SUBTOTAL -	864,843	1,351,770	4,262,469	4,470,555	4.9%
FTE	32.2	35.2	37.1	36.9	(0.5%)
General Fund	689,028	1,151,815	1,269,412	1,275,163	0.5%
Cash Funds	80,055	77,154	82,384	92,038	11.7%
Reappropriated Funds	95,760	122,801	321,053	323,344	0.7%
Federal Funds	0	0	2,589,620	2,780,010	7.4%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(2) Community Services					
Low Income Rental Subsidies	<u>108,761,818</u>	<u>134,249,875</u>	<u>105,997,404</u>	<u>105,997,404</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	10,513,122	18,423,515	21,167,475	21,167,475	
Cash Funds	5,825,008	8,411,720	939,649	939,649	
Reappropriated Funds	0	0	0	0	
Federal Funds	92,423,688	107,414,640	83,890,280	83,890,280	
Child Care Facility Development	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>	
FTE	0.0	0.0	0.9	0.9	
Cash Funds	0	0	250,000	250,000	
Homeless Prevention Programs	<u>2,136,452</u>	<u>2,649,583</u>	<u>2,306,506</u>	<u>2,306,506</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	257,032	515	170,000	170,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,879,420	2,649,068	2,136,506	2,136,506	
Appropriation to the FLEX Fund	<u>103,355</u>	<u>300,581</u>	<u>305,016</u>	<u>309,752</u>	
FTE	0.2	1.0	1.0	1.0	
General Fund	103,355	300,581	305,016	309,752	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL -	111,001,625	137,200,039	108,858,926	108,863,662	NaN
<i>FTE</i>	<u>0.2</u>	<u>1.0</u>	<u>1.9</u>	<u>1.9</u>	<u>(0.0%)</u>
General Fund	10,616,477	18,724,096	21,472,491	21,477,227	0.0%
Cash Funds	6,082,040	8,412,235	1,359,649	1,359,649	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	94,303,108	110,063,708	86,026,786	86,026,786	0.0%

(3) Fort Lyon Supportive Housing Program

Fort Lyon Supportive Housing	<u>4,912,498</u>	<u>750,000</u>	<u>5,756,771</u>	<u>5,761,079</u>	
<i>FTE</i>	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
General Fund	4,912,498	750,000	5,756,771	5,761,079	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL -	4,912,498	750,000	5,756,771	5,761,079	0.1%
<i>FTE</i>	<u>0.8</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>0.0%</u>
General Fund	4,912,498	750,000	5,756,771	5,761,079	0.1%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(4) Ridge View Campus					
Ridge View Campus	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000,000</u> *	
FTE	0.0	0.0	0.0	3.7	
General Fund	0	0	0	2,000,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL -	0	0	0	2,000,000	NaN
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>3.7</u>	<u>NaN</u>
General Fund	0	0	0	2,000,000	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
SUBTOTAL - (A) Community and Non-Profit Services	116,778,966	139,301,809	118,878,166	121,095,296	1.9%
FTE	<u>33.2</u>	<u>37.2</u>	<u>40.0</u>	<u>43.5</u>	<u>8.8%</u>
General Fund	16,218,003	20,625,911	28,498,674	30,513,469	7.1%
Cash Funds	6,162,095	8,489,389	1,442,033	1,451,687	0.7%
Reappropriated Funds	95,760	122,801	321,053	323,344	0.7%
Federal Funds	94,303,108	110,063,708	88,616,406	88,806,796	0.2%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(B) Field Services					
Affordable Housing Program Costs	1,696,449	1,638,450	2,576,599	3,003,347 *	
FTE	27.8	31.5	30.8	33.2	
General Fund	193,534	184,794	235,596	528,513	
Cash Funds	81,889	527	89,651	98,506	
Reappropriated Funds	1,409,371	1,445,560	1,562,819	1,657,639	
Federal Funds	11,655	7,569	688,533	718,689	
Affordable Housing Construction Grants and Loans pursuant to Section 24-32-721, C.R.S.	<u>28,221,231</u>	<u>42,504,969</u>	<u>34,699,716</u>	<u>34,699,716</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	9,177,876	9,190,617	18,000,000	18,000,000	
Cash Funds	10,414,205	7,338,877	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	8,629,150	25,975,475	16,699,716	16,699,716	
Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice Systems	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	500,000	500,000	500,000	500,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Manufactured Buildings Program	<u>882,202</u>	<u>1,999,235</u>	<u>1,578,395</u>	<u>1,650,863</u>	
FTE	7.5	16.7	16.7	15.3	
General Fund	67,329	0	0	0	
Cash Funds	814,873	1,999,235	1,578,395	1,650,863	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Mobile Home Park Act Oversight	<u>910,722</u>	<u>0</u>	<u>1,458,474</u>	<u>1,503,709</u>	
FTE	7.9	6.8	10.5	10.5	
General Fund	0	0	0	0	
Cash Funds	910,722	0	1,458,474	1,503,709	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Appropriation to the Mobile Home Park Act Dispute Resolution & Enforcement Program Fund	<u>32,778 0.6</u>	<u>107,834 1.0</u>	<u>114,132 1.0</u>	<u>118,440 1.0</u>	
General Fund	32,778	107,834	114,132	118,440	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
CHFA Middle Income Access Program	<u>25,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	25,000,000	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
H.B. 21-1329 Affordable Housing Funds	0	0	0	0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (B) Field Services	57,243,382	46,750,488	40,927,316	41,476,075	1.3%
<i>FTE</i>	43.8	56.0	59.0	60.0	1.7%
General Fund	9,971,517	9,983,245	18,849,728	19,146,953	1.6%
Cash Funds	37,221,689	9,338,639	3,126,520	3,253,078	4.0%
Reappropriated Funds	1,409,371	1,445,560	1,562,819	1,657,639	6.1%
Federal Funds	8,640,805	25,983,044	17,388,249	17,418,405	0.2%

(C) Indirect Cost Assessments

Indirect Cost Assessments	528,914	961,977	1,549,628	1,430,016	
General Fund	0	0	0	0	
Cash Funds	124,491	707,326	880,052	865,472	
Reappropriated Funds	404,423	254,651	179,891	152,555	
Federal Funds	0	0	489,685	411,989	
SUBTOTAL - (C) Indirect Cost Assessments	528,914	961,977	1,549,628	1,430,016	(7.7%)
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	124,491	707,326	880,052	865,472	(1.7%)
Reappropriated Funds	404,423	254,651	179,891	152,555	(15.2%)
Federal Funds	0	0	489,685	411,989	(15.9%)

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
TOTAL - (3) Division of Housing	174,551,262	187,014,274	161,355,110	164,001,387	1.6%
<i>FTE</i>	<u>77.0</u>	<u>93.2</u>	<u>99.0</u>	<u>103.5</u>	<u>4.5%</u>
General Fund	26,189,520	30,609,156	47,348,402	49,660,422	4.9%
Cash Funds	43,508,275	18,535,354	5,448,605	5,570,237	2.2%
Reappropriated Funds	1,909,554	1,823,012	2,063,763	2,133,538	3.4%
Federal Funds	102,943,913	136,046,752	106,494,340	106,637,190	0.1%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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(4) Division of Local Government

Disbursements line item in this division, spending authority out of the Firefighter Benefits Cash Fund, and indirect cost recoveries.

(A) Local Government and Community Services

(1) Administration

Personal Services	<u>1,308,146</u>	<u>1,402,334</u>	<u>1,697,991</u>	<u>1,817,200</u>	
FTE	16.5	18.1	18.2	18.2	
General Fund	620,309	723,552	766,270	837,201	
Cash Funds	0	0	0	0	
Reappropriated Funds	687,837	678,782	742,213	778,650	
Federal Funds	0	0	189,508	201,349	
Operating Expenses	<u>71,753</u>	<u>87,019</u>	<u>137,201</u>	<u>137,713</u>	
General Fund	46,678	61,873	48,028	48,540	
Cash Funds	0	0	0	0	
Reappropriated Funds	25,075	25,146	25,146	25,146	
Federal Funds	0	0	64,027	64,027	

