

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 21-0901.02 Bob Lackner x4350

HOUSE BILL 21-1271

HOUSE SPONSORSHIP

McCluskie and Jodeh,

SENATE SPONSORSHIP

Gonzales,

House Committees
Transportation & Local Government

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE ESTABLISHMENT OF PROGRAMS OFFERING STATE**
102 **ASSISTANCE TO LOCAL GOVERNMENTS TO PROMOTE THE**
103 **DEVELOPMENT OF INNOVATIVE AFFORDABLE HOUSING**
104 **STRATEGIES IN A MANNER THAT IS COMPATIBLE WITH BEST**
105 **LOCAL LAND USE PRACTICES, AND, IN CONNECTION THEREWITH,**
106 **MAKING AN APPROPRIATION.**

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>.)

The bill creates 3 different programs in the department of local

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

affairs (DOLA) for the purpose of offering grant money and other forms of state assistance to local governments to promote innovative solutions to the development of affordable housing across the state.

Local government affordable housing development incentives grant program (housing development incentives grant program). This program will provide grants to local governments that adopt not less than 3 policy and regulatory tools from among a menu of options that create incentives to promote the development of affordable housing. A local government that adopts such tools is eligible for a grant from the housing development incentives grant program as an incentive to develop one or more affordable housing developments in their community that are liveable, vibrant, and driven by community benefits. The division of local government (DLG) within DOLA administers the housing development incentives grant program.

The bill enumerates items included in the menu of policy and regulatory tools.

Local government planning grant program. This program will provide grants to local governments that lack one or more of the policy and regulatory tools that provide incentives to promote the development of affordable housing that forms the basis for a grant under the housing development incentives grant program and that could benefit from additional funding to be able to create and make use of these policy and regulatory tools. Money under the planning grant program will be available to a local government to enable the government to retain a consultant or a related professional service to assess the housing needs of its community or to make changes to its policies, programs, development review processes, land use codes, and related rules to become an eligible recipient of a grant under the housing development incentives grant program. The planning grant program will be administered by the DLG. As part of its administration of the planning grant program, the DLG will provide assistance to local governments on best land use practices and tools and is required to update and publish model county and municipal land use codes for the benefit of local governments across the state.

The affordable housing guided toolkit and local officials guide program (housing toolkit program). This program creates the housing toolkit program within the division of housing (DOH) within DOLA. The purpose of the housing toolkit program is to award funding to qualified counties and municipalities selected in a competitive process who commit to the adoption of best land use practices with demonstrated success in the development of affordable housing. Under the housing toolkit program, technical assistance will be provided by consultants and related professionals to local governments who demonstrate an understanding of the housing needs of their communities, take steps to engage their entire communities in this process, make changes to their land use codes and related processes that provide incentives and reduce barriers to the

development of affordable housing, obtain and support viable sites in their communities for the development of affordable housing, and attract developers committed to making such investments in their communities. The DOH is to administer the housing toolkit program.

In evaluating applications for grants from the housing development incentives grant program, the bill requires the DLG to prioritize proposals submitted by local governments based on factors specified in the bill.

On or before September 1, 2021, the bill requires the executive director of DOLA or the executive director's designee to adopt policies, procedures, and guidelines for the 3 different state assistance programs that include, without limitation:

- Procedures and timelines by which an eligible recipient may apply for a grant;
- Criteria for determining the amount of grant awards;
- Performance criteria for grant recipients' projects; and
- Reporting requirements for grant recipients.

On the effective date of the bill, or as soon as practicable thereafter, the state treasurer is required to transfer \$9,300,000 from the general fund to the Colorado heritage communities fund for the creation, implementation, and administration by the DLG of the housing development incentives grant programs.

On the effective date of the bill, or as soon as practicable thereafter, the state treasurer is required to transfer \$2,100,000 from the general fund to the Colorado heritage communities fund for the creation, implementation, and administration by the DLG of the planning grant program.

On the effective date of the bill, or as soon as practicable thereafter, the state treasurer is required to transfer \$1,600,000 from the general fund to the housing development grant fund for the creation, implementation, and administration by the DOH of the housing toolkit program.

All costs incurred in administering any of the 3 programs created under the bill must be paid out of the money transferred under the bill. All money transferred under the bill for the 3 state programs must be expended over the subsequent 3 state fiscal years.

On or before November 1 of each year, the executive director of DOLA or the director's designee is required to publish a report summarizing the use of all assistance that was awarded from the 3 different programs created under the bill in the preceding fiscal year. The bill specifies additional required contents of the reports. The reports must be shared with the general assembly and posted on DOLA's website.

The bill updates and repeals obsolete statutory provisions concerning the office of smart growth (OSG) within DOLA and the Colorado heritage communities fund.

The bill authorizes the OSG, as money becomes available, to

provide grants or other forms of assistance to counties and municipalities to address critical planning issues and specifies examples of the forms of assistance that may be provided by the office. The OSG is required to create guidelines to specify the activities on the part of local governments that will qualify for grant funding or other forms of assistance provided under the bill. The OSG is permitted to use available money to administer the Colorado heritage grant program.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds, determines, and declares that:

4 (a) Coloradans have identified housing affordability as the biggest
5 issue facing the state as one in every seven Colorado households is
6 spending more than half of its income on housing according to a study by
7 Shift Research Lab;

8 (b) The median home price to median income ratio has increased
9 across markets all across the nation. As of 2019, the price-to-income ratio
10 was considerably larger for renters than owners, with the gap most
11 significant in major metropolitan areas with a population greater than
12 three million people. Across large metropolitan areas with a population
13 greater than one million but less than three million, the gap in
14 price-to-income ratio for renters was largest in Providence, Denver, and
15 Salt Lake City.

