



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1169: HOUSING DEV ON FAITH AND EDUCATIONAL LAND

#### Prime Sponsors:

Rep. Boesenecker; Mabrey  
Sen. Gonzales J.; Exum

#### Fiscal Analyst:

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**Bill Outcome:** Deemed Lost

**Drafting number:** LLS 25-0029

**Version:** Final Fiscal Note

**Date:** September 3, 2025

**Fiscal note status:** The final fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee. The bill was deemed lost in the Senate on May 8, 2025; therefore, the impacts identified in this analysis do not take effect.

### Summary Information

**Overview.** The bill would have required local governments to allow the construction of residential developments on properties owned by faith-based organizations, school districts, or state colleges or universities.

**Types of impacts.** The bill was projected to affect the following areas on an ongoing basis beginning FY 2026-27:

- State Expenditures
- Local Government
- School Districts

**Appropriations.** No appropriation was required.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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Beginning December 31, 2026, certain local governments must allow the construction of residential developments on properties five acres or less owned by faith-based organizations, school districts, or state colleges or universities. The bill does not prevent a local government from enforcing local infrastructure standards, codes, or requirements; health and environmental regulations; and laws concerning short-term rentals. In addition, a local government must not allow residential development to be constructed on a qualifying property unless the development meets certain affordability requirements.

The bill prevents a local government from:

- disallowing construction of a residential development on a qualifying property if the height of the development's tallest structure is less than three stories or 45 feet tall and complies with height-related standards for the zoning district;
- disallowing construction based on the number of dwelling units the development will contain; and,
- applying standards that are more restrictive than those applied to similar housing constructed in the local government's jurisdiction.

Local governments must allow residential developments on qualifying property to be used for child care and recreational, social, or educational services provided by community organizations for use by local residents. Local governments may require these uses to be on the ground floor (or no more 15 percent of the ground floor area) of structures in a residential development.

When a local government allows the construction of a residential development on a qualifying property, the faith-based organization, school district, or state college or university that owns the property must notify the county of the development's construction.

## State Expenditures

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The bill increase workload in the Department of Local Affairs (DOLA) and potentially reduces state expenditures on school finance beginning in FY 2026-27.

### Department of Local Affairs

The bill increases workload in DOLA to develop compliance guidance for local governments, provide courtesy reviews of local code modifications, respond to inquiries from local governments, and update its template for land development codes. DOLA can accomplish this workload increase with existing resources.

### School Finance

The bill potentially reduces state expenditures on school finance, assuming new housing developments on tax exempt land owned by faith-based institutions, school districts, and institutions of higher education are built and become subject to local property tax. As property tax revenue for school districts increases, the state share of school finance will decrease. The

state aid obligation may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these funds.

## **Local Government – School Districts**

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The bill increases workload for local governments to update and modify local codes to comply with the bill's requirements. It may also increase workload for any school district building a residential development to notify their respective county when proceeding with construction.

## **Property Taxes**

The bill may result in taxable residential developments being built on land that is currently exempt from property taxes. If these residential developments would not have been built elsewhere, the bill may increase property tax revenue to local governments.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

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Counties	Local Affairs
Education	Personnel
Judicial	Regulatory Agencies
Law	