

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REDRAFT
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Double underlining
denotes changes from
prior draft

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LLS NO. 26-0846.02 Pierce Lively x2059

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: Affordable Housing Financing Fund

A BILL FOR AN ACT

101 **CONCERNING THE AFFORDABLE HOUSING FINANCING FUND.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill directs the state treasurer to transfer \$110 million from the state affordable housing fund (fund) to the general fund on June 30, 2026, and makes 3 corresponding adjustments to the affordable housing financing fund (financing fund). First, the bill adjusts the July 1, 2026, transfer from the fund to the financing fund to be reduced by the amount of the June 30, 2026, transfer from the state affordable housing fund. Second, for the 2026-2027 state fiscal year only, the bill adjusts the prioritization of programs funded by the financing

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

fund, so that the programs are funded in the following order: The concessionary debt program, the affordable housing equity program, and the land banking program. Third, the bill ensures that this transfer does not reduce the amount that may be spent on administrative expenses for implementing programs funded by the financing fund in the 2026-27 state fiscal year and pools the costs of administering these programs for fiscal years beginning with the 2026-27 state fiscal year.

The bill clarifies that interest and investment income earned on the financing fund may be expended for projects funded by the fund.

Under current law, if legislative council staff's March economic and revenue forecast projects that state revenue will not exceed the state fiscal year spending limit, the general assembly reduces the funding allocated to the financing fund. The bill allows for the general assembly to so reduce the funding allocated to the financing fund for the 2025 state fiscal year as a result of revenue forecasts projecting that state revenue will not exceed the state fiscal year spending limit.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 29-32-103, **amend**
3 (2) and (3) as follows:

4 **29-32-103. Transfers of money - permitted uses of the fund -**
5 **continuous appropriation - repeal.**

6 (2) (a) The affordable housing financing fund is hereby created in
7 the state treasury. The financing fund shall consist of money deposited
8 into it under subsection (3) of this section. The office shall administer the
9 financing fund and expend the money in the financing fund only for the
10 purposes set forth in section 29-32-104 (1) and for the ~~office's~~
11 ~~administrative expenses related to the programs created in that section~~
12 PERMITTED PURSUANT TO SUBSECTION (2)(b)(II) OF THIS SECTION. All
13 money not expended or encumbered, and all interest earned on the
14 investment or deposit of money in the financing fund, shall remain in the
15 financing fund and shall not revert to the general fund or any other fund
16 at the end of any fiscal year. ~~All money transferred to the~~ MONEY IN THE

1 financing fund pursuant to subsection (3) of this section is continuously
2 appropriated to the office for the purposes set forth in section 29-32-104
3 (1) and this section.

4 (b) (I) (A) FOR THE STATE FISCAL YEAR THAT BEGINS ON JULY 1,
5 2026, THE ADMINISTRATOR AND THE OFFICE COMBINED MAY EXPEND AN
6 AMOUNT TO PAY FOR THE COSTS OF ADMINISTERING THE PROGRAMS
7 DESCRIBED IN SECTION 29-32-104 (1) THAT IS EQUAL TO TWO PERCENT OR
8 LESS OF THE AMOUNT THAT THE STATE TREASURER WOULD TRANSFER
9 FROM THE FUND TO THE FINANCING FUND FOR THE STATE FISCAL YEAR, IF
10 NOT FOR THE DIVERSION REQUIRED PURSUANT TO SECTION 29-32-103
11 (3)(b).

12 (B) THIS SUBSECTION (2)(b)(I) IS REPEALED, EFFECTIVE JULY 1,
13 2027.

14 (II) FOR STATE FISCAL YEARS THAT BEGIN ON OR BEFORE JULY 1,
15 2025, AND ON OR AFTER JULY 1, 2027, THE ADMINISTRATOR AND THE
16 OFFICE COMBINED SHALL EXPEND NO MORE THAN TWO PERCENT OF THE
17 FUNDS THAT THE STATE TREASURER TRANSFERS FROM THE FUND TO THE
18 FINANCING FUND FOR THE STATE FISCAL YEAR TO PAY FOR THE COSTS OF
19 ADMINISTERING THE PROGRAMS DESCRIBED IN SECTION 29-32-104 (1).

20 (3) (a) On July 1, 2023, or as soon as practicable thereafter, and
21 on July 1 of each state fiscal year thereafter, EXCEPT FOR JULY 1, 2026, the
22 state treasurer shall transfer forty percent of the balance of the fund on the
23 date of the transfer to the support fund and sixty percent of the balance of
24 the fund on the date of the transfer to the financing fund.

25 (b) (I) NOTWITHSTANDING SUBSECTION (3)(a) OF THIS SECTION, ON
26 JUNE 30, 2026, THE STATE TREASURER SHALL TRANSFER ONE HUNDRED
27 AND TEN MILLION DOLLARS FROM THE FUND TO THE GENERAL FUND.