16 (c) The same measurement on a statewide scale puts Colorado
17 among just five states with a greater than sixty percent gap between home
18 price and income growth between 2009 and 2019. Between 2012 and
19 2019, Colorado fell from being one of the most affordable states to one
20 of the least affordable states in the country based on median income to
21 median pricing.

22 (d) Currently, Colorado has a shortage of nearly 121,000

1 affordable rental units, and the Colorado housing and finance authority
2 reports that nearly half of all Colorado renters are considered cost
3 burdened, with an additional twenty-four percent being severely cost
4 burdened;

5 (e) By this act, the general assembly is focusing a portion of the
6 stimulus dollars it has received from the federal government to begin to
7 remedy this affordable housing crisis in Colorado with innovative
8 legislation that will jumpstart the production of housing statewide in the
9 next three years through three programs detailed in the act. In
10 combination, these programs focus on removing regulatory barriers to
11 affordable housing development and offering incentives to local
12 governments to make policy changes, as well as a mechanism for local
13 governments to receive expertise or financial assistance from the state.

14 (f) The general assembly recognizes that local governments
15 throughout the state vary in their stages of meeting the housing needs of
16 their communities. In order to help local governments respond to these
17 needs and to encourage them to extend their ability to create housing, the
18 divisions of local government and housing within the department of local
19 affairs will focus on three programs.

20 (g) When a local government is at the nascent phase of addressing
21 affordable housing needs, it may require additional help to develop an
22 overall strategy. The housing toolkit program grant would offer local
23 governments comprehensive support to make effective change by
24 assessing housing needs, building effective communication strategies
25 around the need for affordable housing, understanding which actions
26 might have the biggest impact, and supporting the local government
27 through the steps preparatory to taking action to address these housing

1 needs.

2 (h) When a local government is at an intermediate phase of
3 addressing affordable housing needs, it may require particular expertise
4 to help it refine and advance its housing strategy. The planning grant
5 program awards local governments funding to hire assistance to adopt
6 qualifying land use strategies that prepare the local government to meet
7 this phase of its housing needs by conducting a needs assessment,
8 reviewing model land use codes, or making investments in its community
9 that would enable the local government to be competitive in applying for
10 a housing development incentives grant.

11 (i) If a local government is demonstrating an ongoing commitment
12 to advancing its land use regulations and policies to address the
13 affordable housing needs in its community, it may be eligible to apply for
14 a housing development incentives grant. This grant is focused on
15 allowing local governments to adopt effective tools to spur housing
16 creation. The menu of strategy options is broad enough that any
17 community can be successful in finding the right mix of strategies that fit
18 its community, or the local government may introduce its own innovative
19 or unique approach. Local governments would choose the strategies that
20 best fits the character of their community to pursue the grant funding
21 from the state whether they are in an urban, rural, mountain resort, or
22 eastern plains location. Additionally, the department of local affairs
23 would have the discretion to select novel, creative, or innovative
24 proposals from communities that offer an additional approach to create
25 affordable housing or would be able to consider how those local
26 governments that have already taken steps to address housing
27 affordability would be eligible to continue and advance their approaches

1 if they have already undertaken some of the best practice approaches. The
2 most competitive local governments will demonstrate a continued
3 commitment to removing barriers to affordable housing development.

4 **SECTION 2.** In Colorado Revised Statutes, 24-32-104, **add** (4)
5 and (5) as follows:

6 **24-32-104. Functions of the division - definition.** (4) THE
7 DIVISION SHALL ADMINISTER THE LOCAL GOVERNMENT AFFORDABLE
8 HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM CREATED IN
9 SECTION 24-32-130 (2) AND THE LOCAL GOVERNMENT PLANNING GRANT
10 PROGRAM CREATED IN SECTION 24-32-130 (5).

11 (5) THE DIVISION SHALL CONSULT WITH THE DIVISION OF HOUSING
12 CREATED IN SECTION 24-32-704 IN CONNECTION WITH THE CREATION AND
13 ADMINISTRATION OF THE HOUSING TOOLKIT PROGRAM IN ACCORDANCE
14 WITH SECTION 24-32-721.5 (2)(a).

15 **SECTION 3.** In Colorado Revised Statutes, **add** 24-32-130 as
16 follows:

17 **24-32-130. Local government affordable housing development**
18 **incentives grant program - local government planning grant program**
19 **- creation - report - definitions.** (1) AS USED IN THIS SECTION, UNLESS
20 THE CONTEXT OTHERWISE REQUIRES:

21 (a) "AFFORDABLE HOUSING" MEANS:

22 (I) FOR A HOUSEHOLD RESIDING IN HOUSING ON A RENTAL BASIS,
23 ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW EIGHTY PERCENT OF
24 THE ADJUSTED MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE
25 COUNTY IN WHICH THE HOUSING IS LOCATED; AND

26 (II) FOR A HOUSEHOLD RESIDING IN HOUSING ON A HOME
27 OWNERSHIP BASIS, ANNUAL INCOME OF THE HOUSEHOLD IS AT OR BELOW

1 ONE HUNDRED TWENTY PERCENT OF THE ADJUSTED MEDIAN INCOME OF
2 HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
3 LOCATED.

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

5 (c) "ELIGIBLE RECIPIENT" MEANS A LOCAL GOVERNMENT THAT IS
6 ELIGIBLE TO RECEIVE A GRANT THROUGH THE HOUSING DEVELOPMENT
7 INCENTIVES GRANT PROGRAM OR THE PLANNING GRANT PROGRAM.

8 (d) "HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM"
9 MEANS THE LOCAL GOVERNMENT AFFORDABLE HOUSING DEVELOPMENT
10 INCENTIVES GRANT PROGRAM CREATED IN SUBSECTION (2) OF THIS
11 SECTION.

12 (e) "LOCAL GOVERNMENT" MEANS A COUNTY, A MUNICIPALITY, OR
13 A CITY AND COUNTY.

