

Department of Local Affairs
 Schedule 10
 FY 2014-2015 Budget Request

Priority	Number	Request	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Net General Funds	
1	R-1	Board of Assessment Appeals GF Refinance	0.0	\$ -	\$ 72,936	\$ (72,936)	\$ -	\$ -	\$ 72,936	
2	R-2	Housing Development Grant (HDG) Affordable Housing Program Request	2.7	\$ 4,186,869	\$ 4,186,869	\$ -	\$ -	\$ -	\$ 4,186,869	
3	R-3	Division of Housing Long Bill Reorganization	0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
4	R-4	Downtown Revitalization Technical Assistance	0.0	\$ 4,000	\$ -	\$ -	\$ 4,000	\$ -	\$ -	
5	R-5	Geothermal Energy Impact Grants	0.0	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	
Total - Department Initiated Change Requests				2.7	\$ 4,240,869	\$ 4,259,805	\$ (22,936)	\$ 4,000	\$ -	\$ 4,259,805



COLORADO

Department of Local Affairs

Priority: R-1
Board of Assessment Appeals GF Refinance
FY 2014-15 Change Request

Cost and FTE

- The Department requests to refinance \$72,936 from Cash Fund spending authority to General Fund in FY 2014-15. Revenues for the Board of Assessment Appeals (BAA) Cash Fund are projected to be lower in FY 2014-15; as a result, this refinancing is needed for the program to operate at current levels.

Current Program

- The BAA receives up to 4,000 property valuation appeals annually from taxpayers and county governments. More appeals are filed during re-assessment years (even numbered fiscal years) than in non-assessment years (odd numbered fiscal years).
- Services provided are measured in terms of the number of appeals resolved annually and the percent of resolved appeals that are resolved within one year of receipt. About 79% of resolved appeals in FY 2011-12 were resolved within one year of receipt (up from 23% in FY 2005-06). This number increased to 82% in FY 2012-13.
- The timely resolution of BAA appeals is consistent with DOLA's mission of providing assistance to taxpayers in the equitable and consistent implementation of property tax laws.

Problem or Opportunity

- S.B. 13-146 created the Board of Assessment Appeals Cash Fund with revenue from filing fees. However, revenues for were overestimated for FY 2014-15 because the fiscal note did not take into account the reduced amount of filing fees that the BAA receives in non-assessment years.
- As a result of the legislation, BAA's General Fund appropriation was reduced by \$150,000 and replaced with \$150,000 in Cash Funds for FY 2013-14. While the BAA anticipates \$148,200 in filing fees for FY 2013-14 (a re-assessment year), filing fees for FY 2014-15 (a non-assessment year) are projected to be approximately \$77,064, resulting in a \$72,936 revenue shortfall for FY 2014-15 and all subsequent non-assessment years.

Consequences of Problem

- The lack of sufficient revenues will lead to a degradation of service and prevent an expansion of service to taxpayers and county governments. The BAA's goal of timely resolution of taxpayer appeals is jeopardized by this problem.

Proposed Solution

- The solution is a \$72,936 increase in General Fund with a corresponding decrease in Cash Fund spending authority from the BAA Cash Fund in FY 2014-15. Beginning in FY 2015-16, the Department will adjust its annual base request to accommodate the reduction of appeal revenue during non-assessment years in order maximize its use of cash, and maintain and improve on the timeliness of appeal resolution for taxpayers.



Cost and FTE

- The Department requests an annual \$4.0 million General Fund increase to the Housing Development Grant (HDG) fund for the development of an estimated 800 additional affordable rental housing units per year. The Department further requests an increase of \$186,869 General Fund and 2.7 FTE for FY 2014-15 to support program administration.

