

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and STATUTORY PUBLIC ENTITY  
 FISCAL IMPACT**

**Drafting Number:** LLS 14-0093  
**Prime Sponsor(s):** Rep. Duran  
 Sen. Ulibarri

**Date:** January 22, 2014  
**Bill Status:** House Local Government  
**Fiscal Analyst:** Louis Pino (303-866-3556)

**SHORT TITLE:** EXPAND AVAILABILITY OF AFFORDABLE HOUSING

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>	<b><u>Potential State Revenue impact</u></b>	
<i>Revenue Change</i> General Fund Cash Funds	See State Revenue section.	
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None		

\* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

**Summary of Legislation**

HB14-1017 makes several changes to both the Home Investment Trust Fund and Housing Development Grant Fund under the Division of Housing (DOH).

For the Home Investment Trust Fund, the bill;

- renames the fund to the Housing Investment Trust Fund;
- removes the condition that the fund be administered by the Code of Federal Regulations (24 CFR part 92)
- expands the sources of moneys that can be used to support the fund;
- expands the eligible grantees from the fund;
- eliminates the requirement that loans from the fund be used for development or redevelopment prior to the occupancy of low- or moderate-income housing;
- provides a continuous appropriation to the trust fund; and
- allows the DOH to charge an origination fee for loans made from the trust fund for administrative costs.

For the Housing Development Grant fund;

- expands the sources of moneys that can be used to support the fund;
- increases the amount of money that may be used for purposes not related to construction grant or loans from \$250,000 to 20 percent of the fund's balance.

In addition, HB14-1017 modifies a state income tax credit for owners of qualified low-income housing development projects.

## Background

**Home Investment Trust Fund.** The Home Investment Trust Fund was created to meet federal matching funds requirements. The fund is administered by the Division of Housing (DOH) and consists of monies made available by the state or federal government for the purpose of making loans, and by the principal repayment and interest on those loans. The fund provides money for development, redevelopment or rehabilitation of low- or moderate-income housing. Under current law, only non-profit developers and housing authorities are eligible grantees for development or redevelopment costs incurred prior to completion or occupancy of low- or moderate- income housing.

HB14-1017 makes the following changes to the Home Investment Trust Fund under the DOH:

- renames the trust fund to the Housing Investment Trust Fund;
- removes the provisions that the fund be governed by federal regulations related to the home investment partnerships program under the Housing and Urban Development Code of Federal Regulation (CFR);
- allows the fund to receive moneys from federal grants, gifts, grants, and donations from any other organization, entity, individual, public or private. The fund may also receive any fees or interest generated from the fund;
- expands the eligible grantees from the fund by removing the restriction that loans be made to only local housing authorities, public nonprofit corporations, or private nonprofit corporations;
- eliminates the requirement that loans from the fund be used for development or redevelopment incurred prior to the occupancy of low-or moderate income housing
- allows for a continuous appropriation to the fund for DOH; and
- allows the DOH to charge a fee for loans made from the fund for administration costs.

**Housing Development Grant Fund.** The Housing Development Grant Fund consists of monies appropriated by the General Assembly. The purpose of the fund is to provide funds for acquisition, rehabilitation, and new construction through a competitive application process to improve, preserve or expand the supply of affordable housing, and to fund the acquisition of housing and economic data necessary to advise the State Housing Board on local housing conditions.

HB 14-1017 makes the following changes to the Housing Development Grant Fund under the DOH:

- allows the fund to receive moneys from federal grants, gifts, grants, and donations from any other organization, entity, individual, public or private. The fund may also receive any fees or interest generated from the fund; and
- increases the amount that may be appropriated from not more than \$250,000 to 20 percent of the fund's balance for housing connected uses not related to construction grants or loan (i.e. applications for federal grants.)

**Low-Income Housing Income Tax Credit.** For tax years 2001 and 2002, the state provided an income tax credit for owners of qualified low-income housing developments. The total amount of the credit was capped, but any unused credit could be carried forward up to 2012. The credits were allocated to qualified developments by the Colorado Housing and Finance Authority (CHFA), a statutory public entity, in order to remain under the cap. This bill imposes additional

requirements for qualified residential developments. For developments that include 100 or more units, at least 10 percent of the units must be occupied by qualified residents; for other developments, at least 15 percent must be occupied by qualified residents.

### **State Revenue**

The bill may affect state revenue, but the impact can not be quantified. It expands the requirements for claiming the low-income housing state income tax credit beginning with credits claimed on or after January 1, 2013. However, the credit appears to have expired in 2012 with the final carry-forward of credits allocated in 2001 and 2002. Further information on the impact of this bill on state revenue will be provided if it becomes available.

### **State Expenditures**

The bill expands the purposes for which money in certain cash funds can be used, without increasing the total amount spent, and modifies the requirements for claiming a low-income housing state tax credits. As of the writing of this fiscal note, the bill has no impact on state expenditures, but clarification of the provisions affecting the state income tax credit could affect state expenditures in the Department of Revenue. Further information on the impact of this bill on state expenditures will be provided if it becomes available.

### **Effective Date**

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

### **State and Local Government Contacts**

Local Affairs                      Revenue                      Treasury  
Colorado Housing and Finance Authority (CHFA)