

NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

An Act

HOUSE BILL 22-1304

BY REPRESENTATIVE(S) Roberts and Bradfield, Jodeh, Woodrow, Amabile, Bacon, Bennett, Bird, Boesenecker, Cutter, Daugherty, Esgar, Exum, Froelich, Gonzales-Gutierrez, Gray, Herod, Hooton, Kennedy, Kipp, Lindsay, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Mullica, Ortiz, Ricks, Sirota, Snyder, Sullivan, Tipper, Titone, Valdez A., Valdez D., Weissman, Young, Garnett;
also SENATOR(S) Coleman and Gonzales, Bridges, Buckner, Danielson, Donovan, Fields, Ginal, Hansen, Jaquez Lewis, Kolker, Lee, Moreno, Pettersen, Rodriguez, Story, Winter, Zenzinger, Fenberg.

CONCERNING STATE GRANTS FOR INVESTMENTS IN AFFORDABLE HOUSING AT THE LOCAL LEVEL, AND, IN CONNECTION THEREWITH, CREATING THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM AND THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM TO INVEST IN INFILL INFRASTRUCTURE PROJECTS THAT SUPPORT AFFORDABLE HOUSING, AND MAKING AN APPROPRIATION.

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

SECTION 1. Legislative declaration - intent - definitions.

(1) The general assembly hereby finds, determines, and declares that:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(a) Though it has been exacerbated by the COVID-19 pandemic, the housing crisis that Colorado faces is not new. For decades, the lack of affordable housing has upended the lives of thousands who face homelessness in the Denver metropolitan area and across the state, shuttered Colorado businesses, hindered working-class employment because of a lack of workforce housing, and exacerbated inequities for communities of color.

(b) Currently, Colorado has a shortage of nearly 121,000 affordable rental units, and the Colorado housing and finance authority reports that nearly half of all Colorado renters are considered cost burdened, with an additional 24% being severely cost burdened. The average home price in the state increased 130% from 2011 to 2021. Statewide, the median price increased an additional 7% from January to February 2022 and the median price is now \$555,540, a 90% increase over March 2021. The town home and condominium market also reached a new pricing level in February 2022 and now stands at \$402,390, which is an increase of 17% from February 2021. Six out of ten Colorado households are unable to afford the average priced home. As used in this section, "cost-burdened" means that more than 30% percent of a household's monthly income is expended on housing and "severely cost-burdened means" that more than 50% of a household's monthly income is expended on housing.

(c) On March 11, 2021, the federal government enacted the "American Rescue Plan Act of 2021", Pub.L. 117-2, referred to in this section as "ARPA", pursuant to which Colorado has received \$3,828,761,790 from the federal coronavirus state fiscal recovery fund, referred to in this section as the "SFRF", to be used for certain specified purposes;

(d) These specified purposes include providing programs, services, or other assistance for populations disproportionately impacted by the COVID-19 pandemic;

(e) More specifically, federal regulations and guidance construing dictating allocation of the SFRF promulgated by the United States treasury identify a nonexclusive list of uses that address the disproportionate negative economic effects of the COVID-19 pandemic, including building stronger communities through investments in housing and neighborhoods. Services in this category alleviate the immediate economic impact of the

COVID-19 pandemic on housing insecurity while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor quality housing.

(f) Under these regulations, SFRF money may be used for programs or services that address housing insecurity, lack of affordable and workforce housing, or homelessness, including:

(I) Supportive housing or other programs or services to improve access to stable, affordable housing among unhoused individuals;

(II) The development of affordable housing to increase the supply of affordable housing units that are livable, vibrant, and driven by community benefits; and

(III) Housing vouchers and assistance to allow individuals to relocate in neighborhoods with high levels of economic opportunity and to reduce concentrated areas of low economic opportunity;

(g) In addition to enumerated uses, the SFRF regulations allow for funds categorized as revenue replacement to be used for government services;

(h) In House Bill 21-1329, enacted in 2021, the general assembly created the affordable housing task force, referred to in this section as the "task force", to develop recommendations to take advantage of this once-in-a-lifetime spending opportunity presented by ARPA to bring transformative policies to Colorado's housing sector that will provide immediate, sweeping, and long-lasting change. ARPA provided the impetus to bring together the legislative and executive branches of state government, as well as a diverse group of stakeholders made up of affordable housing practitioners and experts, to tackle the affordable housing crisis and determine which investments would make the biggest impact. The 16-member task force was made up of a bipartisan group of ten members of the general assembly and six agency directors. A 15-member subpanel of diverse affordable housing experts was also appointed to advise the task force. The task force and subpanel undertook a deliberative, iterative, and transparent process. Ultimately, the task force came to near unanimous consensus on its funding recommendations and allocations, as well as broad

agreement on several policy concepts.

(i) The recommendations of the task force are intended to take advantage of this once-in-a-lifetime funding opportunity, specifically, a one-time investment of \$400 million, to institute transformational housing policies and programs that will allow the state to better meet the challenge of providing affordable housing, from addressing homelessness to supporting housing for Colorado's workforce; and

(j) The recommendations made by the task force will not solve Colorado's affordable housing crisis completely but will be a transformational step forward in achieving that objective. Once implemented at the local level across the state, these policies will make significant strides in increasing access to flexible capital sources, fostering innovation, strengthening the social safety net, enhancing market stability, and ultimately promoting more broad and equitable ownership and rental housing for Coloradans in every corner of the state. These investments will result in more affordable housing being built across the state and will help to maintain existing housing stock that is at risk of becoming unsafe or unaffordable. The recommendations will help reduce disparities and address homelessness and will assist many Coloradans in purchasing homes that were previously out of financial reach, which will help build intergenerational wealth across the state.

(2) The general assembly further finds, determines, and declares that the programs and services funded by the transfers in this act are appropriate uses of the money transferred to Colorado under the SFRF and subsequently transferred into the affordable housing and home ownership cash fund created in section 24-75-229 (3)(a), C.R.S. This money will be put to expeditious and efficient use in building stronger communities across the state by making grants to community partners and local governments across the state to assist these entities in making investments in housing for populations, households, or geographic areas disproportionately affected by the COVID-19 pandemic.