SUBTOTAL -	1,379,899	1,489,353	1,835,192	1,954,913	6.5%
FTE	<u>16.5</u>	<u>18.1</u>	<u>18.2</u>	<u>18.2</u>	(0.0%)
General Fund	666,987	785,425	814,298	885,741	8.8%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	712,912	703,928	767,359	803,796	4.7%
Federal Funds	0	0	253,535	265,376	4.7%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(2) Local Government Services					
Conservation Trust Fund Disbursements	<u>78,023,295</u>	<u>62,179,989</u>	<u>58,008,861</u>	<u>58,017,716</u>	
FTE	2.2	1.0	1.0	1.0	
General Fund	0	0	0	0	
Cash Funds	78,023,295	62,179,989	58,008,861	58,017,716	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Volunteer Firefighter Retirement Plans	<u>4,284,734</u>	<u>4,137,275</u>	<u>4,665,000</u>	<u>4,665,000</u>	
General Fund	4,284,734	4,137,275	0	0	
General Fund Exempt	0	0	4,665,000	4,665,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Volunteer Firefighter Death and Disability Insurance	<u>21,065</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	
General Fund	21,065	21,065	30,000	30,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Firefighter Heart and Circulatory Malfunction Benefits	<u>1,685,510</u>	<u>1,706,497</u>	<u>2,011,980</u>	<u>2,266,807</u>	
FTE	0.3	0.5	0.5	0.5	
General Fund	847,511	867,444	1,172,927	1,427,754	
Cash Funds	0	0	0	0	
Reappropriated Funds	837,999	839,053	839,053	839,053	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Local Utility Management Assistance	<u>282,232</u>	<u>76,895</u>	<u>202,403</u>	<u>211,020</u>	
FTE	3.0	2.0	2.0	2.0	
General Fund	0	0	0	0	
Cash Funds	154,179	76,895	202,403	211,020	
Reappropriated Funds	0	0	0	0	
Federal Funds	128,053	0	0	0	
Environmental Protection Agency Water/Sewer File Project	<u>0</u>	<u>316,835</u>	<u>263,828</u>	<u>268,655</u>	
FTE	0.0	0.5	0.5	0.5	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	316,835	263,828	268,655	
Accessory Dwelling Unit Fee Reduction Encouragement Grant Program	<u>0</u>	<u>0</u>	<u>467,246</u>	<u>2,275,397</u>	
FTE	0.0	0.0	4.9	4.7	
Cash Funds	0	0	467,246	2,275,397	
SUBTOTAL -	84,296,836	68,438,556	65,649,318	67,734,595	3.2%
FTE	<u>5.5</u>	<u>4.0</u>	<u>8.9</u>	<u>8.7</u>	<u>(2.2%)</u>
General Fund	5,153,310	5,025,784	1,202,927	1,457,754	21.2%
General Fund Exempt	0	0	4,665,000	4,665,000	0.0%
Cash Funds	78,177,474	62,256,884	58,678,510	60,504,133	3.1%
Reappropriated Funds	837,999	839,053	839,053	839,053	0.0%
Federal Funds	128,053	316,835	263,828	268,655	1.8%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(3) Community Services					
Community Services Block Grant	<u>7,924,449</u>	<u>5,401,013</u>	<u>6,475,029</u>	<u>6,475,029</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	7,924,449	5,401,013	6,475,029	6,475,029	
Mobile Veterans Support Unit Grant Program	<u>92,411</u>	<u>56,922</u>	<u>1,330</u>	<u>0</u>	
FTE	0.1	0.3	0.0	0.0	
General Fund	92,411	56,922	1,330	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Disaster Resilience Rebuilding Program	<u>113,624</u>	<u>218,236</u>	<u>232,042</u>	<u>259,493</u>	
FTE	2.5	3.1	3.1	3.1	
General Fund	113,624	218,236	232,042	259,493	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL -	8,130,484	5,676,171	6,708,401	6,734,522	0.4%
FTE	<u>2.6</u>	<u>3.4</u>	<u>3.1</u>	<u>3.1</u>	<u>0.0%</u>
General Fund	206,035	275,158	233,372	259,493	11.2%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	7,924,449	5,401,013	6,475,029	6,475,029	0.0%

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Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (A) Local Government and Community					
Services	93,807,219	75,604,080	74,192,911	76,424,030	3.0%
<i>FTE</i>	<u>24.6</u>	<u>25.5</u>	<u>30.2</u>	<u>30.0</u>	(0.7%)
General Fund	6,026,332	6,086,367	2,250,597	2,602,988	15.7%
General Fund Exempt	0	0	4,665,000	4,665,000	0.0%
Cash Funds	78,177,474	62,256,884	58,678,510	60,504,133	3.1%
Reappropriated Funds	1,550,911	1,542,981	1,606,412	1,642,849	2.3%
Federal Funds	8,052,502	5,717,848	6,992,392	7,009,060	0.2%

(B) Field Services

Program Costs	<u>3,009,316</u>	<u>3,135,272</u>	<u>3,720,386</u>	<u>3,922,007</u>	
<i>FTE</i>	29.3	32.6	32.6	32.6	
General Fund	348,875	356,130	371,847	386,530	
Cash Funds	78,141	98,428	124,989	129,297	
Reappropriated Funds	2,582,300	2,680,714	2,814,879	2,977,142	
Federal Funds	0	0	408,671	429,038	
Community Development Block Grant	<u>5,739,251</u>	<u>9,194,550</u>	<u>8,820,748</u>	<u>8,820,748</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,739,251	9,194,550	8,820,748	8,820,748	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Local Government Mineral and Energy Impact Grants and Disbursements	<u>136,944,553</u>	<u>109,337,636</u>	<u>90,000,000</u>	<u>90,000,000</u> *	
General Fund	0	0	0	0	
Cash Funds	136,944,553	109,337,636	90,000,000	90,000,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Local Government Limited Gaming Impact Grants	<u>4,960,577</u>	<u>5,760,782</u>	<u>6,050,111</u>	<u>6,050,111</u>	
General Fund	0	0	0	0	
Cash Funds	4,960,577	5,760,782	6,050,111	6,050,111	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Local Government Geothermal Energy Impact Grants	<u>172</u>	<u>208</u>	<u>50,000</u>	<u>50,000</u>	
General Fund	0	0	0	0	
Cash Funds	172	208	50,000	50,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Rural Economic Development Initiative Grants	<u>3,794,398</u>	<u>1,191,983</u>	<u>780,000</u>	<u>780,000</u>	
General Fund	3,794,398	1,191,983	780,000	780,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Gray and Black Market Marijuana Enforcement Grant					
Program	<u>806,752</u>	<u>800,639</u>	<u>970,217</u>	<u>976,679</u>	
FTE	1.5	2.5	1.5	1.5	
General Fund	0	0	0	0	
Cash Funds	806,752	800,639	970,217	976,679	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Appropriation to the Targeted Crime Reduction Grant					
Program Cash Fund	<u>3,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	
General Fund	3,000,000	3,000,000	3,000,000	3,000,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	3,000,000	3,000,000	3,000,000	
Federal Funds	0	0	0	0	
Appropriation to the Peace Officers Mental Health					
Support Fund	<u>5,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	
General Fund	5,000,000	2,000,000	2,000,000	2,000,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Peace Officers Mental Health Support Grant Program					
Program	<u>1,239,844</u>	<u>2,731,581</u>	<u>2,005,836</u>	<u>2,005,836</u>	
FTE	2.2	1.0	1.0	1.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	1,239,844	2,731,581	2,005,836	2,005,836	
Federal Funds	0	0	0	0	

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Public Defender and Prosecutor Behavioral Health Support Grant Program	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	500,000	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	500,000	500,000	500,000	
Federal Funds	0	0	0	0	
Defense Counsel on First Appearance Grant Program	<u>682,518</u>	<u>872,914</u>	<u>1,500,425</u>	<u>1,113,093</u> *	
FTE	0.5	0.5	0.5	0.5	
General Fund	682,518	872,914	1,500,425	1,113,093	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Law Enforcement Community Services Grant Program	<u>66,142</u>	<u>93,494</u>	<u>281,791</u>	<u>286,527</u>	
FTE	0.9	1.0	1.0	1.0	
General Fund	0	(8,387)	0	0	
Cash Funds	66,142	101,881	281,791	286,527	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Affordable Housing Development Incentives Grant Program	<u>1,102,516</u>	<u>5,285,320</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	1,102,516	5,285,320	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Local Government Planning Grant Program	<u>1,056,177</u>	<u>252,134</u>	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	1,056,177	252,134	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Microgrids for Community Resilience Grant Program	<u>100,130</u>	<u>20,786</u>	<u>140,578</u>	<u>150,051</u>	
FTE	1.2	2.0	2.0	2.0	
General Fund	100,130	20,786	140,578	150,051	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Appropriation to the Public Defender and Prosecutor					
Behavioral Health Support Fund	0	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	0	500,000	500,000	500,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
HB 17-1326 Crime Prevention Initiative Small Business					
Lending	<u>2,106,939</u>	<u>1,876,744</u>	0	0	
General Fund	0	0	0	0	
Cash Funds	2,106,939	1,876,744	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Colorado Heritage Communities Grants	<u>0</u>	<u>39,300,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	39,300,000	0	0	
Interconnectivity Grant Program	<u>865,729</u>	<u>3,645,056</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	865,729	3,645,056	0	0	
Small Community-based Nonprofit Infrastructure Grants	<u>10,150,116</u>	<u>35,000,000</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	10,150,116	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	35,000,000	0	0	
ARPA Expenditures	<u>0</u>	<u>67,815,909</u>	<u>0</u>	<u>0</u>	
Federal Funds	0	67,815,909	0	0	
Appropriation to the Local Government Limited Gaming Impact Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Search and Rescue Program	<u>314,123</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	314,123	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Small Business Relief Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (B) Field Services	181,439,253	295,315,008	123,320,092	123,155,052	(0.1%)
FTE	<u>35.6</u>	<u>39.6</u>	<u>38.6</u>	<u>38.6</u>	0.0%
General Fund	23,576,037	7,933,426	8,292,850	7,929,674	(4.4%)
Cash Funds	147,436,092	123,513,772	97,477,108	97,492,614	0.0%
Reappropriated Funds	3,822,144	8,912,295	8,320,715	8,482,978	2.0%
Federal Funds	6,604,980	154,955,515	9,229,419	9,249,786	0.2%