Current Program

- The Department was budgeted \$4.3 million total funds in FY 2013-14 for the Colorado Affordable Housing Construction Grants and Loans program to increase the supply of affordable housing. The recipients of these services include the working poor, homeless families with school-aged children, high-risk offenders with co-occurring substance abuse and mental illness that are reentering their communities without housing, and hard-to-serve homeless persons with disabilities making as little as \$50 per month.
- HDG funding is used to subsidize Private Activity Bonds (PAB), provide rental subsidies to leverage private and public funding for housing, and build housing with supportive services for the population that is most difficult to serve.
- Within current funding levels, the Department is able to provide financial assistance for the development of 1,680 new affordable rental housing units per year.

Problem or Opportunity Program

- The demand for affordable housing far exceeds what available financial resources the State can provide in housing given the growing disparity between housing cost and household income.
- Rental vacancy rates are at all-time lows (4.5% statewide) and rents are at all-time highs (\$976 avg). Among renter households making \$20,000 or less, there are 142,000 households paying 35% or more of their income toward housing. At the \$20,000 household income level and below, there are two households competing for each rental unit available at an affordable level (\$500 per month).
- According to the annual statewide Point-in-Time (PIT) survey conducted in January, 2013, there are 14,665 homeless men, women, and children in Colorado. This number includes 2,135 chronically homeless individuals and veterans.

Consequences of Problem

- Without more supportive housing, the State's goal of ending chronic homelessness by 2015 and all homelessness by 2020 will not be met.
- The public cost of chronic homelessness in Colorado from emergency room visits, incarceration, detoxification services, as well as inpatient and outpatient hospital care is estimated to exceed \$31,000 per person, per year.

Proposed Solution

- Increase the supply of affordable rental housing units by an additional 800 per year for vulnerable and hard-to-house populations. Outcomes include better school performance, reduced recidivism rates, and maintaining housing for people with mental illness outside of costly institutions.
- This request puts the most immediate goal of Colorado's plan to end homelessness, Pathways Home Colorado (PHC) within reach: to end homelessness for veterans and chronically homeless.



COLORADO

Department of Local Affairs

Priority: R-3
Division of Housing Long Bill Reorganization
FY 2014-15 Change Request

Cost and FTE

- The Department requests a reorganization of the Long Bill items for the Division of Housing (DOH) to increase transparency and more accurately reflect the DOH's current business model.

Current Program

- DOH works with a variety of partners to increase the availability of safe, affordable housing for the residents of Colorado. This is achieved through the administration of grants, loans, rental subsidies, and bond authority to local governments, housing authorities and many other organizations to create, preserve and rehabilitate housing for Colorado's workers, families, seniors and those with special needs. DOH also certifies all manufactured structures and multifamily construction in Colorado.

Problem or Opportunity

- H.B. 11-1230 consolidated, within the Department of Local Affairs, two state housing agencies that separately received and administered federal funds for the same purpose. The current Long Bill structure does not best reflect the State of Colorado's consolidation efforts and how DOH operates and administers its budget.
- DOLA's Long Bill no longer aligns with or supports the DOH business model, which is more regionally focused. Revising DOH's reporting of its budget will more clearly define DOH field work and the sources of funding supporting this work, and it will better communicate the statewide efforts DOH makes in dispersing affordable housing opportunities.

Consequences of Problem

- The Long Bill is a critical public document that communicates how DOH is funded and how it administers funds. The current structure is not transparent and doesn't allow DOH to communicate the cost of its activities or how it provides community housing funds.

Proposed Solution

- In order to be more transparent and to better communicate the cost of activities, the Department requests a reorganization of the DOH's portion of the Long Bill. This is a cost-neutral request.
- The proposed structure includes three Long Bill Groups: 1) Field Services, which reflects DOH's outreach and technical assistance activities throughout the state (Private Activity Bonds, regulation of manufactured buildings, affordable housing grants and loans, etc); 2) Community and Non-Profit Services, which encompasses administration of DOH and the services directly supported in the community (Ft. Lyon, housing vouchers, homeless prevention programs, etc.); and 3) Indirect Cost Assessment, which includes the Department's assessments of indirect cost recoveries.
- DOLA will know the success of this solution through its more transparent communication with the General Assembly, other state agencies and the public regarding how it administers federal and State funding.