14 (f) "PLANNING GRANT PROGRAM" MEANS THE LOCAL GOVERNMENT
15 PLANNING GRANT PROGRAM CREATED IN SUBSECTION (5) OF THIS SECTION.

16 (2) THERE IS HEREBY CREATED IN THE DEPARTMENT THE LOCAL
17 GOVERNMENT AFFORDABLE HOUSING DEVELOPMENT INCENTIVES GRANT
18 PROGRAM TO PROVIDE GRANTS TO LOCAL GOVERNMENTS THAT ADOPT ONE
19 OR MORE POLICY OR REGULATORY TOOLS THAT CREATE INCENTIVES TO
20 PROMOTE THE DEVELOPMENT OF AFFORDABLE HOUSING. A LOCAL
21 GOVERNMENT THAT ADOPTS SUCH TOOLS IN ACCORDANCE WITH THIS
22 SECTION IS ELIGIBLE FOR A GRANT FROM THE HOUSING DEVELOPMENT
23 INCENTIVES GRANT PROGRAM AS AN INCENTIVE TO DEVELOP ONE OR MORE
24 AFFORDABLE HOUSING DEVELOPMENTS IN THEIR COMMUNITY OR REGION
25 THAT ARE LIVEABLE, VIBRANT, AND DRIVEN BY COMMUNITY BENEFITS.
26 THE DIVISION SHALL ADMINISTER THE HOUSING DEVELOPMENT
27 INCENTIVES GRANT PROGRAM.

8 (b) (I) THE MENU OF TOOLS THE DIVISION MUST DEVELOP
9 PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION MUST INCLUDE SUCH
10 INCENTIVES TO PROMOTE AFFORDABLE HOUSING DEVELOPMENT AS,
11 WITHOUT LIMITATION:

12 (A) THE USE OF VACANT REAL PROPERTY WITHIN THE LOCAL
13 GOVERNMENT FOR THE DEVELOPMENT OF AFFORDABLE HOUSING;

14 (B) THE CREATION OF A PROGRAM TO SUBSIDIZE OR OTHERWISE
15 REDUCE LOCAL DEVELOPMENT REVIEW OR PERMITTING FEES FOR
16 AFFORDABLE HOUSING DEVELOPMENT;

17 (C) THE CREATION OF AN EXPEDITED DEVELOPMENT REVIEW
18 PROCESS FOR AFFORDABLE HOUSING AIMED AT HOUSEHOLDS THE ANNUAL
19 INCOME OF WHICH IS AT OR BELOW ONE HUNDRED TWENTY PERCENT OF
20 THE ADJUSTED MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE
21 COUNTY IN WHICH THE HOUSING IS LOCATED;

22 (D) THE CREATION OF AN EXPEDITED DEVELOPMENT REVIEW
23 PROCESS FOR ACQUIRING OR REPURPOSING UNDERUTILIZED COMMERCIAL
24 PROPERTY THAT CAN BE REZONED INTO AFFORDABLE HOUSING UNITS,
25 INCLUDING THE PRESERVATION OF EXISTING AFFORDABLE HOUSING UNITS;

26 (E) THE ESTABLISHMENT OF A DENSITY BONUS PROGRAM THAT
27 ENSURES THAT AT LEAST THIRTY PERCENT OF THE UNITS CONSTRUCTED

1 ARE AFFORDABLE FOR PERSONS IN HOUSEHOLDS THE ANNUAL INCOME OF
2 WHICH IS AT OR BELOW FIFTY PERCENT OF THE ADJUSTED MEDIAN INCOME
3 OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH THE HOUSING IS
4 LOCATED;

5 (F) THE ESTABLISHMENT OF A DENSITY BONUS PROGRAM THAT
6 ENSURES THAT AT LEAST THIRTY PERCENT OF THE UNITS CONSTRUCTED
7 ARE AFFORDABLE FOR PERSONS IN HOUSEHOLDS THE ANNUAL INCOME OF
8 WHICH IS AT OR BELOW ONE HUNDRED TWENTY PERCENT OF THE ADJUSTED
9 MEDIAN INCOME OF HOUSEHOLDS OF THAT SIZE IN THE COUNTY IN WHICH
10 THE HOUSING IS LOCATED;

11 (G) WITH RESPECT TO WATER UTILITY CHARGES, THE CREATION OF
12 PROCESSES TO PROMOTE THE USE OF SUB-METERING OF UTILITY CHARGES
13 FOR AFFORDABLE HOUSING PROJECTS AND THE CREATION OF EXPERTISE IN
14 WATER UTILITY MATTERS DEDICATED TO AFFORDABLE HOUSING PROJECTS;

15 (H) WITH RESPECT TO INFRASTRUCTURE, THE CREATION OF A
16 DEDICATED FUNDING SOURCE TO SUBSIDIZE INFRASTRUCTURE COSTS AND
17 ASSOCIATED FEES;

18 (I) GRANTING DUPLEXES, TRIPLEXES, OR OTHER APPROPRIATE
19 MULTI-FAMILY HOUSING OPTIONS AS A USE BY RIGHT IN SINGLE-FAMILY
20 RESIDENTIAL ZONING DISTRICTS;

21 (J) THE CLASSIFICATION OF A PROPOSED HOUSING DEVELOPMENT
22 AS A USE BY RIGHT WHEN IT MEETS THE BUILDING DENSITY AND DESIGN
23 STANDARDS OF A GIVEN HOUSING DISTRICT;

24 (K) AUTHORIZING ACCESSORY DWELLING UNITS AS A USE BY RIGHT
25 ON ALL PARCELS CONTAINING SINGLE-FAMILY RESIDENCES;

26 (L) ALLOWING PLANNED UNIT DEVELOPMENTS WITH INTEGRATED
27 AFFORDABLE HOUSING UNITS;

1 (M) ALLOWING THE DEVELOPMENT OF SMALL SQUARE FOOTAGE
2 RESIDENTIAL UNIT SIZES;

3 (N) LESSENED MINIMUM PARKING REQUIREMENTS FOR NEW
4 AFFORDABLE HOUSING DEVELOPMENTS; AND

5 (O) THE CREATION OF A LAND DONATION OR LAND BANKING
6 PROGRAM.