(C) Indirect Cost Assessments

Indirect Cost Assessment	<u>675,342</u>	<u>659,580</u>	<u>732,383</u>	<u>628,731</u>
General Fund	0	0	0	0
Cash Funds	141,462	104,297	138,196	111,941
Reappropriated Funds	533,880	555,283	475,278	415,684
Federal Funds	0	0	118,909	101,106

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Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (C) Indirect Cost Assessments	675,342	659,580	732,383	628,731	(14.2%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	141,462	104,297	138,196	111,941	(19.0%)
Reappropriated Funds	533,880	555,283	475,278	415,684	(12.5%)
Federal Funds	0	0	118,909	101,106	(15.0%)
TOTAL - (4) Division of Local Government	275,921,814	371,578,668	198,245,386	200,207,813	1.0%
<i>FTE</i>	<u>60.2</u>	<u>65.1</u>	<u>68.8</u>	<u>68.6</u>	<u>(0.3%)</u>
General Fund	29,602,369	14,019,793	10,543,447	10,532,662	(0.1%)
General Fund Exempt	0	0	4,665,000	4,665,000	0.0%
Cash Funds	225,755,028	185,874,953	156,293,814	158,108,688	1.2%
Reappropriated Funds	5,906,935	11,010,559	10,402,405	10,541,511	1.3%
Federal Funds	14,657,482	160,673,363	16,340,720	16,359,952	0.1%
TOTAL - Department of Local Affairs	463,843,319	577,288,995	380,742,859	385,952,684	1.4%
<i>FTE</i>	<u>201.2</u>	<u>234.5</u>	<u>245.8</u>	<u>251.4</u>	<u>2.3%</u>
General Fund	61,314,632	51,598,244	66,009,185	69,795,446	5.7%
General Fund Exempt	0	0	4,665,000	4,665,000	0.0%
Cash Funds	271,982,259	207,937,805	166,951,010	168,724,053	1.1%
Reappropriated Funds	12,923,464	18,636,525	18,265,146	17,744,842	(2.8%)
Federal Funds	117,622,964	299,116,421	124,852,518	125,023,343	0.1%

NOTE: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Joint Budget Committee



Additional Staff Budget Briefings FY 2025-26

Department of Local Affairs (Division of Housing)

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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November 18, 2024

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ADDITIONAL RESOURCES

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

Rental Assistance and Voucher Programs

This issue brief provides an overview funding appropriated to and administered by the Division of Housing, within the Department of Local Affairs, to rental assistance and voucher programs. Rental assistance programs consist of the federal Housing Choice Voucher program and State Housing Voucher programs. There are four individual vouchers that make up the State Housing Voucher program.

Summary

- The Department administers rental assistance programs including the federal Housing Choice Voucher and the State Housing Voucher programs. Both provide non-time-limited rental assistance to households participating in each program. A household participating in the program will contribute a certain calculated percentage of their income towards rent, typically around 30.0 percent, and the voucher subsidy will cover the remaining gap between that contribution and the rent charged by the property owner.
- The state voucher program focuses on specific populations not targeted by the federal voucher program, administering four individual vouchers that address specific populations affected by disabling conditions and a history of homelessness. Each voucher receives funding from different state sources, including General Fund, Proposition 123, and Marijuana Tax Cash Fund, and each have individual target populations and participation criteria.
- Voucher programs have demonstrated a cost savings of \$6,876 per person, distributed across a different county and state provided services.
- The Division currently offers emergency rental support, which provides rent payments for individuals affected by the pandemic and at risk of eviction, supported by \$233.3 million in federal funds and \$30.0 million of General Fund and Revenue Loss Restoration Cash Fund.

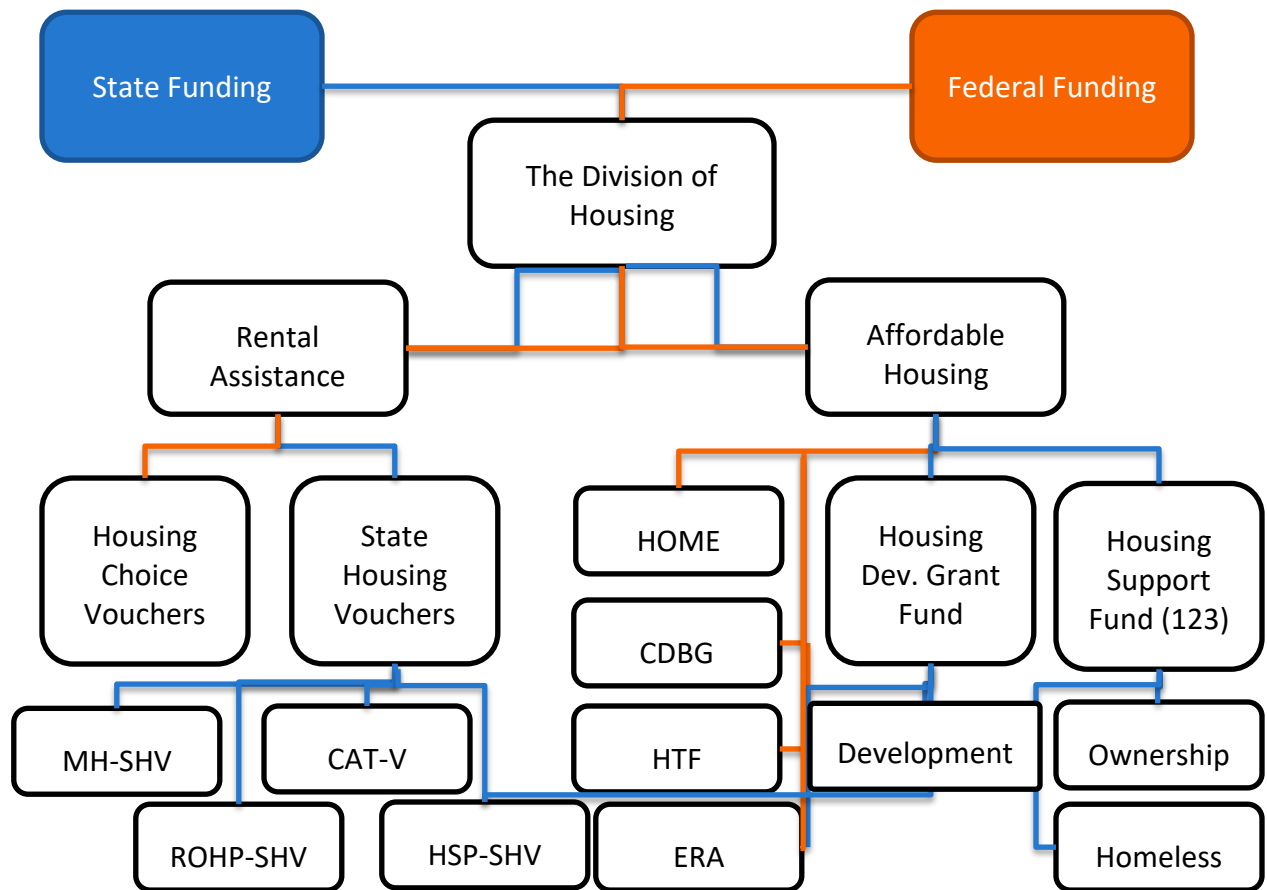
Discussion

The rental assistance offered by state and federal voucher programs is similar: a non-time limited rental subsidy. An individual with a voucher will contribute a portion of their income, often 30.0 percent, and the Division of Housing is responsible for the remainder of the rent payment with the corresponding federal or state funds. The contributed share of income from each individual is determined by a statutory formula. The federal Housing Choice Voucher (HCV) program has a minimum contribution requirement for individuals at 30.0 percent of their income, while the State Housing Voucher (SHV) program does not have the same minimum.