(3) By this act, the general assembly is focusing a portion of the SFRF money that it has received from the federal government to begin to ameliorate the affordable housing crisis in Colorado by creating and administering a program to provide direct, flexible, and timely grant funding to community-based nonprofit organizations and local governments

that have or are pursuing measures to facilitate affordable housing development or the purchase of land or buildings for and the development of supportive, rental, transitional, and for-sale housing targeted at populations and communities disproportionately impacted by the COVID-19 pandemic.

(4) The general assembly intends that the grants made under this act will be made to community-based and nonprofit organizations for housing navigation and rehousing support, timely deployment of assistance, and technical and legal assistance. The general assembly intends that funds should be made available to local and regional groups and governments to be used for a variety of needs as specified in this act.

(5) The general assembly additionally intends that the grant program ensure flexibility of funding that will allow for operating grants to be made to community-based nonprofit organizations and qualified local governments, particularly in small, rural, and mountain resort communities that can best meet their own development needs.

(6) The potential uses of SFRF money directed by this act are in alignment with the priority articulated by the governor and legislators representing both major political parties of investing in strong communities. Such potential uses include funding for local infill infrastructure needs to help support and catalyze affordable housing development and further Colorado's sustainable development patterns, provide community benefits, ensure multimodal connectivity, reduce greenhouse gas emissions, strengthen social and environmental equity, and improve quality of life and community resilience.

(7) The general assembly further intends that the structure of funding criteria for the grant program created by this act encourage the use of public policies that allow for the development of affordable housing on a local basis congruent with local needs and conditions. To achieve the greatest transformation possible, funding criteria should also aim to support and promote the leveraging of local funding resources. When appropriate, such funds should be aligned with loan funds from other public and private sources and priority should be given to projects that significantly leverage other funding sources. As part of the assistance provided by this act, the general assembly intends that additional funds be directed to eviction legal defense, given the ongoing challenges of evictions caused by the

COVID-19 pandemic.

(8) The general assembly further declares that the programs and services described in this act are important government services.

SECTION 2. In Colorado Revised Statutes, **add** 24-32-729 as follows:

24-32-729. Transformational affordable housing through local investments - grant program - investments eligible for funding - report - definitions - repeal. (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "COMMUNITY PARTNER" MEANS A NONPROFIT ORGANIZATION THAT UNDERTAKES ANY OF THE ACTIVITIES OR SERVICES DESCRIBED IN SUBSECTION (2)(b) OF THIS SECTION.

(b) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

(c) "ELIGIBLE RECIPIENT" MEANS A LOCAL GOVERNMENT OR A COMMUNITY PARTNER THAT APPLIES FOR A GRANT THROUGH THE GRANT PROGRAM.

(d) "FUND" MEANS THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING FUND CREATED IN SUBSECTION (4)(a) OF THIS SECTION.

(e) "GRANT PROGRAM" MEANS THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM CREATED IN SUBSECTION (2)(a) OF THIS SECTION.

(f) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, CITY AND COUNTY, TRIBAL GOVERNMENT, SPECIAL DISTRICT ORGANIZED UNDER TITLE 32, SCHOOL DISTRICT, DISTRICT, HOUSING AUTHORITY, COUNCIL OF GOVERNMENTS, A REGIONAL PLANNING COMMISSION ORGANIZED UNDER TITLE 30, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE.

(g) "MATCH" MEANS MONETARY AND NONMONETARY CONTRIBUTIONS TO A PROJECT.

(2) Creation of the grant program - projects or programs eligible for funding. (a) THERE IS CREATED IN THE DIVISION THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM TO PROVIDE GRANTS TO ELIGIBLE RECIPIENTS TO ENABLE SUCH ENTITIES TO MAKE INVESTMENTS IN THEIR COMMUNITIES OR REGIONS OF THE STATE IN TRANSFORMATIONAL AFFORDABLE HOUSING AND HOUSING RELATED MATTERS IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION. THE DIVISION SHALL ADMINISTER THE GRANT PROGRAM.

(b) THE DIVISION MAY AWARD GRANTS UNDER THE GRANT PROGRAM TO SUPPORT INVESTMENTS BY ELIGIBLE RECIPIENTS IN PROJECTS OR PROGRAMS THAT:

(I) DEVELOP AND INTEGRATE INFRASTRUCTURE TIED TO AN AFFORDABLE HOUSING DEVELOPMENT, INCLUDING FUNDING FOR CAPITAL CONSTRUCTION AND THE COST OF INFRASTRUCTURE DESIGN;

(II) PROVIDE GAP FINANCING FOR HOUSING DEVELOPMENT PROJECTS INCLUDING BUT NOT LIMITED TO TRANSACTIONS UNDER THE FEDERAL LOW-INCOME HOUSING TAX CREDIT AND THE AFFORDABLE HOUSING TAX CREDIT CREATED IN SECTION 39-22-2102 (1) AND FOR THE PURCHASE OR CONVERSION OF EXISTING AFFORDABLE HOUSING AND MULTI-FAMILY DEVELOPMENTS, LAND, AND BUILDINGS, PARTICULARLY IN COMMUNITIES WHERE EFFORTS HAVE BEEN MADE TO ENCOURAGE AFFORDABLE HOUSING DEVELOPMENT OR IN COMMUNITIES IN WHICH LOW CONCENTRATIONS OF AFFORDABLE HOUSING EXIST;

(III) INCREASE NEW AFFORDABLE FOR-SALE HOUSING STOCK BY PROVIDING FUNDING TO ASSIST WITH THE COSTS OF CONSTRUCTION, INCLUDING BUT NOT LIMITED TO CONSTRUCTION COSTS, LAND ACQUISITION COSTS, TAP FEES, BUILDING PERMITS, AND IMPACT FEES;

(IV) MAINTAIN EXISTING AFFORDABLE HOUSING THROUGH FUNDING FOR PRESERVATION, RESTORATION THROUGH REHABILITATION, RETROFITTING, RENOVATION, CAPITAL IMPROVEMENTS, THE REPAIR OF CURRENT AFFORDABLE HOUSING STOCK, INCLUDING HOUSING MADE AVAILABLE UNDER 42 U.S.C. SEC. 1437f, AND PUBLIC HOUSING FOR POPULATIONS AND HOUSEHOLDS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC WITH COMMITMENTS FOR LONG-TERM AFFORDABILITY. THESE INVESTMENTS MAY INCLUDE BUT ARE NOT LIMITED

TO:

(A) SENIOR HOUSING;