17 (I) THE MANNER BY WHICH A LOCAL GOVERNMENT BECOMES AN
18 ELIGIBLE RECIPIENT FOR THE GRANT PROGRAM;

22 (III) A REQUIREMENT THAT A LOCAL GOVERNMENT SHALL SELECT
23 NOT LESS THAN THREE OPTIONS FROM THE MENU OF POLICY OR
24 REGULATORY TOOLS SPECIFIED IN SUBSECTION (3)(b) OF THIS SECTION.

25 (b) IN EVALUATING APPLICATIONS FOR GRANTS FROM THE HOUSING
26 DEVELOPMENT INCENTIVES GRANT PROGRAM, THE DIVISION SHALL
27 PRIORITIZE PROPOSALS SUBMITTED BY LOCAL GOVERNMENTS BASED ON

1 THE DEGREE TO WHICH THE GRANT AWARD, EITHER ON ITS OWN, OR AS
2 PART OF OTHER INCENTIVES MADE AVAILABLE TO THE ELIGIBLE RECIPIENT:

3 (I) REPRESENTS GEOGRAPHIC DIVERSITY THROUGHOUT THE STATE
4 WITH RESPECT TO THE DIFFERENT KINDS OF COMMUNITIES BEING
5 AWARDED GRANTS;

6 (II) SATISFIES THE GOAL OF ACHIEVING BEST PRACTICES IN
7 AFFORDABLE HOUSING DEVELOPMENT WHETHER WITH RESPECT TO THE
8 MENU OF POLICY OR REGULATORY TOOLS ADOPTED BY THE LOCAL
9 GOVERNMENT OR THAT REPRESENTS A NOVEL, CREATIVE, OR INNOVATIVE
10 APPROACH TO THE DEVELOPMENT OF AFFORDABLE HOUSING;

11 (III) OFFERS MAXIMUM IMPACT IN INITIATING AFFORDABLE
12 HOUSING CREATION WITHIN THE LOCAL COMMUNITY OR REGION THAT IS
13 LIVABLE, VIBRANT, AND DRIVEN BY COMMUNITY BENEFITS;

14 (IV) EXTENDS OR ADVANCES EXISTING APPROACHES BY THE
15 LOCAL GOVERNMENT TO INITIATE HOUSING CREATION WHETHER WITH
16 RESPECT TO THE PRODUCTION OF HOUSING UNITS OR LONGER TERM POLICY
17 CHANGES;

18 (V) REPRESENTS DIVERSITY IN THE TYPE OF AFFORDABLE HOUSING
19 CREATED FOR RENTAL AND HOME OWNERSHIP FOR UP TO ONE HUNDRED
20 TWENTY PERCENT OF THE ADJUSTED MEDIAN INCOME OF HOUSEHOLDS OF
21 THAT SIZE IN THE COUNTY OR REGION IN WHICH THE HOUSING IS LOCATED;

22 AND

23 (VI) INITIATES OR PRESERVES HOUSING AFFORDABILITY THAT CAN
24 BE MAINTAINED FOR A PERIOD OF AFFORDABILITY AS NEGOTIATED BY THE
25 DEPARTMENT AND THE LOCAL GOVERNMENT AND THAT ALLOWS THE
26 LOCAL GOVERNMENT TO DETERMINE THE METHOD FOR ACHIEVING
27 AFFORDABILITY.

1 GOVERNMENTS ON BEST LAND USE PRACTICES AND TOOLS AND SHALL
2 UPDATE AND PUBLISH MODEL COUNTY AND MUNICIPAL LAND USE CODES
3 FOR THE BENEFIT OF LOCAL GOVERNMENTS ACROSS THE STATE.

4 (6) (a) ON OR BEFORE SEPTEMBER 1, 2021, THE EXECUTIVE
5 DIRECTOR OF THE DEPARTMENT OR THE EXECUTIVE DIRECTOR'S DESIGNEE
6 SHALL ADOPT POLICIES, PROCEDURES, AND GUIDELINES FOR THE HOUSING
7 INCENTIVES GRANT PROGRAM AND PLANNING GRANT PROGRAM THAT
8 INCLUDE, WITHOUT LIMITATION:

9 (I) PROCEDURES AND TIMELINES BY WHICH AN ELIGIBLE RECIPIENT
10 MAY APPLY FOR A GRANT;

11 (II) CRITERIA FOR DETERMINING THE AMOUNT OF GRANT AWARDS;

12 (III) PERFORMANCE CRITERIA FOR GRANT RECIPIENTS' PROJECTS;
13 AND

14 (IV) REPORTING REQUIREMENTS FOR GRANT RECIPIENTS.

15 (b) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
16 THE AMOUNT OF ANY GRANT AWARD UNDER EITHER THE HOUSING
17 DEVELOPMENT INCENTIVES GRANT PROGRAM OR THE PLANNING GRANT
18 PROGRAM AND ANY RESTRICTIONS OR CONDITIONS PLACED UPON THE USE
19 OF GRANT MONEY AWARDED IS WITHIN THE DISCRETION OF THE DIVISION
20 IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION.

21 (c) TO THE EXTENT APPLICABLE, AND UNLESS OTHERWISE
22 REQUIRED BY THIS SECTION, REQUIREMENTS GOVERNING THE PROCESS OF
23 AWARDING A COLORADO HERITAGE PLANNING GRANT UNDER PART 32 OF
24 THIS TITLE 24 GOVERN THE PROCESS FOR OBTAINING A GRANT FROM THE
25 HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM OR THE PLANNING
26 GRANT PROGRAM UNDER THIS SECTION.