Federal HCV funds are appropriated through the United States Congress, while the SHV programs are appropriated funding through the State. The majority of SHV programs are currently funded with the General Fund, except for the Recovery-Oriented Housing Program, which is appropriated funds from the Marijuana Tax Cash Fund. These funding sources are reflected in the historical line item appropriations.

The Division also receives Long Bill appropriations for rental subsidies that are not reflected in the Low-Income Rental Subsidies line item. Between FY 2017-18 and FY 2023-24, the amounts shown in the table above were supplemented through an annual appropriation of \$15.3 million from the Marijuana Tax Cash Fund that was appropriated to the Division in the Affordable Housing Development Grants and Loan line item. This allocation was reduced beginning in FY 2024-25 due to a statewide shortfall of revenue from the Marijuana Tax Cash Fund. This reduction was partially replaced by a General Fund appropriation increase of \$8.8 million, based on the portion of the total that was being used to support the SHV program. The Division indicates that it would need to re-purpose other funding sources available through Proposition 123 to support the SHV program, should the appropriation be reduced further.

The Division of Housing¹

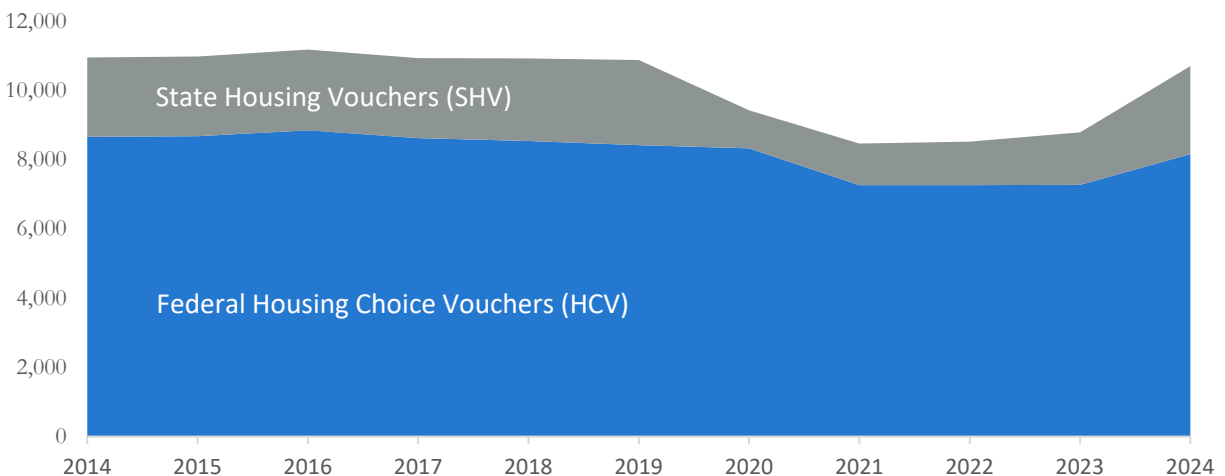


¹ MH-SHV: Mental Health State Housing Voucher; CAT-V: Community Access Team Voucher; ROHP-SHV: Recovery-Oriented Housing Program; HSP-SHV: Homeless Solutions Program; HOME: HOME Investment Partnerships program; CDBG: Community Development Block Grant; HTF: Housing Trust Fund; ERA: Emergency Rental Assistance.

Historical Low-Income Rental Subsidies Line Item Appropriations				
Fiscal Year	Total Funds	General Fund	Cash Fund	Federal Funds
FY 2015-16	\$49,392,635	\$1,360,813	\$0	\$48,031,822
FY 2016-17	47,499,412	2,135,983	0	45,363,474
FY 2017-18	53,136,975	2,660,938	0	50,476,037
FY 2018-19	55,157,332	3,681,295	0	51,476,037
FY 2019-20	58,636,581	6,334,044	826,500	51,476,037
FY 2020-21	59,210,714	6,795,028	939,649	51,476,037
FY 2021-22	59,763,554	7,347,868	939,649	51,476,037
FY 2022-23	64,028,787	11,613,101	939,649	51,476,037
FY 2023-24	104,314,174	19,484,245	939,649	83,890,280
FY 2024-25	105,997,404	21,167,475	939,649	83,890,280

The Division administers over 7,600 federally funded HCV vouchers, and served 2,593 households through the SHV program in FY 2023-24. Detailed funding information will be included in the FY 2023-24 SMART Act report in January 2025.

Federal and State Vouchers Have Remained Relatively Constant



Federal Housing Choice Vouchers

The HCV program gives vouchers to local public housing authorities as well as the State for administration. There are 41 Public Housing Authorities (PHA) in the State that administer the HCV program, and the State among those. The State is authorized by HUD and the State to operate their HCV program statewide with over 7,600 federally funded vouchers, alongside the many local Public Housing Authorities that administer the same program.² Federal funds given to local PHAs are not reflected in the State budget, only the funds utilized for the State’s HCV program. The Division also offers support to the local PHAs, offering assistance with waiting list

² Section 24-32-705 (1)(i), C.R.S.

management, briefings, rental calculations, unit eligibility inspections, and updates to family composition.

In its role as a Public Housing Authority, the Division is responsible for assisting families in their housing search, conducting outreach with property owners to foster interest and participation in the program with a focus on participation outside areas of poverty and minority concentrations. The Division checks the eligibility of both the applicant and the property owner, ensuring the unit and rent are appropriate for the program. The Housing Assistance Payment Contract outlines the lease, with both the family contribution to the rent and the Division contribution. Voucher administrators receive a monthly per-voucher fee for providing essential services within the HCV program.

The Division delegates some of the HCV program administration responsibility to contractors, including but not limited to public housing authorities, community mental health centers, independent living centers, or homeless service providers.

Eligibility and Prioritization for the Program

Income limits are established by the federal Department of Housing and Urban Development (HUD) for all areas of the country annually and uses them to determine program eligibility. These definitions apply to a family’s annual income as a percentage of the Area Median Income (AMI), adjusted for the size of the family unit. A low-income family does not exceed 80.0 percent AMI; a very-low income family does not exceed 50.0 percent AMI; an extremely low-income family does not exceed the higher of 30.0 percent AMI or the federal poverty rate.³ These income limits apply only at admission to the HCV program.

Colorado Area Median Income Limits 2024 ⁴				
HUD Area	One Person Household		Four Person Household	
	30% AMI	100% AMI	30% AMI	100% AMI
Denver-Aurora-Lakewood MSA	\$27,400	\$91,333	\$39,100	\$130,333
Fort Collins MSA	25,000	83,333	35,650	118,833
Colorado Springs HUD FMR Area	21,850	72,833	31,200	104,000
Grand Junction MSA	19,800	66,000	28,250	94,167
Greely MSA	24,050	80,167	34,350	114,500
Pueblo MSA	19,800	66,000	28,250	94,167

These income limits are used in combination with other factors to qualify for the HCV program. See Appendix A for the specific eligibility categories.

HUD requires that 75.0 percent of admittances be extremely low-income families (30.0 percent AMI). Additional preferences for applicant selection off of the waiting list includes households with individuals who are: experiencing homelessness; with a disability; victims of domestic violence; transitioning from nursing homes or institutional settings; and current participants in Division subsidy programs.

³ 24 CFR 5.603(b)

⁴ U.S. Department of Housing and Urban Development Adjusted HOME Income Limits, effective June 2024

The HCV program requires a criminal background check to be eligible for the program, and HUD and the Division outline cases that will result in a denial of assistance. These cases broadly include drug-related or violent criminal activity, felony convictions, or previous disputes with federally assisted housing programs.

The HCV program contains additional special purpose vouchers allocated for specific populations that fall outside of the general preferences. These programs include: The time-limited Family Unification Program (FUP) for households where housing is an obstacle for retaining or gaining custody of their children; the Veterans Affairs Supportive Housing (VASH) program, providing rental assistance in conjunction with other supportive services to homeless veterans; and the Non-Elderly Disabled (NED) vouchers for those with disabilities to access housing or transition from institutional settings into the community.

The HCV Program Waitlist: Individuals interested in receiving rental assistance apply for a voucher through their local PHA. Application windows are often open for a couple days per calendar year to limit waitlist size. Each PHA administering the voucher program maintains their own separate waitlist, without a central source for individuals to monitor or access those waitlists. Once a local waitlist reaches a wait time of less than one year, they will reopen the waitlist for applications. The average applicant remains on a HCV waitlist for three years.