(B) REMEDIATION OF LOW-QUALITY AND CONDEMNED PROPERTIES;

(C) HOUSING UNITS THAT ARE INTEGRATED INTO NONSEGREGATED HOUSING UNITS THAT ARE SPECIFICALLY DESIGNED FOR PEOPLE LIVING WITH DISABILITIES;

(D) THE PURCHASE AND TRANSITION OF CURRENT HOUSING STOCK, INCLUDING PROPERTIES CURRENTLY IN USE ON A SHORT-TERM RENTAL BASIS, INTO AFFORDABLE HOUSING ON A LONG-TERM BASIS; AND

(E) THE PROVISION OF TIME-LIMITED RENTAL ASSISTANCE FOR HOUSEHOLDS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PANDEMIC AND AT-RISK OF LOSING THEIR HOME OR IN NEED OF RAPID RE-HOUSING, INCLUDING FUNDING FOR OUTREACH, HOUSING NAVIGATION ASSISTANCE, AND LEGAL SERVICES.

(V) FINANCE ENERGY IMPROVEMENTS IN SINGLE-FAMILY AND MULTI-FAMILY AFFORDABLE HOUSING THAT WILL PROVIDE FUNDING FOR INCREMENTAL, UP-FRONT COSTS FOR EFFICIENT, ELECTRIC MEASURES AND RENEWABLE ENERGY SYSTEMS FOR BOTH EXISTING HOMES AND RENTAL UNITS AND NEW HOUSING CONSTRUCTION.

(VI) PROVIDE OR MAINTAIN PROPERTY CONVERSION FOR TRANSITIONAL OR LONG-TERM HOUSING;

(VII) PROVIDE OR MAINTAIN PERMANENT SUPPORTIVE HOUSING AND SUPPORTIVE SERVICES;

(VIII) PROVIDE OR MAINTAIN LAND BANKING AND LAND TRUST STRATEGIES FOR LONG-TERM AFFORDABLE HOUSING PLANNING AND DEVELOPMENT; AND

(IX) PROVIDE OR MAINTAIN FUNDING FOR EVICTION LEGAL DEFENSE.

(3) **Policies, procedures, and guidelines.** (a) ON OR BEFORE SEPTEMBER 1, 2022, THE DIVISION SHALL ADOPT POLICIES, PROCEDURES,

AND GUIDELINES FOR THE GRANT PROGRAM THAT INCLUDE, WITHOUT LIMITATION:

(I) THE PROCESS BY WHICH A LOCAL GOVERNMENT OR COMMUNITY PARTNER APPLIES FOR A GRANT AWARD AND THE CRITERIA USED TO DETERMINE ELIGIBILITY FOR A GRANT AWARD;

(II) PROCEDURES AND TIME LINES BY WHICH AN ELIGIBLE RECIPIENT MAY APPLY FOR A GRANT;

(III) PERFORMANCE CRITERIA FOR GRANT RECIPIENTS' PROJECTS;

(IV) REPORTING REQUIREMENTS FOR GRANT RECIPIENTS; AND

(V) REQUIREMENTS FOR GRANT RECIPIENTS TO OFFER A MATCH IN RESOURCES.

(b) IN AWARDING GRANTS, THE DIVISION SHALL PRIORITIZE PROJECTS OR PROGRAMS THAT, TO THE GREATEST EXTENT PRACTICABLE, PROMOTE ONE OR MORE OF THE FOLLOWING GOALS AND OBJECTIVES:

(I) INCREASE THE SUPPLY OF HOUSING IN URBAN, RURAL, AND RURAL RESORT COMMUNITIES ACROSS THE STATE THAT IS PROPORTIONAL TO EACH COMMUNITY'S DEMONSTRATED NEED THROUGH:

(A) A PREFERENCE FOR MIXED-INCOME PROJECTS IN WHICH A PERCENTAGE OF UNITS, PROPORTIONAL TO THE DEMONSTRATED HOUSING NEEDS OF THE LOCAL COMMUNITY, WITHIN A PARTICULAR DEVELOPMENT HAVE RESTRICTED AVAILABILITY TO HOUSEHOLDS AT AND BELOW THE INCOME LEVELS SPECIFIED IN SUBSECTION (3)(c) OF THIS SECTION. THE PERCENTAGE OF RESTRICTED UNITS AND AFFORDABILITY LEVELS MUST COMPLY WITH LAWS ENACTED BY LOCAL GOVERNMENTS PROMOTING THE DEVELOPMENT OF NEW AFFORDABLE HOUSING UNITS PURSUANT TO SECTION 29-20-104 (1);

(B) DEVELOPMENTS IN WHICH HOUSING UNITS ARE RESTRICTED AT INCOME LEVELS DEMONSTRATED BY LOCAL COMMUNITY NEEDS AS SPECIFIED IN SUBSECTION (3)(c)(I) OF THIS SECTION;

(C) TRANSIT ORIENTED DEVELOPMENT;

(D) THE INCLUSION OF HOUSING UNITS THAT ARE RESTRICTED FOR RENTAL USAGE TO PERSONS WITH DISABILITIES OR THAT INCLUDE UNIVERSAL DESIGN FEATURES THAT ALLOW INDIVIDUALS TO CONTINUE TO RESIDE IN THEIR DWELLING UNITS AS THEY AGE; OR

(E) HOUSING THAT IS RESTRICTED TO THE VICTIMS OF DOMESTIC VIOLENCE OR SEXUAL ASSAULT;

(II) LEVERAGE CAPITAL AND OPERATING SUBSIDIES FROM VARIOUS PUBLIC AND PRIVATE SOURCES;

(III) CREATE OPPORTUNITIES TO BUILD INTERGENERATIONAL WEALTH FOR FAMILIES;

(IV) PROMOTE THE LONG-TERM AFFORDABILITY OF ANY DEVELOPMENTS OR PROJECTS THAT ARE FUNDED BY THE GRANT PROGRAM;

(V) INVOLVE THE PURCHASE OF REAL PROPERTY NECESSARY TO SECURE LAND AREAS NEEDED FOR FUTURE DEVELOPMENT; OR

(VI) REPRESENT A ONE-TIME FUNDING PROPOSAL TO THE STATE WITH MINIMAL OR NO MULTI-YEAR FINANCIAL OBLIGATIONS AND CONTRIBUTE TO THE OVERALL WELL-BEING AND PROFESSIONAL AND RECREATIONAL NEEDS OF THE LOCAL WORKFORCE AND POPULATION.