27 (7) ALL FUNDING OF ANY GRANTS AWARDED UNDER EITHER THE

1 HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM OR THE PLANNING
2 GRANT PROGRAM MUST BE MADE ENTIRELY OUT OF THE MONEY
3 TRANSFERRED FROM THE GENERAL FUND TO THE COLORADO HERITAGE
4 COMMUNITIES FUND CREATED IN SECTION 24-32-3207(1) IN ACCORDANCE
5 WITH SECTION 24-32-3207 (6). ALL COSTS INCURRED BY THE DIVISION IN
6 ADMINISTERING EITHER THE HOUSING DEVELOPMENT INCENTIVES GRANT
7 PROGRAM OR THE PLANNING GRANT PROGRAM MUST BE PAID OUT OF THE
8 MONEY TRANSFERRED UNDER SECTION 24-32-3207 (6). THE DIVISION MAY
9 USE UP TO EIGHT PERCENT OF ANY MONEY TRANSFERRED TO IT UNDER THIS
10 SECTION TO COVER ITS ADMINISTRATIVE COSTS IN ADMINISTERING EITHER
11 THE HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM OR THE
12 PLANNING GRANT PROGRAM. ALL MONEY TRANSFERRED INTO THE
13 COLORADO HERITAGE COMMUNITIES FUND IN ACCORDANCE WITH SECTION
14 24-32-3207 (6) MUST BE EXPENDED BY JULY 1, 2024.

15 (8) (a) ON OR BEFORE NOVEMBER 1, 2022, AND ON OR BEFORE
16 NOVEMBER 1, 2023, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OR
17 THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL PUBLISH A REPORT
18 SUMMARIZING THE USE OF ALL MONEY THAT WAS AWARDED AS GRANTS
19 FROM THE HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM IN THE
20 PRECEDING FISCAL YEAR. AT A MINIMUM, THE REPORT MUST SPECIFY THE
21 NUMBER OF LOCAL GOVERNMENTS THAT APPLIED FOR A GRANT AWARD,
22 INCLUDING THE NUMBER OF LOCAL GOVERNMENTS THAT WERE NOT
23 AWARDED A GRANT; THE POLICY OR REGULATORY TOOLS ADOPTED BY THE
24 LOCAL GOVERNMENTS THAT QUALIFIED FOR A GRANT AWARD; THE
25 AMOUNT OF GRANT MONEY DISTRIBUTED TO EACH GRANT RECIPIENT; AND
26 A DESCRIPTION OF EACH GRANT RECIPIENT'S USE OF THE GRANT MONEY. IN
27 THE REPORT, THE DIVISION SHALL ALSO PROVIDE ITS RECOMMENDATIONS

1 CONCERNING FUTURE ADMINISTRATION OF THE GRANT PROGRAM. THE
2 REPORT MUST BE SHARED WITH THE GENERAL ASSEMBLY AND POSTED ON
3 THE DEPARTMENT'S WEBSITE.

4 (b) ON OR BEFORE NOVEMBER 1, 2022, AND ON OR BEFORE
5 NOVEMBER 1, 2023, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OR
6 THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL PUBLISH A REPORT
7 SUMMARIZING THE USE OF ALL MONEY THAT WAS AWARDED AS GRANTS
8 FROM THE PLANNING GRANT PROGRAM IN THE PRECEDING FISCAL YEAR.
9 AT A MINIMUM, THE REPORT MUST SPECIFY THE AMOUNT OF GRANT
10 MONEY DISTRIBUTED TO EACH GRANT RECIPIENT AND A DESCRIPTION OF
11 EACH GRANT RECIPIENT'S USE OF THE GRANT MONEY. IN THE REPORT, THE
12 DIVISION SHALL ALSO PROVIDE ITS RECOMMENDATIONS CONCERNING
13 FUTURE ADMINISTRATION OF THE GRANT PROGRAM. THE REPORT MUST BE
14 SHARED WITH THE GENERAL ASSEMBLY AND POSTED ON THE
15 DEPARTMENT'S WEBSITE.

16 **SECTION 4.** In Colorado Revised Statutes, 24-32-705, **add (5)**
17 as follows:

18 **24-32-705. Functions of division.** (5) THE DIVISION SHALL
19 ADMINISTER THE AFFORDABLE HOUSING GUIDED TOOLKIT AND LOCAL
20 OFFICIALS GUIDE PROGRAM IN ACCORDANCE WITH SECTION 24-32-721.5.

21 **SECTION 5.** In Colorado Revised Statutes, 24-32-721, **amend**
22 (1); and **add (5)** as follows:

23 **24-32-721. Colorado affordable housing construction grants**
24 **and loans - housing development grant fund - creation - housing**
25 **assistance for persons with behavioral, mental health, or substance**
26 **use disorders - cash fund - appropriation - report to general assembly**
27 **- rules - definitions - repeal.** (1) There is hereby created in the state

1 treasury the housing development grant fund, which fund is administered
2 by the division and is referred to in this section as the "fund". The fund
3 consists of money credited to the fund in accordance with section
4 39-26-123 (3)(b); money transferred to the fund in accordance with
5 section 24-22-118 (2); money appropriated to the fund by the general
6 assembly; all money transferred to the fund from the marijuana tax cash
7 fund created in section 39-28.8-501 (1) and any other cash fund
8 maintained by the state; ALL MONEY TRANSFERRED TO THE FUND FROM
9 THE GENERAL FUND PURSUANT TO SUBSECTION (5) OF THIS SECTION; all
10 money collected by the division for purposes of this section from federal
11 grants, from other contributions, gifts, grants, and donations received
12 from any other organization, entity, or individual, public or private; and
13 from any fees or interest earned on such money. The division is hereby
14 authorized and directed to solicit, accept, expend, and disburse all money
15 collected for the fund from the sources specified in this subsection (1) for
16 the purpose of making grants, ~~or~~ loans, OR OTHER FORMS OF ASSISTANCE
17 THAT MAY BE AWARDED UNDER SECTION 24-32-721.5 and for program
18 administration as provided in this section. All such money must be
19 transmitted to the state treasurer to be credited to the fund. The money in
20 the fund is continuously appropriated to the division for the purposes of
21 this section.