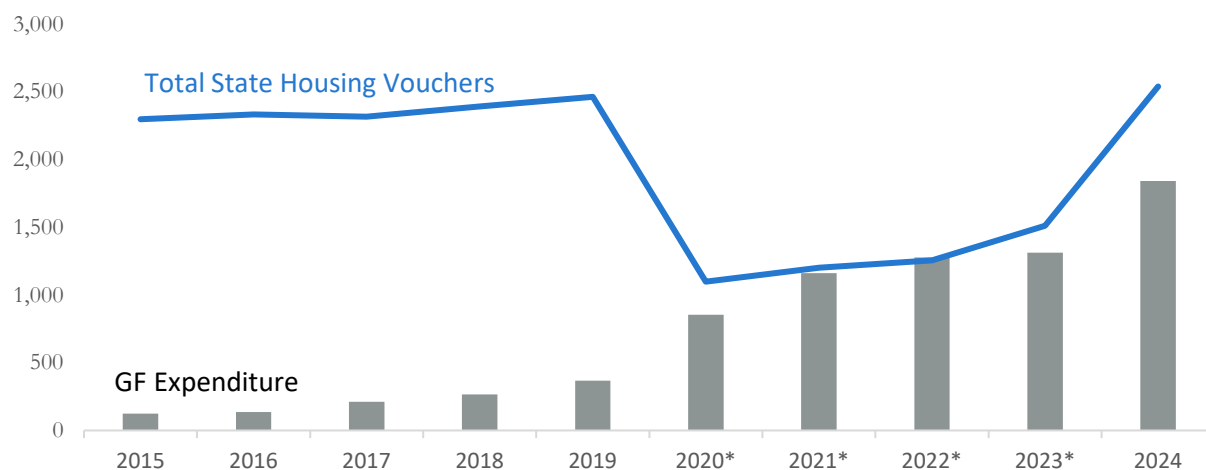
State Housing Voucher Programs

The State Housing Voucher program consists of three specific vouchers, in addition to the Community Access Team (CAT-V) administered in partnership with the Department of Health Care Policy and Financing. The SHV program uses State funds to replicate the HCV program for target populations. The Mental Health (MH-SHV), Homeless Solutions Program (HSP-SHV), and Recovery-Oriented Housing Program (ROHP-SHV) make up the broader SHV program.

All SHV programs, including the Community Access Team voucher, do not require criminal background checks for applicants, unlike the federal HCV program. SHV and Community Access Team recipients are eligible to receive assistance with security deposits and damage payments, where the HCV program does not. Termination policies for SHV and Community Access Team programs differ as well, following Permanent Supportive Housing Termination Policies.

SHV programs do not rely on a waitlist, as many of the voucher programs are administered in conjunction with other supportive services. Voucher recipients are still tasked with finding suitable housing. During a six-month period, March 2024 to August 2024, the average number of recipients searching for housing with a State voucher was 34, and the average number of days between voucher issuance and lease-up was 70 days.

General fund expenditures on Vouchers compared to total SHVs



*Total State Housing Vouchers are measured on any given day in years 2020-2023, while all other years are measured as the total vouchers over the course of the year. These fiscal years also include Marijuana Tax Cash Fund expenditures as a measure of total expenditures.

Eligibility and Funding for Each Program

General eligibility for the three SHV programs apply to the head of the household. The programs target adults with a history of homelessness, a disabling condition, and part of the extremely-low income category. Each individual voucher has different target populations, and the criteria for each reflect them.

Mental Health – State Housing Voucher (MH-SHV): The MH-SHV was created in partnership with the Department of Human Services (CDHS) Office of Behavioral Health (now the Behavioral Health Administration), and was consolidated into the Division through S.B. 12-158 (Consolidate Public Housing Agencies in DOLA), funded with General Fund.⁵ This program prioritizes individuals in mental health institutions at exiting to homelessness. Specific SHV program prioritizations are found in Appendix B.

Homeless Solutions Program – State Housing Voucher (HSP-SHV): The HSP-SHV was created in S.B. 17-021 (Assistance to Released Mentally Ill Offenders) and received an annual allocation of \$15.3 million from the Marijuana Tax Cash Fund appropriated through the Affordable Housing Constructions Grants and Loans line item.⁶ This funding was cut in FY 2024-25, and \$8.8 million General Fund was appropriated to continue the HSP-SHV voucher. In FY 2023-24, the HSP-SHV served 684 households, spending \$8.1 million. The Division has identified a breakdown of this funding amount, found in Appendix C. The Division expects to spend the full \$8.8 million in FY

⁵ Authorized by Section 24-32-721 (2)(d)(VI), C.R.S.

⁶ Authorized under Section 39-28.8-501 (2)(b)(IV)(N) and 24-32-721 (2)(d)(VI), C.R.S.

2024-25, due to increased rental costs and anticipating the addition of households served under the HSP-SHV.

Recovery-Oriented Housing Program – State Housing Voucher (ROHP-SHV): The ROHP-SHV, was created in S.B. 17-021 (Assistance to Released Mentally Ill Offenders) and funded with an initial annual appropriation from the Marijuana Tax Cash Fund, additionally supported by General Fund in H.B. 19-1009 (Substance Use Disorders Recovery) in order to expand the program to include individuals with substance-use disorders.⁷ The voucher is targeted at individuals with a mental health, substance use, or behavioral health disorder that are currently transitioning from institutions into the community or are currently experiencing house insecurity that have participated in a residential treatment program or transition specialist program.

Community Access Team Voucher Program (CAT-V): The CAT-V program (previously the Community Choice Transitions program) was created in partnership with the Department of Health Care Policy and Financing (HCPF) by H.B. 18-1326 (Support for Transition from Institutional Settings).⁸ This voucher is separate from the other three due to the target population and the resulting separate criteria. The program focuses on extremely-low income (30.0 percent AMI) adults who are eligible to receive Home and Community Based (HBCS) Medicaid services and are in need of supportive services in connection with housing. The additional prioritization categories are found in Appendix B.

The Community Access Team voucher program does not have a waiting list, and applications are received directly from Transition Services programs or voucher administrators.

Cost Savings for Voucher Programs

Providing housing assistance for these targeted populations, specifically those experiencing chronic homelessness in conjunction with other mental health or substance use disorders, may provide cost savings in other services. Individuals receiving rental assistance may reduce utilization of other services, especially populations targeted by the SHV programs.

Chicago: Homeless adults offered housing and case management services demonstrated an overall annual cost savings of \$6,307 (per person), with those experiencing chronic homelessness demonstrating an annual cost savings of \$9,809 (per person), compared to individuals in those populations receiving the usual care, without housing and case management services.⁹

Denver: Rental assistance provided through both state and federal voucher programs demonstrated a similar cost savings, where individuals receiving rental assistance and

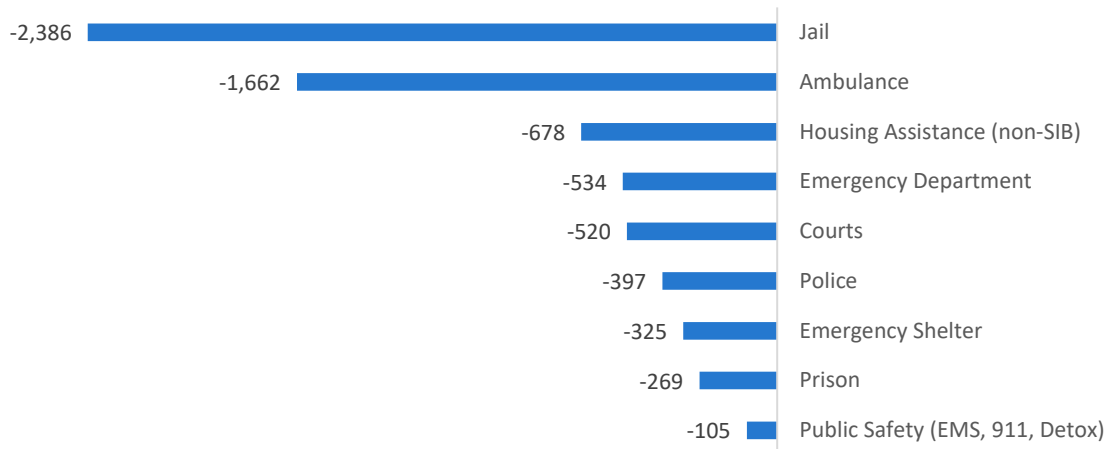
⁷ Authorized under Section 39-28.8-501 (2)(b)(IV)(N) and 24-32-721, C.R.S.

⁸ Authorized by Section 25.5-6-1501 (1)(d), C.R.S.

