

Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0581.01 Alison Killen x4350

**HOUSE BILL 26-1061**

**HOUSE SPONSORSHIP**

**Brooks,**

**SENATE SPONSORSHIP**

**(None),**

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Transportation, Housing & Local Government

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**A BILL FOR AN ACT**

101     **CONCERNING FUNDING FOR COMMUNITY INTEGRATION HOUSING, AND,**  
102         **IN CONNECTION THEREWITH, REQUIRING TEN PERCENT OF**  
103         **FEDERAL LOW-INCOME HOUSING TAX CREDITS BE SET ASIDE AND**  
104         **PRIORITY FOR STATE AFFORDABLE HOUSING TAX CREDITS BE**  
105         **GIVEN TO DEVELOPMENTS THAT QUALIFY AS COMMUNITY**  
106         **INTEGRATION HOUSING FOR PERSONS WITH INTELLECTUAL AND**  
107         **DEVELOPMENTAL DISABILITIES.**

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**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>.)*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.

The bill creates a targeted allocation priority within Colorado's administration of federal and state affordable housing tax credits to support development of integrated, community-based housing for persons with intellectual and developmental disabilities. The bill requires a set aside of at least 10% of the state's annual allocation of competitive federal low-income housing tax credits (federal tax credits) for "community integration housing". To qualify, a development must comply with federal tax credit requirements, meet federal home- and community-based services settings standards, reserve at least 20% of its units for persons with intellectual and developmental disabilities, and partner with a community-centered board or certified case-management agency. The bill authorizes the Colorado housing and finance authority (authority) to reallocate unused credits from the set aside at the end of a calendar year for allocation to any eligible project.

The bill amends the state affordable housing tax credit (state tax credit) to require the authority to provide priority scoring or preference to qualified developments that have received a federal tax credit as a qualified community integration housing development and that continue to meet all requirements for community integration housing. The requirement for priority scoring or preference does not waive or otherwise limit the authority's ability to enforce all applicable eligibility requirements or to determine the amount of the state tax credit to be allocated to any qualified development.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-572 as  
3 follows:

4           **39-22-572. Federal low-income housing tax credit ceiling set  
5 aside for community integration housing - legislative declaration -  
6 definitions.**

7           (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

8           (a) THERE IS A SIGNIFICANT UNMET NEED IN COLORADO FOR  
9 INTEGRATED, AFFORDABLE HOUSING FOR PERSONS WITH INTELLECTUAL  
10 AND DEVELOPMENTAL DISABILITIES;

11           (b) THE DEVELOPMENT OF COMMUNITY-BASED HOUSING THAT

1       COMPLIES WITH FEDERAL HOME- AND COMMUNITY-BASED SERVICES  
2       SETTINGS REQUIREMENTS (COMMUNITY INTEGRATION HOUSING) IS VITAL  
3       TO MEETING THIS NEED AS WELL AS THE STATE'S OBLIGATIONS UNDER  
4       FEDERAL LAW; AND

5               (c) ESTABLISHING AN ALLOCATION PRIORITY FOR COMMUNITY  
6       INTEGRATION HOUSING TO RECEIVE FEDERAL LOW-INCOME HOUSING TAX  
7       CREDITS THROUGH A QUALIFIED ALLOCATION PLAN WILL ENCOURAGE AND  
8       SUPPORT DEVELOPMENTS TO ADDRESS THIS SPECIFIC HOUSING NEED.

9               (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
10      REQUIRES:

11               (a) "AUTHORITY" MEANS THE COLORADO HOUSING AND FINANCE  
12      AUTHORITY CREATED IN SECTION 29-4-704.

13               (b) "CASE MANAGEMENT AGENCY" HAS THE MEANING SET FORTH  
14      IN SECTION 25.5-6-1702 (2).

15               (c) "COMMUNITY-CENTERED BOARD" HAS THE MEANING SET  
16      FORTH IN SECTION 25.5-6-1702 (5).

17               (d) "DEPARTMENT" MEANS THE DEPARTMENT OF HEALTH CARE  
18      POLICY AND FINANCING.

19               (e) "FEDERAL TAX CREDIT" MEANS THE FEDERAL LOW-INCOME  
20      HOUSING TAX CREDIT PROVIDED BY SECTION 42 OF THE INTERNAL  
21      REVENUE CODE THAT IS ALLOCATED BY THE AUTHORITY PURSUANT TO A  
22      COMPETITIVE PROCESS ESTABLISHED IN THE QUALIFIED ALLOCATION PLAN.