22 (5) ON THE EFFECTIVE DATE OF THIS SUBSECTION (5), THE STATE
23 TREASURER SHALL TRANSFER ONE MILLION SIX HUNDRED THOUSAND
24 DOLLARS FROM THE GENERAL FUND TO THE HOUSING DEVELOPMENT
25 GRANT FUND CREATED IN SUBSECTION (1) OF THIS SECTION. THE DIVISION
26 SHALL USE THE MONEY TRANSFERRED PURSUANT TO THIS SUBSECTION (5)
27 FOR THE AFFORDABLE HOUSING GUIDED TOOLKIT AND LOCAL OFFICIALS

1 GUIDE PROGRAM CREATED IN SECTION 24-32-721.5.

2 **SECTION 6.** In Colorado Revised Statutes, **add** 24-32-721.5 as
3 follows:

4 **24-32-721.5. Affordable housing guided toolkit and local**
5 **officials guide program - creation.** (1) (a) THERE IS HEREBY CREATED
6 WITHIN THE DIVISION THE AFFORDABLE HOUSING GUIDED TOOLKIT AND
7 LOCAL OFFICIALS GUIDE PROGRAM, REFERRED TO IN THIS SECTION AS THE
8 "HOUSING TOOLKIT PROGRAM". THE PURPOSE OF THE HOUSING TOOLKIT
9 PROGRAM IS TO AWARD FUNDING TO QUALIFIED COUNTIES AND
10 MUNICIPALITIES SELECTED IN A COMPETITIVE PROCESS WHO COMMIT TO
11 THE ADOPTION OF BEST LAND USE PRACTICES WITH DEMONSTRATED
12 SUCCESS IN THE DEVELOPMENT OF AFFORDABLE HOUSING. UNDER THE
13 HOUSING TOOLKIT PROGRAM, TECHNICAL ASSISTANCE WILL BE PROVIDED
14 BY CONSULTANTS AND RELATED PROFESSIONALS TO LOCAL GOVERNMENTS
15 WHO DEMONSTRATE AN UNDERSTANDING OF THE HOUSING NEEDS OF THEIR
16 COMMUNITIES, TAKE STEPS TO ENGAGE THEIR ENTIRE COMMUNITIES IN
17 THIS PROCESS, MAKE CHANGES TO THEIR LAND USE CODES AND RELATED
18 PROCESSES THAT PROVIDE INCENTIVES AND REDUCE BARRIERS TO THE
19 DEVELOPMENT OF AFFORDABLE HOUSING, OBTAIN AND SUPPORT VIABLE
20 SITES IN THEIR COMMUNITIES FOR THE DEVELOPMENT OF AFFORDABLE
21 HOUSING, AND ATTRACT DEVELOPERS COMMITTED TO MAKING SUCH
22 INVESTMENTS IN THEIR COMMUNITIES. THE DIVISION SHALL ADMINISTER
23 THE HOUSING TOOLKIT PROGRAM.

24 (b) ALL FUNDING OF ANY ASSISTANCE AWARDED UNDER THE
25 HOUSING TOOLKIT PROGRAM MUST BE MADE ENTIRELY OUT OF THE MONEY
26 TRANSFERRED FROM THE GENERAL FUND TO THE HOUSING DEVELOPMENT
27 GRANT FUND CREATED IN SECTION 24-32-721 (1) IN ACCORDANCE WITH

1 SECTION 24-32-721 (5). ALL COSTS INCURRED BY THE DIVISION IN
2 ADMINISTERING THE HOUSING TOOLKIT PROGRAM MUST BE PAID OUT OF
3 THE MONEY TRANSFERRED IN ACCORDANCE WITH SECTION 24-32-721(5).
4 THE DIVISION MAY USE UP TO EIGHT PERCENT OF ANY MONEY
5 APPROPRIATED TO IT UNDER THIS SECTION TO COVER ITS ADMINISTRATIVE
6 COSTS IN ADMINISTERING THE HOUSING TOOLKIT PROGRAM. ALL MONEY
7 TRANSFERRED TO THE HOUSING DEVELOPMENT GRANT FUND IN
8 ACCORDANCE WITH SECTION 24-32-721(5) MUST BE EXPENDED OVER THE
9 SUBSEQUENT THREE STATE FISCAL YEARS.

10 (2)(a) IN EVALUATING APPLICATIONS FOR TECHNICAL ASSISTANCE
11 UNDER THE HOUSING TOOLKIT PROGRAM, THE DIVISION SHALL PRIORITIZE
12 PROJECTS BASED UPON WHETHER THE APPLICATION WILL, IN THE
13 DISCRETION OF THE DIVISION, CREATE THE MAXIMUM IMPACT ON THE
14 DEVELOPMENT OF AFFORDABLE HOUSING IN THE AREAS OF GREATEST NEED
15 ACROSS THE STATE AND WILL SATISFY ONE OR MORE OF THE FACTORS
16 SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE DIVISION SHALL
17 CONSULT WITH THE DIVISION OF LOCAL GOVERNMENT IN CONNECTION
18 WITH THE CREATION AND ADMINISTRATION OF THE HOUSING TOOLKIT
19 PROGRAM.