⁹ BBasu, Anirban et al. "Comparative cost analysis of housing and case management program for chronically ill homeless adults compared to usual care." *Health services research* vol. 47,1 Pt 2 (2012): 523-43. doi:10.1111/j.1475-6773.2011.01350.x. <https://pmc.ncbi.nlm.nih.gov/articles/PMC3393008/>

supportive services for housing and health care demonstrated a reduction in annual costs of \$6,876 (per person).¹⁰ The housing and supportive services provided to these individuals totaled \$12,078 for Colorado Coalition for the Homeless and \$15,484 for Mental Health Center of Denver, with the cost of voucher services averaged at \$5,940 and \$4,740, respectively. This cost avoidance was experienced across a range of services, with ambulance and jail services experiencing the most drastic. The costs of these programs were offset by at least 75.0 percent for individuals, with 54.3 percent of the offset realized in the City and County of Denver and the remaining 45.7 percent realized by the federal and State governments.

Cost avoidance across service categories



Emergency Rental Assistance

The State has provided rental assistance for the past few years due to one-time funding at the federal and State level. Federal funding has been provided through the American Rescue Plan Act (ARPA) of 2021, and the State created a temporary rental assistance grant with H.B. 23B-1001 (Emergency Rental Assistance Grant Program) funded through June 2024. These programs do not provide assistance in the same way that the voucher programs do, as Emergency Rental Assistance provides a rental payment to landlords of the amount needed to cover rental payments and any associated fees, and is not an ongoing agreement between the State, the landlord/owner, and the tenant which the voucher program requires.

Both programs are targeted towards addressing the same populations. Eligibility for the assistance includes an income below 80.0 percent for their area and being at risk of eviction or displacement. Individuals behind on rental payments who have experienced a substantial life event qualify as being at risk, and priority is given to those who are currently facing eviction.

¹⁰ Gillespie, Sarah et al. "Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle." *Urban Institute*, July 15, 2021. <https://www.urban.org/research/publication/costs-and-offsets-providing-supportive-housing-break-homelessness-jail-cycle>

Those selected to receive assistance will receive an award, paid to the landlord or owner, of the amount needed to stabilize the household, limited to the lesser amount of seven months of rent or \$10,000.

The State received a total allocation from HUD of \$233.3 million in emergency rental assistance funding from April 1, 2021 – June 30, 2024, expending \$181.0 million on rental assistance and household stability, and \$28.9 million on administrative expenses. Local governments received a total allocation of \$103.0 million, expending \$88.0 million on rental assistance and household stability.¹¹

House Bill 23B-1001 (Emergency Rental Assistance Grant Program) transferred \$15.1 million General Fund and \$14.9 million from the Revenue Loss Restoration Cash Fund to the Housing Development Grant Fund (HDGF) for emergency rental assistance.

The current pre-application window for emergency rental assistance will open on Monday, November 18, 2024, and close on Wednesday, November 20, 2024. This round is funded with the remainder of the ARPA allocation, with \$1.6 million remaining. All applicants who submit during this window will be entered into a random selection, where selected individuals complete a full application within seven days of selection.

¹¹ ERA2 Cumulative Program Data Q2 2021 – Q2 2024

Affordable Housing Programs

This issue brief provides an overview funding appropriated to and administered by the Division of Housing, within the Department of Local Affairs, to expand the affordable housing stock across the state. This includes various federal and state programs including voter-approved measures such as Proposition 123.

Summary

- The Department administers grant and loan programs to support and expand the supply of affordable housing across the state, consisting of the voter-approved Proposition 123 funds and other funds such as the continuously appropriated Housing Development Grant Fund. Federal funds also provide support for affordable housing development and construction.
- Proposition 123 creates two funds, the Affordable Housing Financing Fund and the Affordable Housing Support Fund, managed by the Office of Economic Development and Trade and the Division of Housing, respectively. Land Banking, Equity, and Concessionary Debt services fall under the purview of OEDIT and CHFA, which administer the Affordable Housing Financing Fund. The Division manages the Affordable Housing Support Fund.
- The Affordable Housing Support Fund is a continuously appropriated fund. It assists development projects for affordable housing, as well as supporting homeownership assistance and housing for persons experiencing homelessness. This fund is used to support a variety of programs within the Division.
- The Division also manages the Housing Development Grant Fund, a continuously appropriated fund used to support affordable housing development and address homelessness across the state. This fund receives transfers of state revenue, as well as annual appropriations.

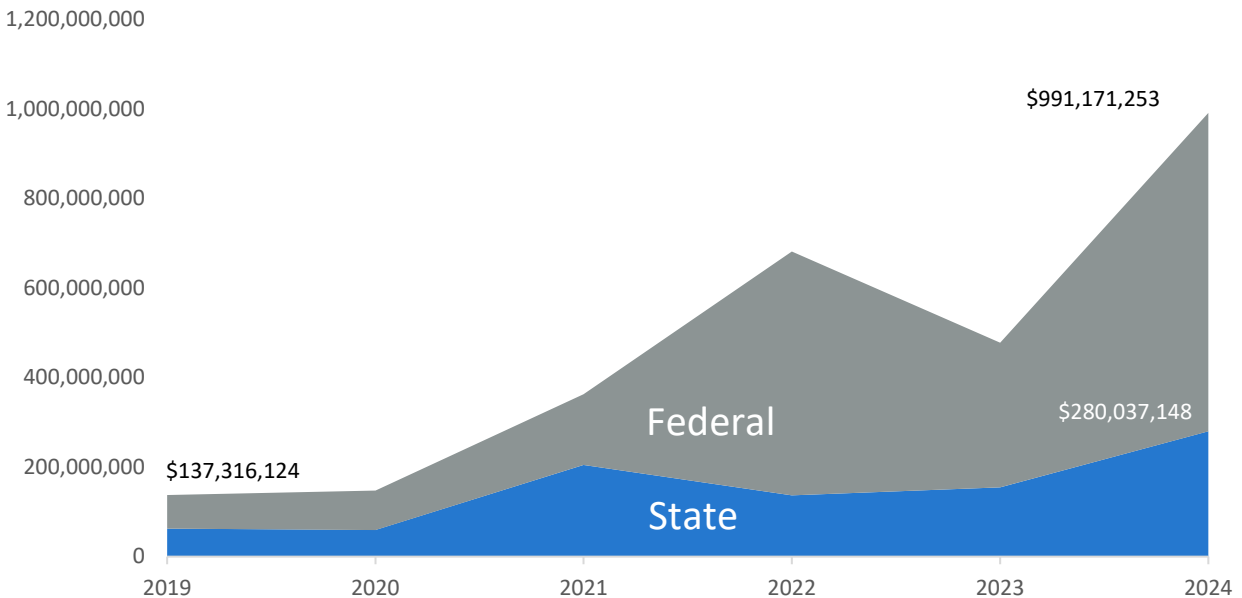
Discussion

The Division supports affordable housing through various funding and programs that support the expansion of housing supply in the State. Awards are granted to support or construct new affordable housing opportunities, and the awards often finance these developments and become a portion of the capital stack. The remainder of the capital stack for each development is made of private debt and equity from local, regional, or national investors and institutions. Most private equity is contributed in return for Low Income Housing Tax Credits issued by the

Colorado Housing Finance Authority. Division awards generally contribute 13.0 percent to the financing of a development project.¹²

The Division receives applications for projects, and staff determine if a project is consistent with the State priorities. Recommendations are then provided to the State Housing Board, which approves each project to receive funding. Many of the funds established in the Division for affordable housing are continuously appropriated, and are not reflected in the budget. The size of these funds, including federal allocations across both rental assistance and affordable housing programs, total to almost \$1 billion.

Division of Housing Budgeted Expenses



Federally Funded Affordable Housing Programs

The State receives three main sources of funding for affordable housing development. These include the Community Development Block Grant, the Home Investment Partnerships Program, and the Housing Trust Fund Program. Each of these is simultaneously administered to localities.

The Community Development Block Grant (CDBG) program is a federally funded program through the Department of Housing and Urban Development (HUD). The State allocates a third of its CDBG funds to housing activities, in the form of down payment assistance, single-family owner-occupied home rehabilitation, and housing development and preservation. Local jurisdictions in Colorado also are eligible to receive their own allocations of CDBG funds directly from HUD; 23 jurisdictions received a combined \$27 million in CDBG funds from HUD in 2023,

¹² Colorado Department of Local Affairs, Division of Housing. *Division of Housing Annual Public Report FY 2022-23*. https://leg.colorado.gov/sites/default/files/images/division_of_housing_annual_public_report_fy22-23_updated.pdf

or 74.0 of all CDBG funds allocated in Colorado. The remaining 26.0 percent, \$9.5 million, were allocated to the State.

The HOME Investment Partnerships Program (HOME) provides formula grants to the State for funding development, buying and rehabilitating affordable housing for homeownership. The HOME program can also fund direct rental assistance to low-income individuals. Local jurisdictions also are eligible for HOME funds directly from HUD; 10 jurisdictions received a combined \$12.4 million in HOME funds from HUD in 2023, or 64.0 of all HOME funds allocated in Colorado.¹³ The remaining 36.0 percent, \$7.0 million, were allocated to the State.