(c) THE RENTAL AND HOME OWNERSHIP TARGETS APPLICABLE TO LOCAL COMMUNITIES ACROSS THE STATE AS REQUIRED BY SUBSECTION (3)(b)(I) OF THIS SECTION ARE SPECIFIED IN SUBSECTION (3)(c)(I) OF THIS SECTION IN ACCORDANCE WITH THE FOLLOWING:

(I) (A) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS IN URBAN COUNTIES, HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR BELOW EIGHTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED.

(B) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS IN RURAL COUNTIES, HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN

WHICH THE HOUSING IS LOCATED.

(C) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS IN RURAL RESORT COUNTIES, HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR BELOW ONE HUNDRED SEVENTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED.

(D) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME OWNERSHIP BASIS IN ANY AREA OF THE STATE, HOUSING MUST BE TARGETED TO HOUSEHOLDS WITH AN ANNUAL INCOME THAT IS AT OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED.

(II) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION SHALL CLASSIFY EACH COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL RESORT", AS THOSE TERMS ARE USED IN THIS SECTION, BASED UPON DEFINITIONS OF THE TERMS AS SPECIFIED IN THE FINAL REPORT OF THE COLORADO STRATEGIC HOUSING WORKING GROUP FINAL REPORT DATED JULY 6, 2021. THE DIVISION SHALL REGULARLY UPDATE AND PUBLISH MODIFICATION OF THE INITIAL CLASSIFICATION OF A PARTICULAR COUNTY AS IT RECEIVES INFORMATION DOCUMENTING CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

(III) NOTWITHSTANDING SUBSECTION (3)(c)(I) OR (3)(c)(II) OF THIS SECTION, ANY COUNTY OR MUNICIPALITY MAY REQUEST FROM THE DIVISION:

(A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION SHOULD APPLY TO THAT COUNTY OR MUNICIPALITY FROM THE ONE MADE APPLICABLE TO THE COUNTY OR MUNICIPALITY IN ACCORDANCE WITH SUBSECTION (3)(c)(I) OF THIS SECTION BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR MUNICIPALITY. NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION SHALL PUBLISH ANY SUCH MODIFIED INCOME RESTRICTIONS AND THE BASIS FOR ANY MODIFICATION APPROVED.

(B) AT ANY TIME, A RECLASSIFICATION OF THE COUNTY OR MUNICIPALITY FROM THE CATEGORY IN WHICH THE COUNTY OR MUNICIPALITY IS INITIALLY CLASSIFIED PURSUANT TO SUBSECTION (3)(c)(II)

BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR MUNICIPALITY.

(d) THE DIVISION SHALL EITHER CREATE OR UTILIZE AN EXISTING PROCESS THAT ENSURES THAT GRANTS ARE ONLY CONSIDERED AND AWARDED AFTER A FAIR AND RIGOROUS OPEN COMPETITION AMONG ELIGIBLE GRANT RECIPIENTS.

(e) IN DETERMINING GRANT AMOUNTS, THE DIVISION SHALL SEEK TO INCREASE INVESTMENTS IN FOR-SALE HOUSING STOCK. THE OBJECTIVE DESCRIBED IN THIS SUBSECTION (3)(e) MAY BE ACHIEVED BY PROVIDING GRANTS UNDER THE GRANT PROGRAM THAT ARE LAYERED WITH AWARDS UNDER EXISTING STATE GRANT PROGRAMS TO INCREASE SUBSIDIES ON A PER-UNIT BASIS.

(f) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION:

(I) THROUGH DECEMBER 31, 2023, THE DIVISION SHALL MAKE NOT MORE THAN FIFTY PERCENT OF THE MONEY AVAILABLE UNDER THE GRANT PROGRAM FOR GRANT APPLICATIONS, DEVELOPMENTS, OR PROGRAMS THAT ARE PROPOSED FOR RURAL OR RURAL RESORT COUNTIES ACROSS THE STATE AND SHALL MAKE NOT MORE THAN FIFTY PERCENT OF THE FUNDS AVAILABLE UNDER THE GRANT PROGRAM FOR GRANT APPLICATIONS, DEVELOPMENTS, OR PROGRAMS THAT ARE PROPOSED FOR URBAN COUNTIES ACROSS THE STATE.

(II) AFTER DECEMBER 31, 2023, ALL UNENCUMBERED MONEY AVAILABLE UNDER THE GRANT PROGRAM MAY BE EXPENDED IN ACCORDANCE WITH THIS SECTION IN ANY AREA OF THE STATE WITHOUT REGARD TO THE RESTRICTIONS SPECIFIED IN SUBSECTION (3)(f)(I) OF THIS SECTION.

(III) NOT LATER THAN JULY 15, 2023, THE DIVISION SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY SPECIFYING THE STATE OF ENCUMBERED MONEY UNDER THE GRANT PROGRAM AS OF JUNE 30, 2023, AND A LIST OF PROJECTS THAT HAVE BEEN APPROVED BUT THAT ARE AWAITING FUNDING AS OF JUNE 30, 2023.

(g) IN LIGHT OF DIFFERING NEEDS FOR PER HOUSING UNIT SUBSIDIES ACROSS DIFFERENT AREAS OF THE STATE, THE DIVISION MAY WAIVE PER UNIT SUBSIDY AMOUNTS THAT HAVE BEEN INITIALLY SET FOR PARTICULAR

PROJECTS OR PROGRAMS TO ADJUST FOR MARKET FACTORS IF THE PURPOSE OF THE PROJECT HAS BEEN ACCOMPLISHED OR TO SATISFY THE INTENT OF THE GRANT AWARD.

(h) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE AMOUNT OF ANY GRANT AWARD UNDER THE GRANT PROGRAM AND ANY RESTRICTIONS OR CONDITIONS PLACED UPON THE USE OF GRANT MONEY AWARDED IS WITHIN THE DISCRETION OF THE DIVISION IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION.

(4) **Fund.** (a) THE LOCAL INVESTMENTS IN TRANSFORMATIONAL AFFORDABLE HOUSING FUND IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF MONEY TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (4)(c) OF THIS SECTION; MONEY APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY; AND ANY GIFTS, GRANTS, OR DONATIONS FROM ANY PUBLIC OR PRIVATE SOURCES, INCLUDING GOVERNMENTAL ENTITIES, THAT THE DIVISION IS AUTHORIZED TO SEEK AND ACCEPT.