COLORADO

Department of Local Affairs

Priority: R-4
Downtown Revitalization Technical Assistance
FY 2014-15 Change Request

Cost and FTE

- The Department of Local Affairs (DOLA) requests \$4,000 Reappropriated Fund spending authority in FY 2014-15 and ongoing to expend funds received from the Office of Economic Development and International Trade (OEDIT) when the two agencies partner to provide community assessments.

Current Program

- DOLA partners with OEDIT and DCI (a nonprofit who administers the assessments) to support assessments for four communities across the state each year, resulting in revitalization action plans. In FY 2013-14, DOLA had \$171 million in grant funding available for Colorado local communities; currently, communities must apply for funding and report separately to each entity.
- Using the Main Street methodology, DOLA targets smaller, rural communities in need of diverse, expert assistance in developing a local action plan to revitalize the downtown. The assessment includes determination of assets, challenges, recommendations and resources from an outside team of experts. Often USDA funds are also leveraged.

Problem or Opportunity

- Due to spending authority restrictions, DOLA cannot accept and expend the funds it receives from OEDIT to conduct community assessments and downtown revitalization action plans. As a result, communities are forced to needlessly report and bill for reimbursement to both agencies separately.

Consequences of Problem

- Communities and two state agencies are burdened with redundant processes. Without the additional spending authority, each community must work with both DOLA and OEDIT on two separate purchase orders and billing processes for the same project. Many of these communities are very small and have small staff. The Department believes the focus of these communities should be on their goals for the assessment and outreach for participation from the community and other substantive issues rather than dedicating its limited resources to non-value added paperwork.

Proposed Solution

- DOLA requests \$4,000 in annual Reappropriated Fund spending authority in a new, separate Long Bill line item, under the Division of Local Government, (B) Field Services, "Other Local Government Grants". This will allow DOLA to transparently track and report these expenditures.
- Providing DOLA with spending authority to receive and distribute funds from OEDIT reduces the burden on communities when accepting funds for the assessments, ensures smoother service delivery, and reduces the administrative work at local and State levels.
- With this approach, the community works with only one State agency on administering the funds.



COLORADO

Department of Local Affairs

Priority: R-5
Geothermal Energy Impact Grants
FY 2014-15 Change Request

Cost and FFE

- The Department requests \$50,000 in Cash Fund spending authority to provide Geothermal Energy Impact Grants pursuant to Section 34-63-105, C.R.S.

Current Program

- The program's purpose is to provide grants to cities, counties, school districts, and other political subdivisions of the state and state agencies to mitigate impacts from the development and production of geothermal resources. The grants are primarily for use by such entities in planning for and providing infrastructure, public facilities and services necessitated by development and production of geothermal resources.

Problem or Opportunity

- The Department does not currently have the budget authorization to expend monies from the Geothermal Resource Leasing Fund. The current balance available in the Fund is \$33,622.
- This fund receives federal payments from sales, bonuses, royalties and rentals related to geothermal resources leases on federal lands in Colorado. The Department expects revenues of \$50,000 per year over the next five years, including additional projected revenue from rent on existing leases.

Consequences of Problem

- The Department will not have the authority to grant Geothermal Resources Impact Grants to local governments impacted by the geothermal resource industry activity ongoing in their respective communities, and will be out of compliance with statute (Section 34-63-105, C.R.S.).
- Without spending authority for Geothermal Resource Leasing Fund, local governments and other entities will not have funds to support impact planning or the ability to fund impact mitigation efforts.

Proposed Solution

- The Department requests \$50,000 Cash Fund spending authority beginning in FY 2014-15 and ongoing to award grants to impacted local governments, primarily for use in planning for and providing facilities and services necessitated by geothermal resource development and production.
- The Department has adopted policies and procedures incorporating Geothermal Resource grant applications and awards into the existing Energy Impact Assistance Grant Program. Prior to making awards, the Department will consult with the Colorado Energy Office and seek their input on the projects.