20 (b) ON OR BEFORE SEPTEMBER 1, 2021, THE EXECUTIVE DIRECTOR
21 OF THE DEPARTMENT OF LOCAL AFFAIRS OR THE EXECUTIVE DIRECTOR'S
22 DESIGNEE SHALL ADOPT POLICIES AND PROCEDURES FOR THE HOUSING
23 TOOLKIT PROGRAM THAT INCLUDE, WITHOUT LIMITATION:

24 (I) PROCEDURES AND TIME LINES BY WHICH AN ELIGIBLE RECIPIENT
25 MAY APPLY FOR ASSISTANCE UNDER THE HOUSING TOOLKIT PROGRAM;
26 (II) CRITERIA FOR DETERMINING THE AMOUNT OR NATURE OF THE
27 ASSISTANCE AWARDED;

1 (III) PERFORMANCE CRITERIA FOR GRANT RECIPIENTS' PROJECTS;

2 AND

3 (IV) REPORTING REQUIREMENTS FOR GRANT RECIPIENTS.

4 (c) ON OR BEFORE NOVEMBER 1, 2022, AND ON OR BEFORE
5 NOVEMBER 1, 2023, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OR
6 THE EXECUTIVE DIRECTOR'S DESIGNEE SHALL PUBLISH A REPORT
7 SUMMARIZING THE USE OF ALL ASSISTANCE THAT WAS AWARDED FROM
8 THE HOUSING TOOLKIT PROGRAM IN THE PRECEDING FISCAL YEAR. IN THE
9 REPORT, THE DIVISION SHALL ALSO PROVIDE ITS RECOMMENDATIONS
10 CONCERNING FUTURE ADMINISTRATION OF THE HOUSING TOOLKIT
11 PROGRAM. THE REPORT MUST BE SHARED WITH THE GENERAL ASSEMBLY
12 AND POSTED ON THE DEPARTMENT'S WEBSITE.

13 **SECTION 7.** In Colorado Revised Statutes, 24-32-3202, amend
14 (7); and **repeal** (6) as follows:

15 **24-32-3202. Definitions.** As used in this part 32, unless the context
16 otherwise requires:

17 (6) "Growth" means changes in population that impact land use,
18 infrastructure development, and the surrounding environment.

24 **SECTION 8.** In Colorado Revised Statutes, 24-32-3203, **amend**
25 (3)(c) and (3)(d); and **repeal** (3)(a) as follows:

26 **24-32-3203. Office of smart growth - creation - powers and**
27 **duties of executive director.** (3) The executive director shall have the

1 following powers and duties in administering this part 32:

2 (a) ~~To designate areas within Colorado as Colorado heritage~~
3 ~~communities. Areas designated as Colorado heritage communities shall~~
4 ~~be eligible for a Colorado heritage planning grant by the office out of~~
5 ~~moneys in the fund created by section 24-32-3207 in accordance with the~~
6 ~~provisions of this part 32.~~

7 (c) To review and approve applications for Colorado heritage
8 planning grants awarded by the office out of ~~moneys~~ MONEY in the fund
9 in accordance with the requirements of this part 32, and to determine the
10 amount of money to be awarded under each such grant. An application for
11 such a grant ~~shall~~ MUST:

12 (I) ~~Be submitted jointly by the governing bodies of at least two~~
13 ~~local governments; except that applications regarding water banking~~
14 ~~pursuant to subparagraph (II) of this paragraph (c) may also be submitted~~
15 ~~singly or in combination by the governing body of a local government or~~
16 ~~by an irrigation district, ditch company, or conservancy district; and~~

17 (II) Address critical planning issues, including, without limitation,
18 land use and development patterns, AFFORDABLE HOUSING, transportation
19 planning, mitigation of environmental hazards, water banking pursuant
20 to article 80.5 of title 37, C.R.S., and energy use.

21 (d) To review and approve applications for grants awarded by the
22 office out of ~~moneys~~ MONEY in the fund to assist a local government, as
23 applicable, in developing a master plan in conformity with section
24 30-28-106 or 31-23-206; C.R.S., and to determine the amount of money
25 to be awarded under each such grant pursuant to section 24-32-3207 (2);

26 **SECTION 9.** In Colorado Revised Statutes, 24-32-3207, **amend**
27 (1); **repeal** (2); and **add** (6) as follows:

1 **24-32-3207. Colorado heritage communities fund - creation -**
2 **source of funds.** (1) There is hereby created in the state treasury the
3 Colorado heritage communities fund, which fund ~~shall be~~ IS administered
4 by the director and which ~~shall consist~~ CONSISTS of all ~~moneys~~ MONEY
5 appropriated to ~~said~~ THE fund by the general assembly, MONEY
6 TRANSFERRED FROM THE GENERAL FUND TO THE FUND PURSUANT TO
7 SUBSECTION (6) OF THIS SECTION, and all other ~~moneys~~ MONEY collected
8 by the office for the fund from federal grants or other contributions,
9 grants, gifts, bequests, or donations received from other agencies of state
10 government, individuals, private organizations, or foundations. Such
11 ~~moneys~~ MONEY shall be transmitted to the state treasurer to be credited to
12 the fund.

