

Colorado General Assembly  
Senate Finance Committee  
200 E Colfax Ave  
Denver, CO 80203

04/25/23

Dear Chair Mullica and members of the Senate Finance Committee:

The Colorado Affordable Homeownership Alliance, a coalition of twelve rural and front range-based organizations that create affordable homeownership opportunities for Coloradans across the state, **supports the passage of HB23-1184.**

The bill will provide much needed incentives for organizations that create affordable homeownership opportunities; these incentives will result in a greater number of permanently affordable for sale homes that will benefit Colorado's low- and middle-income households.

Homeownership is transformative at both household and state-wide levels. For households, it builds intergenerational wealth, benefits educational outcomes, and improves physical and mental health. The state benefits when households spend the wealth accumulated through homeownership in local economies.

Market pressures, however, have made homeownership less accessible to Colorado's low- and middle-income households. Teachers, first responders, service workers, and other vital professionals are being priced out of the market. To combat this issue, affordable homeownership providers are playing an increasingly large role in helping these households bridge the gap between renting and purchasing a home to gain the benefits that homeownership provides.

The changes to property tax law created by this bill will allow these providers to create more affordable homeownership opportunities by making available funds that would otherwise be paid in property tax, while creating a small impact on overall property tax revenue. Furthermore, the bill will incentivize more organizations to begin creating affordable homeownership opportunities because of the financial benefits it creates.

**We urge you to vote yes to advance this bill out of your committee and support its passage.**

Thank you for your consideration. Please contact us with any questions.

Sincerely,

The Colorado Affordable Homeownership Alliance (see attached membership)

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## Support HB 23-1184

### *Low-Income Housing Property Tax Exemptions*

Sponsors: Representative William Lindstedt, Representative Lisa Frizell,  
and Senator Dylan Roberts

Affordable Housing for low-income residents is almost non-existent in Colorado. Non-profit developers and Community Land Trusts (CLTs) are playing an increasingly important role in building out our affordable housing stock that gives low-income residents the opportunity to become homeowners. Land is the largest up-front expense when undertaking an affordable housing development, and HB23-1184 improves and expands upon the property tax exemption created in 2011 (HB11-1241) that makes it cost efficient for non-profit developers to build affordable housing.

#### OVERVIEW

##### **HB23-1184 aims to increase Colorado's permanently affordable housing stock by:**

- Expand the existing property tax exemption for property on which affordable for-sale homes are constructed or rehabilitated to more affordable homeownership providers.
- Create a new property tax exemption on land that is owned by certain affordable homeownership providers to create permanently affordable for-sale homes.
- Once sold, the affordable homes must be deed restricted to low-income applicants.

#### WHY IS THE BILL NEEDED?

- Helps achieve affordability in homeownership for families at or under 100% of their area median income (AMI).
- Aligns with the state's priorities for increasing the affordable housing stock.
- Aligns statute with the time needed to develop affordable homeownership opportunities.
- Creates savings for non-profit developers and community land trusts (CTLs) through a property tax exemption that reduces the cost of land, better enabling providers to save on overall construction costs and provide a more affordable home to future homeowners.
- Ensures homes under the new property tax exemption remain part of the affordable homeownership stock.

#### PROPOSED CHANGES

- Expand the definitions of "nonprofit housing provider" in § 39-3-113.5 so **all nonprofit affordable homeownership providers can use the property tax exemption**. Many of these providers already use more bureaucratically cumbersome tax exemptions to build affordable housing. This expansion would streamline the process using one straightforward exemption while maintaining important oversight and tax claw back provisions.
- **Increase the area median income (AMI) qualification for "low-income applicants" to 100% of AMI or less, from 80% AMI. For Rural Resort areas, AMI is increased to 120% AMI.**
- Extend the period that the exemption may be claimed from **five years to ten years**. This change better reflects the time required for larger affordable housing projects.
- Create a **new** property tax exemption for land that is owned by community land trusts (CLTs) and other nonprofit affordable homeownership providers that develop permanently affordable for-sale homes. **This exemption will apply to the land only, the home itself will be taxed once it is sold to a low-income family.**



## **Support HB 23-1184**

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#### **SUPPORTERS**

Colorado Association of Realtors

Colorado Counties Incorporated (CCI)

Counties & Commissioners Acting Together (CCAT)

Elevation Community Land Trust

Habitat for Humanity of Colorado

Maiker Housing Partners

Housing Colorado

Neighborhood Development Collaborative

NeighborWorks® Southern Colorado

Urban Land Conservancy

## Colorado Affordable Homeownership Alliance



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The Telluride Foundation's  
Rural Homes Initiative:



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