(b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE FUND TO THE FUND. EXCEPT AS OTHERWISE REQUIRED BY THIS SUBSECTION (4)(b), ALL MONEY NOT EXPENDED OR ENCUMBERED, AND ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEY IN THE FUND, MUST REMAIN IN THE FUND AND SHALL NOT REVERT TO THE GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR. THE MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE PURPOSES OF THIS SECTION. ANY MONEY IN THE FUND THAT IS NOT EXPENDED OR OBLIGATED BY DECEMBER 30, 2024, REVERTS TO THE "AMERICAN RESCUE PLAN ACT OF 2021" CASH FUND CREATED IN SECTION 24-75-226 (2) IN ACCORDANCE WITH SECTION 24-75-226 (4)(d).

(c) ON THE EFFECTIVE DATE OF THIS SECTION, OR AS SOON AS PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER ONE HUNDRED THIRTY-EIGHT MILLION DOLLARS FROM THE AFFORDABLE HOUSING AND HOME OWNERSHIP CASH FUND CREATED IN SECTION 24-75-229 (3)(a) THAT ORIGINATES FROM MONEY THE STATE RECEIVED FROM THE FEDERAL CORONAVIRUS STATE FISCAL RECOVERY FUND TO THE FUND. THE MONEY TRANSFERRED PURSUANT TO THIS SUBSECTION (4) MUST ONLY BE USED FOR:

(I) MAKING GRANTS TO ELIGIBLE RECIPIENTS PURSUANT TO THE

GRANT PROGRAM; AND

(II) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO SIX PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE FUND TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN ADMINISTERING THE GRANT PROGRAM. ALL SUCH ADMINISTRATIVE COSTS MUST BE PAID OUT OF THE MONEY TRANSFERRED TO THE FUND PURSUANT TO THIS SUBSECTION (4)(c).

(5) **Reporting.** (a) IN CONNECTION WITH THE PUBLIC REPORT THE DIVISION PREPARED IN ACCORDANCE WITH SECTION 24-32-705.5 (1), FOR THE REPORT PREPARED IN 2023 AND 2024, THE DIVISION SHALL INCLUDE IN THE REPORT INFORMATION SUMMARIZING THE USE OF ALL OF THE MONEY THAT WAS AWARDED AS GRANTS FROM THE GRANT PROGRAM IN THE PRECEDING STATE FISCAL YEAR. AT A MINIMUM, THE INFORMATION INCLUDED IN THE REPORT PERTAINING TO THE GRANT PROGRAM MUST SPECIFY THE NUMBER OF LOCAL GOVERNMENTS OR COMMUNITY PARTNERS THAT APPLIED FOR A GRANT AWARD, INCLUDING THE NUMBER OF LOCAL GOVERNMENTS OR COMMUNITY PARTNERS THAT WERE NOT AWARDED A GRANT; THE AMOUNT OF GRANT MONEY DISTRIBUTED TO EACH GRANT RECIPIENT; A DESCRIPTION OF EACH GRANT RECIPIENT'S USE OF THE GRANT MONEY; AND HOW THE USE OF THE GRANT AWARDED FURTHERED THE VISION OF TRANSFORMATIONAL AFFORDABLE HOUSING DESCRIBED IN THE FINAL REPORT OF THE TASK FORCE ESTABLISHED IN SECTION 24-75-229 (6)(a). THE DIVISION SHALL ALSO INCLUDE IN THE REPORT ITS RECOMMENDATIONS CONCERNING FUTURE ADMINISTRATION OF THE GRANT PROGRAM.

(b) THE DIVISION AND ANY PERSON THAT RECEIVES MONEY FROM THE DIVISION PURSUANT TO THE GRANT PROGRAM SHALL COMPLY WITH THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND PROGRAM EVALUATION REQUIREMENTS ESTABLISHED BY THE OFFICE OF STATE PLANNING AND BUDGETING AND THE STATE CONTROLLER IN ACCORDANCE WITH SECTION 24-75-226 (5).

(6) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2026.

SECTION 3. In Colorado Revised Statutes, 24-32-705, **amend** (7) as follows:

24-32-705. Functions of division. (7) The division shall administer the:

(a) Affordable housing guided toolkit and local officials guide program in accordance with section 24-32-721.5; AND

(b) LOCAL INVESTMENTS IN THE TRANSFORMATIONAL AFFORDABLE HOUSING GRANT PROGRAM CREATED IN SECTION 24-32-729 (2)(a).

SECTION 4. In Colorado Revised Statutes, 24-32-705.5, **add** (3.7) as follows:

24-32-705.5. Annual public report on funding of affordable housing preservation and production - definition. (3.7) (a) FOR THE PUBLIC REPORT REQUIRED BY SUBSECTION (1) OF THIS SECTION THAT THE DIVISION IS REQUIRED TO PREPARE IN 2023 AND 2024, THE DIVISION SHALL INCLUDE IN THE REPORT FOR EACH YEAR THE INFORMATION REQUIRED TO BE INCLUDED IN THE REPORT IN ACCORDANCE WITH SECTION 23-32-729 (5).

(b) THIS SUBSECTION (3.7) IS REPEALED, EFFECTIVE JULY 1, 2026.

SECTION 5. In Colorado Revised Statutes, **add** 24-32-133 as follows:

24-32-133. Infrastructure and strong communities grant program - creation - fund - reporting - definitions - repeal. (1) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "AFFORDABLE HOUSING" MEANS:

(I) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS, ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED;

(II) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME OWNERSHIP BASIS, ANNUAL INCOME OF THE HOUSEHOLD AT OR BELOW ONE HUNDRED FORTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED; OR

(III) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME OWNERSHIP BASIS IN RURAL RESORT COUNTIES, ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW ONE HUNDRED SIXTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED.

(b) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

(c) "ELIGIBLE EXPENSES" INCLUDE PLANNING, ENGINEERING, INFRASTRUCTURE, AND LOCAL CAPACITY.

(d) "ELIGIBLE LOCAL GOVERNMENT" MEANS A MUNICIPALITY OR A COUNTY.

(e) "FUND" MEANS THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM FUND CREATED IN SUBSECTION (5) OF THIS SECTION.