13 (2) ~~Not more than an amount equal to thirty percent of any~~
14 ~~moneys in the fund as of the beginning of any given fiscal year shall be~~
15 ~~made available before the end of that same fiscal year to local~~
16 ~~governments in grant moneys for the development of master plans~~
17 ~~pursuant to section 24-32-3203 (3)(d).~~

18 (6) (a) ON THE EFFECTIVE DATE OF THIS SUBSECTION (6), OR AS
19 SOON AS PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL
20 TRANSFER NINE MILLION THREE HUNDRED THOUSAND DOLLARS FROM THE
21 GENERAL FUND TO THE COLORADO HERITAGE COMMUNITIES FUND
22 CREATED IN SUBSECTION (1) OF THIS SECTION. THE DIVISION OF LOCAL
23 GOVERNMENT IN THE DEPARTMENT SHALL USE THE MONEY TRANSFERRED
24 PURSUANT TO THIS SUBSECTION (6)(a) FOR THE CREATION,
25 IMPLEMENTATION, AND ADMINISTRATION OF THE LOCAL GOVERNMENT
26 AFFORDABLE HOUSING DEVELOPMENT INCENTIVES GRANT PROGRAM
27 CREATED IN SECTION 24-32-130 (2) IN ACCORDANCE WITH THE

1 REQUIREMENTS OF SECTION 24-32-130.

2 (b) ON THE EFFECTIVE DATE OF THIS SUBSECTION (6), OR AS SOON
3 AS PRACTICABLE THEREAFTER, THE STATE TREASURER SHALL TRANSFER
4 TWO MILLION ONE HUNDRED THOUSAND DOLLARS FROM THE GENERAL
5 FUND TO THE COLORADO HERITAGE COMMUNITIES FUND CREATED IN
6 SUBSECTION (1) OF THIS SECTION. THE DIVISION OF LOCAL GOVERNMENT
7 IN THE DEPARTMENT SHALL USE THE MONEY TRANSFERRED PURSUANT TO
8 THIS SUBSECTION (6)(b) FOR THE CREATION, IMPLEMENTATION, AND
9 ADMINISTRATION OF THE LOCAL GOVERNMENT PLANNING GRANT
10 PROGRAM CREATED IN SECTION 24-32-130 (5) IN ACCORDANCE WITH THE
11 REQUIREMENTS OF SECTION 24-32-130.

12 **SECTION 10.** In Colorado Revised Statutes, 24-32-3208, **add** (3)
13 as follows:

14 **24-32-3208. Additional sources of funding.** (3) AS MONEY
15 BECOMES AVAILABLE, THE OFFICE OF SMART GROWTH CREATED IN
16 SECTION 24-32-3203 (1) MAY PROVIDE GRANTS OR OTHER FORMS OF
17 ASSISTANCE TO COUNTIES AND MUNICIPALITIES FOR PURPOSES CONSISTENT
18 WITH SECTION 24-32-3203 (3)(c)(II), INCLUDING, WITHOUT LIMITATION,
19 THE HIRING OF CONSULTANTS AND RELATED FORMS OF PROFESSIONAL
20 EXPERTISE; UPDATING PLANS, POLICIES, CODES, AND RELATED LAND
21 DEVELOPMENT REVIEW PROCESSES; AND OFFERING GRANTS, LOANS, OR
22 OTHER FORMS OF ASSISTANCE AS INCENTIVES FOR THE DEVELOPMENT OF
23 AFFORDABLE HOUSING, WHICH FORMS OF ASSISTANCE MAY INCLUDE THE
24 ACQUISITION OF PROPERTY, THE PROVISION OF INFRASTRUCTURE, OR THE
25 DEVELOPMENT OF COMMUNITY AMENITIES. THE OFFICE SHALL CREATE
26 GUIDELINES TO SPECIFY THE ACTIVITIES ON THE PART OF LOCAL
27 GOVERNMENTS THAT WILL QUALIFY FOR GRANT FUNDING OR OTHER FORMS

1 OF ASSISTANCE UNDER THIS SUBSECTION (3). THE OFFICE MAY ALSO USE
2 AVAILABLE MONEY TO IMPLEMENT OR FACILITATE GRANT AND OTHER
3 INCENTIVE PROGRAMS BY HIRING STAFF, CREATING TECHNICAL RESOURCES
4 FOR LOCAL GOVERNMENTS, HIRING CONSULTANTS AND RELATED FORMS OF
5 PROFESSIONAL EXPERTISE, AND OTHERWISE ADMINISTERING THE
6 COLORADO HERITAGE GRANT PROGRAM IN ACCORDANCE WITH THIS PART
7 32. THE OFFICE MAY USE A PORTION OF ANY SUCH MONEY FOR HIRING AND
8 MAINTAINING STAFF, DEFRAYING OPERATIONAL EXPENSES, AND
9 ADMINISTRATION ASSOCIATED WITH THE PROVISION OF GRANTS AND
10 OTHER FORMS OF INCENTIVES UNDER THIS SUBSECTION (3).

11 **SECTION 11.** In Colorado Revised Statutes, **repeal** 24-32-3206.

12 **SECTION 12. Appropriation.** (1) For the 2021-22 state fiscal
13 year, \$9,300,000 is appropriated to the department of local affairs for use
14 by the division of local government. This appropriation is from the
15 Colorado heritage communities fund and is based on an assumption that
16 the division will require an additional 3.0 FTE to administer the money.
17 To implement this act, the division shall use this appropriation for the
18 affordable housing development incentives grant program created in
19 section 24-32-130 (2), C.R.S.

20 (2) For the 2021-22 state fiscal year, \$2,100,000 is appropriated
21 to the department of local affairs for use by the division of local
22 government. This appropriation is from the Colorado heritage
23 communities fund and is based on an assumption that the division will
24 require an additional 2.0 FTE. To implement this act, the division shall
25 use this appropriation for the local government planning grant program
26 created in section 24-32-130 (5), C.R.S.

27 (3) For the 2021-22 state fiscal year, \$1,600,000 is appropriated

1 to the department of local affairs for use by the division of housing. This
2 appropriation is from the housing development grant fund and is based on
3 an assumption that the division will require an additional 1.0 FTE. To
4 implement this act, the division shall use this appropriation for the
5 affordable housing guided toolkit and local officials guide program
6 created in section 24-32-721.5, C.R.S.

7 **SECTION 13. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, or safety.