



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

<b>Drafting Number:</b>	LLS 21-0882	<b>Date:</b>	September 9, 2021
<b>Prime Sponsors:</b>	Sen. Gonzales; Pettersen Rep. Gonzales-Gutierrez; Woodrow	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** HOUSING DEVELOPMENT GRANTS HOTEL TENANCY SUPPORT PROG

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill expands the use of the Housing Development Grant Fund in the Department of Local Affairs. The bill makes three cash fund transfers, and will increase state expenditures and local revenue and expenditures beginning in FY 2020-21.

**Appropriation Summary:** The Housing Development Grant Fund is continuously appropriated to the Department of Local Affairs; therefore, no appropriation is required.

**Fiscal Note Status:** This fiscal note reflects the enacted bill.

**Table 1  
State Fiscal Impacts Under SB 21-242**

		<b>Current Year FY 2020-21</b>	<b>Budget Year FY 2021-22</b>
<b>Revenue</b>		-	-
<b>Expenditures<sup>1</sup></b>	Cash Fund	\$45,000,000	-
	Centrally Appropriated	\$63,310	-
	<b>Total Expenditures</b>	<b>\$45,063,310</b>	-
	<b>Total FTE</b>	<b>4.0 FTE</b>	-
<b>Transfers</b>	General Fund	(\$30,000,000)	-
	Affordable Housing & Home Ownership Cash Fund	(\$15,000,000)	-
	Housing Development Cash Fund	\$45,000,000	-
	<b>Net Transfers</b>	<b>\$0</b>	-
<b>TABOR Refund</b>		-	-

<sup>1</sup> Expenditures are shown in FY 2020-21 for informational purposes; this amount is expected to be spent through FY 2021-22.

## **Summary of Legislation**

This bill expands the use of the Housing Development Grant Fund in the Department of Local Affairs (DOLA). The funds may be used for tenancy support services, including those that target individuals experiencing homelessness, and for grants and loans to local governments and non-profits for the rental, acquisition, or renovation of underutilized hotels, motels, and properties to provide non-congregate sheltering or affordable housing.

The bill transfers \$15.0 million from the General Fund to the Affordable Housing and Home Ownership Cash Fund, and \$30.0 million from the Affordable Housing and Home Ownership Cash Fund to the Housing Development Grant Fund for this purpose. In its annual report to the General Assembly in 2022 and 2023, DOLA must report on the progress of these programs.

The bill also transfers \$15.0 million from the General Fund to the Housing Development Grant Fund for the purpose of awarding grants to organizations for direct assistance. Up to three percent of the funds may be used for administrative costs.

## **State Transfers**

The bill makes the following transfers:

- \$15.0 million from the General Fund to the Affordable Housing and Home Ownership Cash Fund;
- \$15.0 million from the General Fund to the Housing Development Grant Fund; and
- \$30.0 million from the Affordable Housing and Home Ownership Cash Fund to the Housing Development Grant Fund. The \$30.0 million originates from federal American Rescue Plan Act (ARPA) funding.

These transfers are assumed to occur in FY 2020-21, and may be spent in FY 2020-21 and FY 2021-22.

## **State Expenditures**

Beginning in FY 2020-21, the bill increases expenditures in DOLA by \$45.0 million, paid from the continuously appropriated Housing Development Grant Fund, with spending authority given through FY 2021-22. Of the \$45.0 million, the \$15.0 million originating from General Fund must be maintained in a separate account and used for grants to nonprofit organizations and administrative costs. Costs are described below and displayed in Table 2.

**Table 2  
Expenditures Under SB 21-242**

	Current Year FY 2020-21 <sup>2</sup>	Budget Year FY 2021-22	Out Year FY 2022-23
<b>Department of Local Affairs</b>			
Personal Services	\$257,622	-	-
Operating Expenses	\$5,400	-	-
Capital Outlay Costs	\$24,800	-	-
Travel Mileage	\$5,200	-	-
Consultants	\$151,400	-	-
Software Licenses	\$5,510	-	-
Grants	\$14,550,068	-	-
Program Funds	\$30,000,000		
Centrally Appropriated Costs <sup>1</sup>	\$63,310	-	-
FTE – Personal Services	4.0 FTE	-	-
	<b>Total Cost</b>	<b>\$45,063,310</b>	-
	<b>Total FTE</b>	<b>4.0 FTE</b>	-

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

<sup>2</sup> Expenditures are shown in FY 2020-21 for informational purposes; these amounts are expected to be spent through FY 2021-22.

**Department of Local Affairs.** This bill increases funding to DOLA and expands the ways in which the Housing Development Grant Fund can be used, and will increase grant applications, grant recipients, and loans. In order handle the increased caseload, the Office of Homeless Initiatives will require 4.0 FTE to process new applications, and oversee new grant and loan agreements. Due to the short timeframe to expend the funds and the need for technical experience in rural areas, consultants will also be used. This amount is consistent with the existing three percent of the \$15.0 million from the General Fund limit for administrative expenses under the program. After accounting for administrative costs, it is estimated that about \$14.5 million will be available for new grants and \$30.0 million for other authorized assistance under the bill. All unexpended money will be returned to the General Fund on June 30, 2022.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$63,310 in FY 2021-22.

## Local Government

The Housing Development Grant Fund is currently available to local governments for new construction, housing services, property acquisition, and rehabilitation of properties. The expansion of the uses of the fund and the increased availability of grants and loans may increase revenue and expenditures for local governments that receive loans or grants.

**Effective Date**

This bill was signed by the Governor and took effect on June 25, 2021.

**State and Local Government Contacts**

Counties

Municipalities

Information Technology

Treasury

Local Affairs