1 (II) PURSUANT TO SECTIONS 29-32-102 (1) AND 29-32-104 (5), THE
2 MONEY TRANSFERRED BY THE STATE TREASURER PURSUANT TO
3 SUBSECTION (3)(b)(I) OF THIS SECTION IS NOT SUBJECT TO THE LIMITATION
4 ON FISCAL YEAR SPENDING SPECIFIED IN SECTION 20 OF ARTICLE X OF THE
5 STATE CONSTITUTION.

6 (III) ON JULY 1, 2026, OR AS SOON AS PRACTICABLE THEREAFTER,
7 THE STATE TREASURER SHALL TRANSFER AN AMOUNT EQUAL TO FORTY
8 PERCENT OF THE BALANCE OF THE FUND IMMEDIATELY BEFORE THE
9 TRANSFER DESCRIBED IN SUBSECTION (3)(b)(I) OF THIS SECTION TO THE
10 SUPPORT FUND AND SHALL TRANSFER THE REMAINING BALANCE OF THE
11 FUND TO THE FINANCING FUND.

12 (IV) THIS SUBSECTION (3)(b) IS REPEALED, EFFECTIVE JULY 1,
13 2027.

14 **SECTION 2.** In Colorado Revised Statutes, 29-32-104, **amend**
15 (1) introductory portion, (1)(a), (1)(b), (1)(c)(V)(B), (2), and (5) as
16 follows:

17 **29-32-104. Permissible expenditures - affordable housing**
18 **programs - report - definitions - repeal.**

19 (1) The office shall contract with the administrator. The office
20 may select an administrator without a competitive procurement process
21 but shall announce the contract opening publicly and select the
22 administrator in a meeting that is open to the public, no less than
23 seventy-two hours after notice of such meeting is publicly available. No
24 single contract may exceed five years in duration. Upon the expiration of
25 any contract term, the office may renew the contract with the same
26 administrator or may select another administrator. The administrator
27 selected by the office shall expend ~~the money transferred to~~ FROM the

1 financing fund ~~in section 29-32-103 (2)~~ that the administrator receives
2 from the office to support the following programs only:

3 (a) A land banking program to be administered by the
4 administrator. The program shall provide grants to local governments and
5 tribal governments and loans to non-profit organizations with a
6 demonstrated history of providing affordable housing to acquire and
7 preserve land for the development of affordable housing. For purposes of
8 this subsection (1)(a), "affordable housing" means rental housing that has
9 a designated imputed income limit by household size not to exceed sixty
10 percent of the area median income as established by the United States
11 Department of Housing and Urban Development and published by the
12 department or a statewide political subdivision or authority on housing,
13 and regulated units in the project must have a gross rent limit that does
14 not exceed thirty percent of the imputed income limitation applicable to
15 the units and for-sale housing that could be purchased by a household
16 with an annual income of at or below one hundred percent of the area
17 median income. Mixed use development is an allowable use of land
18 purchased under this program if the predominant use of the land is
19 affordable housing. Loans made by the program shall be forgiven if land
20 acquired with the assistance of the program is properly zoned with an
21 active plan for the development of affordable housing within 5 years of
22 date the loan is made and if the development is permitted and funded
23 within 10 years. The lender and borrower may establish additional terms
24 if needed. If land acquired with the assistance of the program is not
25 developed within the timeline above, the loan must be repaid, with
26 interest, as soon as practical, but not more than six months after
27 expiration of said timeline, unless the office agrees to extend all or a

1 portion of the timeline in its reasonable discretion. Land acquired with the
2 assistance of the program that is not developed within the timeline above
3 may be used by the owner for any purpose upon payment of the loan with
4 interest or, in exchange for a waiver of interest, conveyed to a state
5 agency or other entity for the development of affordable housing with the
6 approval of the administrator. All principal and interest payments on
7 loans made under this ~~paragraph (a)~~ SUBSECTION (1)(a) shall be paid to
8 the administrator and used by the administrator for the purposes set forth
9 in this subsection (1). As determined by the administrator, a minimum of
10 15% and a maximum of 25% of ~~monies~~ MONEY transferred to the
11 financing fund annually may be used for the program. ~~The administrator~~
12 ~~may utilize the funds it receives from the office for the program to pay for~~
13 ~~the costs of administering the program; except that the total combined~~
14 ~~annual administrative expenditures of money from the financing fund by~~
15 ~~the administrator and the office shall not, exceed two percent of the funds~~
16 ~~the administrator receives from the office for the program for the state~~
17 ~~fiscal year.~~

18 (b) An affordable housing equity program to be administered by
19 the administrator. The program shall make equity investments in low- and
20 middle-income multi-family rental developments. The program shall also
21 make equity investments in existing projects which include multi-family
22 rental units for the purpose of ensuring that said projects remain
23 affordable. The average designated imputed income by household size for
24 projects funded by the program must not exceed 90% of the area median
25 income as established by the United States Department of Housing and
26 Urban Development and published by the department or a statewide
27 political subdivision or authority on housing, and regulated units in the