(f) "GRANT PROGRAM" MEANS THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM CREATED IN SUBSECTION (3)(a) OF THIS SECTION.

(g) "INFILL DEVELOPMENT" MEANS THE DEVELOPMENT OF UNUSED AND UNDERUTILIZED LAND WITHIN EXISTING DEVELOPMENT PATTERNS, TYPICALLY BUT NOT EXCLUSIVELY IN URBAN AREAS.

(h) "LOCAL GOVERNMENT" MEANS A COUNTY, MUNICIPALITY, OR A CITY AND COUNTY.

(i) "MULTI-AGENCY GROUP" MEANS THE DIVISION, THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101 (1), AND THE DEPARTMENT OF TRANSPORTATION CREATED IN SECTION 43-1-103 (1).

(j) "SUSTAINABLE DEVELOPMENT PATTERN" MEANS A DEVELOPMENT PATTERN THAT MAY BE EXTENDED IN A COST-EFFECTIVE WAY THAT MITIGATES HARM AND MINIMIZES THE NEED FOR ADDITIONAL RESOURCES TO MAINTAIN THE DEVELOPMENT OVER TIME.

(k) "TRANSIT-ORIENTED DEVELOPMENT" MEANS A DEVELOPMENT THAT IS WITHIN WALKING DISTANCE OF A TRANSIT OR OTHER ALTERNATIVE TRANSPORTATION FACILITY.

(2) Multi-agency group - best practices. (a) THE MULTI-AGENCY GROUP SHALL ENCOURAGE THE INVOLVEMENT OF LOCAL GOVERNMENTS ACROSS THE STATE IN THE GRANT PROGRAM. THE MULTI-AGENCY GROUP, WITH THE ASSISTANCE OF STAKEHOLDERS, SHALL DEVELOP A LIST OF SUSTAINABLE LAND USE BEST PRACTICES THAT WILL ACCOMPLISH THE GOALS OF THE GRANT PROGRAM AND IMPROVE A LOCAL GOVERNMENT'S VIABILITY IN BEING CONSIDERED FOR A GRANT AWARD.

(b) THE SUSTAINABLE LAND USE BEST PRACTICES REFERENCED IN SUBSECTION (2)(a) OF THIS SECTION WILL ADDRESS ONE OR MORE OF THE FOLLOWING, WITHOUT LIMITATION:

(I) ENABLING ACCESSORY DEVELOPMENT UNITS OR THE USE OF MULTIPLEXES BY RIGHT IN RESIDENTIAL ZONES;

(II) ZONING FOR MIXED-USE HIGHER DENSITY DEVELOPMENT IN DOWNTOWN AREAS OF MUNICIPALITIES AND AROUND TRANSIT STATIONS;

(III) ANNEXATION POLICIES;

(IV) INTERGOVERNMENTAL AGREEMENTS THAT COORDINATE FUTURE DEVELOPMENT;

(V) REDUCED PARKING REQUIREMENTS;

(VI) RELAXED OCCUPANCY RULES;

(VII) BUDGETING POLICIES;

(VIII) WATER RATE STRUCTURES;

(IX) ROAD STANDARDS;

(X) HAZARD RISK REDUCTION AND MITIGATION STANDARDS;

(XI) ENERGY EFFICIENT BUILDING CODES;

(XII) ZONING FOR INNOVATIVE HOUSING OPTIONS, INCLUDING BUT NOT LIMITED TO MODULAR, MANUFACTURED, AND PREFABRICATED HOMES;

(XIII) THE USE OF VACANT PUBLICLY OWNED REAL PROPERTY WITHIN THE LOCAL GOVERNMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING;

(XIV) PLANNED UNIT DEVELOPMENTS WITH INTEGRATED AFFORDABLE HOUSING UNITS;

(XV) THE DEVELOPMENT OF SMALL SQUARE FOOTAGE RESIDENTIAL UNIT SIZES; OR

(XVI) ANY OTHER PRACTICE THAT IS DEEMED INNOVATIVE BY A LOCAL GOVERNMENT AND APPROVED BY THE MULTI-AGENCY WORKING GROUP.

(c) THE MULTI-AGENCY GROUP SHALL DISTRIBUTE THE SUSTAINABLE LAND USE PRACTICES DEVELOPED PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION TO LOCAL GOVERNMENTS SO THAT LOCAL GOVERNMENTS MAY ANALYZE WHICH, IF ANY, OF THESE PRACTICES MIGHT HAVE A POSITIVE IMPACT IN THEIR COMMUNITIES, AND THEN DETERMINE HOW TO CUSTOMIZE THESE BEST PRACTICES AND ADOPT THEM IN THEIR COMMUNITIES AS APPROPRIATE.

(3) Grant program - criteria for awarding grants. (a) THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM IS HEREBY CREATED WITHIN THE DIVISION TO PROVIDE GRANTS TO ELIGIBLE LOCAL GOVERNMENTS TO ENABLE LOCAL GOVERNMENTS TO INVEST IN INFILL INFRASTRUCTURE PROJECTS THAT SUPPORT AFFORDABLE HOUSING.

(b) THE DIVISION SHALL ADMINISTER THE GRANT PROGRAM, IN CONSULTATION WITH THE COLORADO ENERGY OFFICE, CREATED IN SECTION 24-38.5-101 (1), AND THE DEPARTMENT OF TRANSPORTATION, CREATED IN SECTION 43-1-103 (1), AND, SUBJECT TO AVAILABLE APPROPRIATIONS, AWARD GRANTS IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION. SUBJECT TO AVAILABLE APPROPRIATIONS, GRANTS MUST BE PAID OUT OF THE FUND CREATED IN SUBSECTION (5) OF THIS SECTION.

(c) THE DIVISION SHALL DEVELOP POLICIES, PROCEDURES, AND GUIDELINES THAT ESTABLISH THE CRITERIA THAT THE DIVISION MUST CONSIDER IN AWARDING GRANTS PURSUANT TO THIS SECTION. AT A MINIMUM, THE CRITERIA MUST INCLUDE THE CONSIDERATION OF:

(I) THE POTENTIAL IMPACT OF A PROJECT THAT A LOCAL GOVERNMENT WOULD FUND WITH A GRANT AWARD IN LIGHT OF THE GOALS OF THE GRANT PROGRAM; AND

(II) THE SUSTAINABLE LAND USE PRACTICES THAT THE LOCAL GOVERNMENT HAS ADOPTED TO SUPPORT GREATER INFILL HOUSING SUPPLY, MORE AFFORDABLE HOUSING, AND SUSTAINABLE DEVELOPMENT PATTERNS.