The Housing Trust Fund (HTF) provides grants to the State to support affordable housing for extremely low and very low-income households. HTF grants are federally funded and allocated through HUD annually. Each annual grant must be used by the Division for specific purposes: at least 80.0 percent for rental housing; up to 10.0 percent for homeownership; up to 10.0 percent for administrative and planning costs. Units supported by HTF funds are required to have a minimum affordability period of 30 years. The State received \$5.3 million in HTF funds in 2024.¹⁴

State Funding for Affordable Housing

Across various funds and programs, the Division mainly provides awards for supporting or developing affordable homes. For support, the award is granted to the applicant and the implementation of that funding is monitored. For developments, the Division usually serves as a gap financier, providing a portion of the financing for the development, in acquisition or construction, often offered in exchange for the owner of the property to maintain affordability for a given period of time—such as 30 years leasing units in the development at a limited rent level.

Proposition 123 and the Affordable Housing Support Fund

Proposition 123, adopted by voters in November 2022, established a significant funding stream from the State to contribute to affordable housing, 40.0 percent of which is managed by DOLA and DOH, the remaining 60.0 percent is managed by the Office of Economic Development and International Trade (OEDIT). Proposition 123 authorizes the state to retain money from existing state tax revenue and the Division to utilize the funding through the Affordable Housing Support Fund (AHSF).¹⁵ All income tax revenue set aside under Proposition 123 is exempt from

¹³ Division of Housing Annual Public Report FY 22-23, https://leg.colorado.gov/sites/default/files/images/division_of_housing_annual_public_report_fy22-23_updated.pdf

¹⁴ U.S. Department of Housing and Urban Development, Public Affairs. “Biden-Harris Administration Announces \$5.5 Billion in Grants for Affordable Housing, Community Development, and Homeless Assistance to Drive Economic Growth.” U.S. Department of Housing and Urban Development: HUD No. 24-103, May 7, 2024. https://www.hud.gov/press/press_releases_media_advisories/HUD_No_24_103

¹⁵ Authorized by Section 29-32-104 (3), C.R.S.

TABOR limits if the State is above the TABOR cap within the fiscal year; it is not exempt if the State is below the cap within the fiscal year. All money transferred to the AHSF is continuously appropriated, and most expenditures from the fund are off budget.

The AHSF provides grants and loans to non-profits, land trusts, private entities, and governments in the interest of serving an area committed to increasing affordable housing stock. The AHSF received \$64 million in funding in FY 2023-24 split across three programs, two of which are managed by the Division of Housing:

Affordable Homeownership Programs, which constituted half of the total AHSF funds in FY 2023-24 (\$32 million of \$64 million). These programs are directed towards acquisition of land, new construction and developments, and rehabilitation of existing affordable developments, of which the Division assisted 146 units for \$6.5 million. Programs also assist homeowners with repairs to existing housing, of which \$6.5 million of funds were employed. The remaining homeownership funds are devoted to down payment assistance, and the Division received applications for \$43 million worth of assistance in FY 2023-24.

The Division rolled over \$2.9 million into the current fiscal year, and has already identified projects for this funding. \$27.5 million has been committed across 19 agreements for affordable homeownership programs.

Homelessness Programs, which constituted \$28.8 million of the total AHSF funds in FY 2023-24. Development of supportive housing for this population is the largest portion of this program, and the Division awarded three projects a total of \$12.175 million in FY 2023-24, developing 218 units. The remaining funding for this program is split between outreach, rapid rehousing, homeless prevention, supportive services, and emergency shelters.

The Division rolled over \$1.0 million into FY 2024-25, and has already identified projects for this funding. The Division has 84 agreements totaling \$8.5 million of current fiscal year Proposition 123 funds for homeless programs, the program period beginning April 2024 and ending March 2025. The Division has committed \$17.8 million to permanent supportive housing projects in the current fiscal year, totaling \$26.3 million in commitments for Proposition 123 funding in the current fiscal year. Some of these funds are anticipated to cover programs that have historically been funded by Marijuana Tax Cash Fund, such as the Homeless Solutions Program voucher.

The remaining 60.0 percent of Proposition 123 funding, the Affordable Housing Financing Fund, is managed by OEDIT, and is administered through the Colorado Housing and Finance Authority (CHFA) and covers the programmatic areas of Land Banking, Equity, and Concessionary Debt. 15.0 to 25.0 of the financing fund is allocated to Land Banking, which consist of grants and forgivable loans made to localities and non-profits to acquire land for the development of affordable housing. The Equity program makes up 40.0 to 70.0 percent of the financing fund, which makes available a flexible source of capital for affordable housing developments that have a below-market return expectation. The remainder of the fund is allocated to the Concessionary Debt program, which consists of loans, debt financing, and gap financing for federal Low Income Housing Tax Credits or State Affordable Housing Tax Credits.

The Housing Development Grant Fund and Vendor Fees

The Housing Development Grant Fund (HDGF) is supported by State funds with similar focus on construction, acquisition, and rehabilitation, while also supporting foreclosure prevention efforts and acquiring housing and economic data for the State Housing Board.¹⁶ This fund is also continuously appropriated, supported by the sales tax vendor fee and additional General Fund appropriations.

Income into the HDGF for fiscal year 2023-2024 is outlined in the following table provided by Legislative Council Staff. “Administrative fee” revenue in the table below is from a portion of sales tax revenue that was previously retained by vendors. In subsequent years, the amount of funding available from this source for the Housing Development Grant Fund declines, as \$36 million is redirected to the General Fund pursuant to H.B. 24-1434 (Expand Affordable Housing Tax Credits) to be replaced by additional housing development tax credits. The General Fund portion of Temporary Rental Assistance Grant (TRAG) funding from H.B. 23B-1001 is reflected in the row entitled “transfers from General Fund Surplus”, while the \$14.9 million allocated under the bill is reflected in a sister fund.

Fiscal Year 23-24 Housing Development Grant Fund Accounts		
Account	Amount	TABOR
Administrative Fees ¹⁷	\$71,340,919	Nonexempt
Transfers from General Fund Surplus (HB 23B-1001)	15,100,000	Exempt
Unrealized Gain/Loss	10,895,063	Exempt
Operating Transfer from Local Affairs (23V1 HSP; 23VC Rental Assistance)	8,503,822	Exempt
Interest Income - Nonexempt	5,523,771	Nonexempt
Grants from State Departments - Operating	157,332	Exempt
Interest Income - Exempt	34,315	Exempt
Miscellaneous Revenues - Nonoperating	4,576	Nonexempt
Reimbursement of Prior Year Expense	1,288	Exempt
Total Nonexempt	\$76,869,266	Nonexempt
Total Exempt	\$34,691,820	Exempt
Total	\$111,561,086	N/A

The Housing Development Grant Fund provides funding both for affordable housing construction and support, as well as providing an avenue for the Division to support rental assistance programs. Certain programs, such as the Emergency Rental Assistance program, are reflected in the Housing Development Grant Fund.

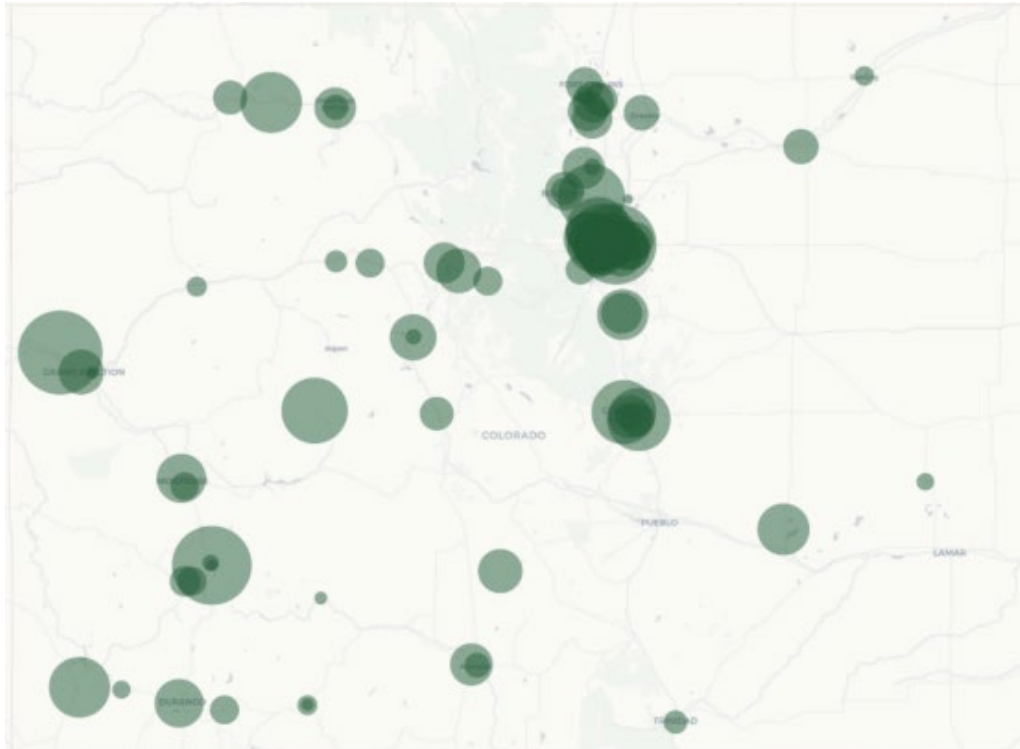
The Division is required to give priority to owners of property that was destroyed or incurred substantial damage as a result of a state or federally declared natural disaster in accordance with Section 24-32-721 (2), C.R.S. One-third of the money must be expended in the interest of expanding affordable housing for individuals at or below 30.0 percent AMI, and five million

¹⁶ Authorized under Section 24-32-721, C.R.S.