1 project must have a gross rent limit that does not exceed thirty percent of
2 the imputed income limitation applicable to the units. The program shall
3 include a tenant equity vehicle, meaning, in projects funded by the
4 program, tenants who reside in the project for at least one year shall be
5 entitled to a share of the equity growth in the project, if any, in the form
6 of funding from the program for a down-payment on housing or related
7 purposes, which may also include ongoing opportunities for tenants to
8 build up their savings, in an amount determined by the administrator.
9 Equity investments made by the program shall be made with the
10 expectation of returns that are below the prevailing market returns.
11 Returns on program investments up to the amount of the program's initial
12 investment shall be retained in the program and reinvested. Returns on
13 program investments greater than the program's initial investment shall
14 be retained in the program to fund the tenant equity vehicle. In selecting
15 investments under this program, the administrator shall prioritize
16 high-density housing, mixed-income housing, and projects consistent with
17 the goal of environmental sustainability. As determined by the
18 administrator, a minimum of 40% of monies and a maximum of 70% of
19 ~~monies~~ MONEY transferred to the financing fund annually may be used for
20 the program. ~~The administrator may utilize the funds it receives from the~~
21 ~~office for the program to pay for the costs of administering the program;~~
22 ~~except that, the total combined annual administrative expenditures of~~
23 ~~money from the financing fund by the administrator and the office shall~~
24 ~~not exceed two percent of the funds the administrator receives from the~~
25 ~~office for the program for the state fiscal year.~~

26 (c) A concessionary debt program to be administered by the
27 administrator. The program shall:

1 (V) Include the following features:

2 (B) As determined by the administrator, a minimum of 15% of
3 ~~monies~~ and a maximum of 35% of ~~monies~~ MONEY transferred to the
4 financing fund annually may be used for the program. ~~The administrator~~
5 ~~may utilize the funds it receives from the office for the program to pay for~~
6 ~~the costs of administering the program; except that, the total combined~~
7 ~~annual administrative expenditures of money from the financing fund by~~
8 ~~the administrator and the office shall not exceed two percent of the funds~~
9 ~~the administrator receives from the office for the program for the state~~
10 ~~fiscal year.~~

11 (2) (a) In selecting investments to be made by the programs of
12 subsection (1) of this section, the administrator shall prioritize projects
13 that achieve high-density housing, mixed-income housing, and projects
14 consistent with the goal of environmental sustainability, as appropriate.

15 (b) (I) NOTWITHSTANDING THE FUNDING PERCENTAGES
16 ESTABLISHED IN SUBSECTION (1) OF THIS SECTION, FOR THE STATE FISCAL
17 YEAR THAT BEGINS ON JULY 1, 2026, THE OFFICE AND ADMINISTRATOR
18 SHALL, WITH THE GOAL OF FUNDING ALL THREE PROGRAMS DESCRIBED IN
19 SUBSECTION (1) OF THIS SECTION, DETERMINE THE FUNDING PERCENTAGES
20 FOR THE PROGRAMS DESCRIBED IN SUBSECTION (1) OF THIS SECTION BASED
21 ON THE FOLLOWING PRIORITY ORDER: CONCESSIONARY DEBT,
22 AFFORDABLE HOUSING EQUITY, AND LAND BANKING.

23 (II) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE JULY 1, 2027.

24 (5) (a) If the Legislative Council Staff's March Economic and
25 Revenue Forecast in any given year projects revenue for the next state
26 fiscal year will fall below the revenue limit imposed under section 20 of
27 article X of the state constitution, the general assembly may reduce the

1 funding allocated to the office required by this section for the next state
2 fiscal year in order to balance the state budget for said state fiscal year.

3 (b) (I) LEGISLATIVE COUNCIL STAFF ECONOMIC AND REVENUE
4 FORECASTS PROJECT THAT REVENUE FOR THE 2025-26 STATE FISCAL YEAR
5 WILL FALL BELOW THE REVENUE LIMIT IMPOSED UNDER SECTION 20 OF
6 ARTICLE X OF THE STATE CONSTITUTION, AND THE GENERAL ASSEMBLY
7 SHALL REDUCE THE FUNDING OTHERWISE ALLOCATED TO THE OFFICE
8 REQUIRED BY THIS SECTION FOR THE 2025-26 STATE FISCAL YEAR AS
9 DESCRIBED IN SECTION 29-32-103 (3)(b) IN ORDER TO BALANCE THE STATE
10 BUDGET FOR THE 2025-26 STATE FISCAL YEAR.

11 (II) THIS SUBSECTION (5)(b) IS REPEALED, EFFECTIVE JULY 1, 2027.

12 **SECTION 3. Safety clause.** The general assembly finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, or safety or for appropriations for
15 the support and maintenance of the departments of the state and state
16 institutions.