23               (f) "FEDERAL TAX CREDIT CEILING" MEANS THE AGGREGATE  
24      DOLLAR AMOUNT OF FEDERAL TAX CREDITS THAT THE AUTHORITY MAY  
25      ALLOCATE FOR ANY CALENDAR YEAR IN ACCORDANCE WITH SECTION 42

26               (h)(3)(C) OF THE INTERNAL REVENUE CODE.

27               (g) "HCBS SETTINGS RULE" MEANS THE FEDERAL REGULATORY

1 REQUIREMENTS FOR ANY HOME- AND COMMUNITY-BASED SERVICES  
2 SETTING SET FORTH IN 42 CFR 441.301(c)(4).

3 (h) "HCBS WAIVER SERVICES" MEANS THE HOME- AND  
4 COMMUNITY-BASED SERVICES FOR PERSONS WITH INTELLECTUAL AND  
5 DEVELOPMENTAL DISABILITIES ALLOWED TO BE FURNISHED IN  
6 NON-INSTITUTIONAL, COMMUNITY SETTINGS AS AN ALTERNATIVE TO  
7 INSTITUTIONAL CARE PURSUANT TO 42 U.S.C. SEC. 1396n(c).

8 (i) "PERSON WITH AN INTELLECTUAL AND DEVELOPMENTAL  
9 DISABILITY" HAS THE MEANING SET FORTH IN SECTION 25.5-10-202 (26).

10 (j) "QUALIFIED ALLOCATION PLAN" MEANS THE QUALIFIED  
11 ALLOCATION PLAN ADOPTED BY THE AUTHORITY PURSUANT TO SECTION  
12 42 (m) OF THE INTERNAL REVENUE CODE.

13 (k) "QUALIFIED COMMUNITY INTEGRATION HOUSING  
14 DEVELOPMENT" MEANS A "QUALIFIED LOW-INCOME HOUSING PROJECT", AS  
15 THAT TERM IS DEFINED IN SECTION 42 OF THE INTERNAL REVENUE CODE,  
16 THAT IS:

17 (I) LOCATED IN COLORADO; AND  
18 (II) DETERMINED BY THE AUTHORITY TO MEET THE REQUIREMENTS  
19 FOR COMMUNITY INTEGRATION HOUSING SET FORTH IN SUBSECTION (4)(b)  
20 OF THIS SECTION.

21 (3) THE AUTHORITY SHALL SET ASIDE NOT LESS THAN TEN PERCENT  
22 OF THE ANNUAL FEDERAL TAX CREDIT CEILING FOR ALLOCATION TO  
23 QUALIFIED COMMUNITY INTEGRATION HOUSING DEVELOPMENTS, AS  
24 DEFINED IN SUBSECTION (2)(k) OF THIS SECTION; EXCEPT THAT, ANY  
25 AMOUNT OF CREDIT SET ASIDE FOR QUALIFIED COMMUNITY INTEGRATION  
26 HOUSING DEVELOPMENTS REMAINING AFTER THE RANKING OF PROJECTS  
27 BUT PRIOR TO THE FINAL ALLOCATION CYCLE OF ANY CALENDAR YEAR

1        SHALL BE AVAILABLE FOR ALLOCATION TO ANY ELIGIBLE PROJECT.

2            (4) (a) EXCEPT AS PROVIDED IN SUBSECTION (4)(b) OF THIS  
3        SECTION, THE AUTHORITY SHALL DETERMINE ELIGIBILITY FOR A CREDIT  
4        AND ALLOCATE CREDITS SET ASIDE PURSUANT TO SUBSECTION (3) OF THIS  
5        SECTION IN ACCORDANCE WITH THE QUALIFIED ALLOCATION PLAN.

6            (b) THE AUTHORITY SHALL ALLOCATE A CREDIT SET ASIDE  
7        PURSUANT TO THIS SECTION ONLY TO PROPOSED DEVELOPMENTS  
8        DETERMINED BY THE AUTHORITY, IN CONSULTATION WITH THE  
9        DEPARTMENT, TO HAVE MET THE FOLLOWING REQUIREMENTS FOR  
10      COMMUNITY INTEGRATION HOUSING:

11            (I) DESIGN, DEVELOPMENT, AND OPERATION IN COMPLIANCE WITH  
12        THE HCBS SETTINGS RULE, AND ANY SUCCESSOR PROVISIONS, AS WELL AS  
13        ANY RELATED STATE STATUTES OR REGULATIONS;