(4) Policies, procedures, and guidelines governing use of grant funds. (a) THE DIVISION SHALL DEVELOP POLICIES AND PROCEDURES TO DETERMINE HOW GRANTS FUNDED BY THE GRANT PROGRAM MAY BE USED.

(b) AT A MINIMUM, THE POLICIES, PROCEDURES, AND GUIDELINES DEVELOPED PURSUANT TO SUBSECTION (4)(a) OF THIS SECTION MUST REQUIRE THAT A GRANT AWARD BE USED, AT LEAST IN PART, TO FUND INFRASTRUCTURE PROJECTS THAT INCREASE THE SUPPLY OF AFFORDABLE HOUSING AND THAT ARE WITHIN OR ADJACENT TO A DOWNTOWN AREA, A CORE BUSINESS DISTRICT OF A MUNICIPALITY, A TRANSIT-ORIENTED DEVELOPMENT, OR THAT INCLUDE ONSITE EARLY CHILDHOOD CARE AND EDUCATION SERVICES.

(c) THE DIVISION SHALL ENSURE FLEXIBILITY IS AFFORDED RURAL COUNTIES TO BE ABLE TO SEEK GRANT FUNDING THAT ADDRESSES LOCAL OBJECTIVES THAT ARE COMPATIBLE WITH THE GOALS UNDERLYING THE GRANT PROGRAM.

(d) A PORTION OF ANY GRANT AWARD MAY BE USED FOR PROJECT DELIVERY, PLANNING, AND COMMUNITY ENGAGEMENT.

(e) THE GENERAL ASSEMBLY HEREBY ENCOURAGES GRANT RECIPIENTS TO EXPEND A PORTION OF ANY GRANT AWARD, WHENEVER POSSIBLE, FOR FUNDING ACCESSIBILITY IMPROVEMENTS OR AMENITIES THAT MAKE THE SITE OF THE PROJECT AGE-FRIENDLY AND ACCESSIBLE FOR PERSONS WITH DISABILITIES.

(f) (I) NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF HOUSING, CREATED IN SECTION 24-32-704 (1), SHALL CLASSIFY EACH COUNTY IN THE STATE AS "URBAN", "RURAL", OR "RURAL RESORT", AS THOSE TERMS ARE USED IN THIS SECTION, BASED UPON THE DEFINITIONS OF THE TERMS AS SPECIFIED IN THE FINAL REPORT OF THE COLORADO STRATEGIC

HOUSING WORKING GROUP FINAL REPORT, DATED JULY 6, 2021. THE DIVISION OF HOUSING SHALL REGULARLY UPDATE AND PUBLISH MODIFICATIONS OF THE INITIAL CLASSIFICATION OF A PARTICULAR COUNTY AS IT RECEIVES OR PRODUCES INFORMATION DOCUMENTING CHANGES IN LOCAL ECONOMIC CIRCUMSTANCES AND HOUSING COST FACTORS MATERIALLY AFFECTING SUCH CLASSIFICATIONS.

(II) NOTWITHSTANDING SUBSECTION (4)(f)(I) OF THIS SECTION, ANY COUNTY OR MUNICIPALITY MAY REQUEST FROM THE DIVISION OF HOUSING:

(A) A DETERMINATION THAT A DIFFERENT INCOME RESTRICTION SHOULD APPLY TO THAT COUNTY OR MUNICIPALITY FROM THE ONE MADE APPLICABLE TO THE COUNTY OR MUNICIPALITY IN ACCORDANCE WITH SUBSECTION (4)(f)(I) OF THIS SECTION BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR MUNICIPALITY. NOT LATER THAN SEPTEMBER 1, 2022, THE DIVISION OF HOUSING SHALL PUBLISH ANY SUCH MODIFIED INCOME RESTRICTIONS AND THE BASIS FOR ANY MODIFICATION APPROVED.

(B) AT ANY TIME, A RECLASSIFICATION OF THE COUNTY OR MUNICIPALITY FROM THE CATEGORY IN WHICH THE COUNTY IS INITIALLY CLASSIFIED PURSUANT TO SUBSECTION (4)(f)(I) OF THIS SECTION BASED UPON THE UNIQUE ECONOMIC AND HOUSING COST FACTORS PRESENT IN THE COUNTY OR MUNICIPALITY.

(5) Fund - administrative costs - permitted uses - gifts, grants, and donations. (a) THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF ANY MONEY TRANSFERRED TO THE FUND, ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE TO THE FUND, AND ANY GIFTS, GRANTS, OR DONATIONS THAT THE DIVISION RECEIVES FOR THE GRANT PROGRAM PURSUANT TO SUBSECTION (5)(f) OF THIS SECTION.

(b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEY IN THE FUND TO THE FUND. ALL MONEY IN THE FUND THAT IS NOT EXPENDED OR ENCUMBERED, AND ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEY IN THE FUND, REMAINS IN THE FUND AND SHALL NOT BE CREDITED, TRANSFERRED, OR REVERTED TO THE GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR. THE MONEY IN THE FUND IS

CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE PURPOSES OF THIS SECTION.

(c) THE DIVISION MAY ONLY USE THE MONEY IN THE FUND FOR ONE OR MORE OF THE FOLLOWING USES:

(I) THE COSTS OF ADMINISTERING THE GRANT PROGRAM AS MAY BE INCURRED BY THE DIVISION. THE DEPARTMENT MAY EXPEND UP TO SIX PERCENT OF THE MONEY APPROPRIATED OR TRANSFERRED TO THE FUND TO PAY FOR ITS DIRECT AND INDIRECT COSTS IN CONNECTION WITH ADMINISTERING THE USES OF GRANT FUNDING DESCRIBED IN SUBSECTION (5)(c)(II) OF THIS SECTION.