¹⁷ Diversion of sales tax revenue that would otherwise go to the General Fund. The amount is calculated based on a reduction in fees that retail vendors are allowed to withhold to cover their costs for collecting sales tax pursuant to H.B. 19-1245.

dollars must be used to improve, preserve, or expand the supply of affordable housing in rural Colorado in accordance with C.R.S. 24-32-721 (2)(a). In FY 2022-23, the Division awarded \$148,189,267 from the HDGF, projecting 3,154 units.¹⁸ The state-wide distribution of all affordable housing development awards (from FY 2022-23) is displayed below.

Development Project Awards by Location, FY 2022-23¹⁹



Per unit, the size of funds awarded has been increasing in the past few years as the cost of construction continues to rise. In order to maintain the same level of support into the future, the Division would need additional funding should the cost of construction and ultimately the cost of housing continue to rise.

As costs rise, the amount of funds that leverage the Division’s awards decreases. The leverage ratio for FY 2022-23 is around 7: \$1 of funding awarded by the state is leveraged by \$7 in other funding, usually in the form of private debt and equity from a variety of financial institutions. The Division is contributing an increasing amount of funding towards the capital stack per unit.

Per Unit Award and Leverage Ratio			
State Fiscal Year	Per Unit Award Amount	Leverage Ratio	
2017-2018*	7,568	30	
2018-2019*	8,519	25	

¹⁸ Division of Housing Annual Public Report FY 2022-23, https://leg.colorado.gov/sites/default/files/images/division_of_housing_annual_public_report_fy22-23_updated.pdf

¹⁹ Bubble size weighted by total funding awarded.

Per Unit Award and Leverage Ratio		
State Fiscal Year	Per Unit Award Amount	Leverage Ratio
2019-2020	17,550	9
2021-2022	18,835	10
2022-2023	45,504	7

*These fiscal years only calculate the average award for HDGF projects, and do not include all projects approved by the Division.

Other Programs Supporting Affordable Housing

The Division provides other services to support affordable housing and individuals seeking home ownership options. This includes transformational housing, housing assistance for individuals transitioning from justice systems, the Colorado Housing Finance Authority (CHFA) Middle Income Access Program, Manufactured Buildings Program, and Mobile Home Park Oversight Act.

Transformational Affordable Housing was created using one-time funds allocated through the American Rescue Plan Act of 2021. The Transformational Affordable Housing Task Force was created to provide recommendations on the use of the one-time funds, creating programs in 2022 and implementing those programs in 2023. These programs include the Transformational Affordable Housing, Homeownership, and Workforce Housing Grant, which supports individuals in developing and preserving affordable housing opportunities. These goals are similar to those of the Housing Development Grant Fund and reach similar populations through localities and nonprofits. Programs also include: Transformational Homelessness Response, providing supportive services to homeless individuals; Loan Program Resident-owned Communities, preserving mobile home communities and providing loans and grants to assist the acquisition of land for these parks; and the Transformational Affordable Housing Revolving Loan Fund, offering low-interest and below-market financing to developers and providers.

The Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System provides housing assistance to individuals with behavioral or mental health disorders that are transitioning from incarceration in a criminal or juvenile justice system. This service was originally provided by the Department of Corrections, but H.B. 20-1262 (Housing Assistance Justice System Transition Money) appropriated the \$500,000 General Fund to the Department of Local Affairs to be administered by the Division.

The Colorado Housing Finance Authority (CHFA) Middle Income Access Program was created in the Division by S.B 22-146 (Middle Income Access Program Expansion). This program was administered by the Colorado Housing Finance Authority, providing support for individuals and households who made between 80.0 percent and 120.0 percent AMI, who didn't qualify for rental or voucher assistance yet struggled to afford market rate housing. The Division was provided a one-time appropriation of \$25 million in FY 2022-23.

The Manufactured Buildings Program licenses and regulates factory-built residential and non-residential buildings. The Division is responsible for registering and certifying manufacturers, dealers, and installers across the state, in addition to administering the consumer complaint process, compliance with the International Energy Conservation Code, and providing assistance

for hazardous building materials in affordable housing projects. This program is fee supported through the Building Regulation Fund.

Mobile Home Park Act Oversight was established by H.B. 19-1309 (Mobile Home Park Oversight Act), where the Division manages complaints from the various stakeholders of mobile home parks. The program registers mobile home parks, manages complaints, and enforces the law regarding these parks. The program is fee supported through a continuously appropriated Mobile Home Park Act Dispute Resolution and Enforcement Program Fund.

Appendix A: HCV Voucher Eligibility

An individual that falls into one of the categories below qualifies to receive a Housing Choice Voucher from the Division or any local PHA. The Division selects the individuals off of the waitlist based on prioritizations previously discussed, but once selected, the household must demonstrate the fulfillment of a category in order to receive the voucher.

- A very low-income family (50.0 percent AMI).
- A low-income family that has been leasing a unit under any 1937 Housing Act program at the time they are selected from the waiting list.
- A low-income family that qualifies for voucher assistance living in HOPE 1, HOPE 2, or other HUD multifamily homeownership programs.²⁰
- A low- or moderate-income family that is displaced by the termination of an income restricted mortgage project.²¹

²⁰ 24 CFR 248.173

²¹ 24 CFR 248.101

Appendix B: SHV Eligibility and Prioritization

The four SHV programs each target specific populations, and prioritizations reflect the prioritization of each voucher.

The Mental Health voucher prioritizations are as follows:

Priority Category #1: The head of the household is residing in a psychiatric/mental health institute or other mental health units, and is at risk of exiting to homelessness.

Priority Category #2: The head of the household is residing in other institutional settings, such as hospitals, assisted living or correctional facilities, and is at risk of exiting to homelessness.

Priority Category #3: The head of the household is experiencing homelessness with barriers to housing due to mental health or substance use disorders, and is not connected to care services.

The Homeless Solutions Program voucher does not have additional specific prioritizations over the general eligibility for the SHV programs.

The Recovery-Oriented Housing Program does not have additional specific prioritizations over the general eligibility for the SHV programs.

The Community Access Team voucher prioritizations are as follows:

Priority Category #1: Participants eligible for Medicaid's HCBS waiver and for Medicaid's Transition Services Benefit. This provides transition coordination and intensive case management services, of which these participants have for approximately one year after exit.

Priority Category #2: Individuals who are eligible for Medicaid's HBCS waiver and transitioning out of an institution, but not participating in Transition Services.

Priority Category #3: Participants in a CAT-V Project-Based Voucher, who are currently under-housed and applying for a Tenant-Based CAT-V Voucher.

Priority Category #4: Individuals at risk of being institutionalized because of a disability and are eligible for Medicaid's HBCS waiver, who are chronically homeless.²²

Priority Category #5: Individuals at risk of being institutionalized because of a disability and are eligible for Medicaid's HBCS waiver, who are homeless.

²² McKinney-Vento Homeless Assistance Act, 42 U.S.C. 11360

Appendix C: HSP-SHV Expenditures

The Division of Housing expended \$8,087,043.19 to support the HSP-SHV in FY23-24, a program specifically affected by the reduced appropriation of MTCF in FY24-25, requiring an appropriation of \$8.8 million General Fund. A breakdown of the FY23-24 expenditures is provided by the Division:

- \$6,657,400 for HSP-SHV Housing Assistance Payments
- \$119,280 for HSP-SHV Deposit Assistance and Damage Payments
- \$59,820 for HSP-SHV Utility Assistance Payments
- \$312,270 For HSP-SHV Agency Administrative Fees
- \$334,690 for Continuum of Care PSH Rental Assistance Matched Funds
- \$603,580 for DOLA Administrative Costs