14            (II) RESERVATION OF AT LEAST TWENTY PERCENT OF THE  
15        RESIDENTIAL DWELLING UNITS FOR OCCUPANCY BY PERSONS WITH  
16        INTELLECTUAL AND DEVELOPMENTAL DISABILITIES, WITH TENANT  
17        SELECTION POLICIES FOR SUCH RESERVED UNITS THAT PROVIDE PRIORITY,  
18        TO THE EXTENT PERMITTED BY FEDERAL LAW, TO PERSONS WITH  
19        INTELLECTUAL AND DEVELOPMENTAL DISABILITIES WHO ARE ELIGIBLE FOR  
20        HCBS WAIVER SERVICES ADMINISTERED BY THE DEPARTMENT; AND

21            (III) FORMAL PARTNERSHIP, EVIDENCED BY A WRITTEN  
22        AGREEMENT, WITH A COMMUNITY-CENTERED BOARD OR A CASE  
23        MANAGEMENT AGENCY CERTIFIED BY THE DEPARTMENT.

24            (5) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO:

25            (a) REQUIRE THE ALLOCATION OF A FEDERAL TAX CREDIT TO A  
26        DEVELOPMENT THAT DOES NOT COMPLY WITH SECTION 42 OF THE  
27        INTERNAL REVENUE CODE OR THE ELIGIBILITY REQUIREMENTS IN THE

1           QUALIFIED ALLOCATION PLAN; OR  
2           (b) PROHIBIT A COMMUNITY INTEGRATION HOUSING DEVELOPMENT  
3           FROM COMPETING FOR FEDERAL TAX CREDITS OUTSIDE THE SET ASIDE  
4           ESTABLISHED BY SUBSECTION (3) OF THIS SECTION.

5           **SECTION 2.** In Colorado Revised Statutes, 39-22-2102, **add**  
6           (8.5) as follows:

7           **39-22-2102. Credit against tax - affordable housing**  
8           **developments - legislative declaration.**

9           (8.5)(a) IN ADMINISTERING THE CREDIT ALLOWED BY SUBSECTION  
10          (1) OF THIS SECTION, THE AUTHORITY SHALL PROVIDE PRIORITY SCORING  
11          OR PREFERENCE IN THE COMPETITIVE EVALUATION OF APPLICATIONS FOR  
12          THE CREDIT TO A QUALIFIED DEVELOPMENT THAT:

13           (I) HAS BEEN ALLOCATED A FEDERAL TAX CREDIT SET ASIDE  
14          PURSUANT TO SECTION 39-22-572 AS A QUALIFIED COMMUNITY  
15          INTEGRATION HOUSING DEVELOPMENT; AND

16           (II) CONTINUES TO MEET THE REQUIREMENTS FOR COMMUNITY  
17          INTEGRATION HOUSING SET FORTH IN SECTION 39-22-572 (4)(b).

18           (b) THE PRIORITY SCORING OR PREFERENCE REQUIRED BY  
19          SUBSECTION (8.5)(a) OF THIS SECTION MUST BE IMPLEMENTED THROUGH  
20          THE AUTHORITY'S APPLICATION SCORING CRITERIA OR SELECTION  
21          PRIORITIES AND DOES NOT REQUIRE THE ALLOCATION OF A CREDIT TO A  
22          QUALIFIED DEVELOPMENT THAT FAILS TO MEET ALL OTHER ELIGIBILITY,  
23          UNDERWRITING, OR FEASIBILITY REQUIREMENTS.

24           (c) NOTHING IN THIS SUBSECTION (8.5) LIMITS THE AUTHORITY OF  
25          THE AUTHORITY TO DETERMINE THE AMOUNT OF THE CREDIT ALLOCATED  
26          TO ANY OWNER OF QUALIFIED DEVELOPMENT OR TO ENSURE COMPLIANCE  
27          WITH APPLICABLE STATE AND FEDERAL LAWS.

1                   **SECTION 3. Act subject to petition - effective date -**  
2                   **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
3                   the expiration of the ninety-day period after final adjournment of the  
4                   general assembly (August 12, 2026, if adjournment sine die is on May 13,  
5                   2026); except that, if a referendum petition is filed pursuant to section 1  
6                   (3) of article V of the state constitution against this act or an item, section,  
7                   or part of this act within such period, then the act, item, section, or part  
8                   will not take effect unless approved by the people at the general election  
9                   to be held in November 2026 and, in such case, will take effect on the  
10                   date of the official declaration of the vote thereon by the governor.

11                   (2) This act applies to any qualified application plan for federal  
12                   tax credits adopted by the authority on or after the applicable effective  
13                   date of this act.