(II) MAKING GRANTS TO ELIGIBLE LOCAL GOVERNMENTS PURSUANT TO THE GRANT PROGRAM TO ASSIST SUCH LOCAL GOVERNMENTS IN:

(A) IDENTIFYING SUSTAINABLE LAND USE BEST PRACTICES AND SUPPORTING SUSTAINABLE DEVELOPMENT PATTERNS;

(B) DETERMINING WHERE AND HOW BEST TO UPGRADE LOCAL GOVERNMENT INFRASTRUCTURE TO SUPPORT MORE EFFICIENT, SUSTAINABLE DEVELOPMENT PATTERNS THAT ENABLE GREATER AFFORDABLE INFILL HOUSING DEVELOPMENT; AND

(C) FINANCING INFRASTRUCTURE IMPROVEMENTS.

(d) THE COLORADO ENERGY OFFICE, CREATED IN SECTION 24-38.5-101 (1), MAY USE MONEY IN THE FUND FOR THE DIRECT AND INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE COLORADO ENERGY OFFICE PROVIDES PURSUANT TO SECTION 24-32-133 (2).

(e) THE DEPARTMENT OF TRANSPORTATION, CREATED IN SECTION 43-1-103 (1), MAY USE MONEY IN THE FUND FOR THE DIRECT AND INDIRECT COSTS OF EDUCATIONAL PROGRAMMING AND TECHNICAL ASSISTANCE FOR LOCAL GOVERNMENTS THAT THE DEPARTMENT OF TRANSPORTATION PROVIDES PURSUANT TO SECTION 24-32-133 (2).

(f) THE DIVISION MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM ANY PUBLIC OR PRIVATE RESOURCE FOR THE PURPOSES

OF THIS SECTION. THE DIVISION SHALL TRANSMIT ALL MONEY RECEIVED FROM GIFTS, GRANTS, OR DONATIONS TO THE STATE TREASURER WHO SHALL CREDIT THE MONEY TO THE FUND.

(6) **Transfer of money to fund.** ON THE EFFECTIVE DATE OF THIS SECTION, OR AS SOON AS PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER TO THE FUND FORTY MILLION DOLLARS FROM THE AFFORDABLE HOUSING AND HOME OWNERSHIP CASH FUND CREATED IN SECTION 24-75-229 (3)(a) THAT ORIGINATES FROM MONEY THE STATE RECEIVED FROM THE FEDERAL CORONAVIRUS STATE FISCAL RECOVERY FUND.

(7) **Reporting.** (a) ON OR BEFORE OCTOBER 1, 2023, AND ON OR BEFORE OCTOBER 1 OF EACH YEAR THEREAFTER FOR THE DURATION OF THE GRANT PROGRAM, THE DEPARTMENT SHALL SUBMIT A SUMMARIZED REPORT ON THE GRANT PROGRAM TO THE SENATE LOCAL GOVERNMENT COMMITTEE AND THE HOUSE OF REPRESENTATIVES LOCAL GOVERNMENT COMMITTEE, OR ANY SUCCESSOR COMMITTEES. AT A MINIMUM, THE REPORT MUST INCLUDE:

(I) THE NUMBER OF ADDITIONAL AFFORDABLE HOUSING UNITS AND OVERALL HOUSING UNITS PROJECTED TO BE CREATED AS A RESULT OF THE GRANT PROGRAM;

(II) THE PROJECTED OR ESTIMATED REDUCTION IN GREENHOUSE GAS EMISSIONS AS A RESULT OF THE GRANT PROGRAM;

(III) THE ESTIMATED REDUCTION IN VEHICLE MILES TRAVELED AND HOUSEHOLD TRANSPORTATION SAVINGS AS RESULT OF THE GRANT PROGRAM; AND

(IV) THE NUMBER AND TYPE OF BEST PRACTICES ADOPTED BY ELIGIBLE LOCAL GOVERNMENTS THAT HAVE RECEIVED GRANT AWARDS.

(b) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE REPORTING REQUIREMENT SPECIFIED IN SUBSECTION (7)(a) OF THIS SECTION CONTINUES UNTIL THE GRANT PROGRAM IS REPEALED IN ACCORDANCE WITH SUBSECTION (8) OF THIS SECTION.

(c) THE DIVISION AND ANY PERSON THAT RECEIVES MONEY FROM THE DIVISION PURSUANT TO THE GRANT PROGRAM SHALL COMPLY WITH THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND PROGRAM EVALUATION

REQUIREMENTS ESTABLISHED BY THE OFFICE OF STATE PLANNING AND BUDGETING AND THE STATE CONTROLLER IN ACCORDANCE WITH SECTION 24-75-226 (5).

(8) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2026.

SECTION 6. In Colorado Revised Statutes, 24-32-104, **add** (8) as follows:

24-32-104. Functions of the division - interconnectivity grant program - interconnectivity grant program fund - reporting - definition. (8) THE DIVISION SHALL ADMINISTER THE INFRASTRUCTURE AND STRONG COMMUNITIES GRANT PROGRAM CREATED IN SECTION 24-32-133. IN CONNECTION WITH THE ADMINISTRATION OF THE GRANT PROGRAM, THE DIVISION SHALL CONSULT WITH THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101 (1) AND THE DEPARTMENT OF TRANSPORTATION CREATED IN SECTION 43-1-103 (1).

SECTION 7. Appropriation. (1) For the 2022-23 state fiscal year, \$431,985 is appropriated to the office of the governor. This appropriation consists of \$319,450 from reappropriated funds received from the department of local affairs from the local investments in transformational affordable housing fund created in section 24-32-729 (4)(a), C.R.S., that originate from money the state received from the federal coronavirus state fiscal recovery fund and \$112,535 from reappropriated funds received from the department of local affairs from the strong communities grant program fund created in section 24-32-133 (5), C.R.S. To implement this act, the office may use this appropriation as follows:

(a) \$379,081, which consists of \$319,450 from reappropriated funds received from the department of local affairs from the local investments in transformational affordable housing fund and \$59,631 from reappropriated funds received from the department of local affairs from the strong communities grant program fund, for use by the office of information technology to provide information technology services for the department of local affairs, which amount is based on an assumption that the office will require an additional 4.3 FTE to implement this act; and

(b) \$52,904 from reappropriated funds received from the department

of local affairs from the strong communities grant program fund created in section 24-32-133 (5), C.R.S., for use by the Colorado energy office for program administration, which amount is based on an assumption that the office will require an additional 0.5 FTE to implement this act.

SECTION 8. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Alec Garnett
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Steve Fenberg
PRESIDENT OF
THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____

(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO