

HOUSING AND PROPERTY

Affordable Housing		
HB 11-1230 <i>(Enacted)</i> <i>Consolidate Housing Assistance into DOLA</i>		
Foreclosures		
SB 11-122 <i>(Postponed Indefinitely)</i> <i>Foreclosure Junior Lien Redemption Rights</i>	HB 11-1023 <i>(Enacted)</i> <i>Continue Foreclosure Deferment Program</i>	HB 11-1136 <i>(Postponed Indefinitely)</i> <i>Fund Foreclosure Prevention Counseling</i>
HB 11-1197 <i>(Postponed Indefinitely)</i> <i>HOA Lien Foreclose Enforcement</i>		
Homeowners' Associations		
SB 11-253 <i>(Postponed Indefinitely)</i> <i>HOA Registration Cleanup Applicability</i>	HB 11-1124 <i>(Enacted)</i> <i>Conflicts of Interest HOA Executive Board Members</i>	HB 11-1197 <i>(Postponed Indefinitely)</i> <i>HOA Lien Foreclose Enforcement</i>
Manufactured Homes		
HB 11-1174 <i>(Enacted)</i> <i>Manufactured Home Certification of Destruction</i>		
Renewable Energy and Property		
HB 11-1160 <i>(Enacted)</i> <i>Governor's Energy Office Green Building Incentive Program</i>	HB 11-1199 <i>(Enacted)</i> <i>Limiting Government Fees on Installation of Solar Energy Devices</i>	

The General Assembly considered several bills concerning local governments and housing. Specifically, the legislation addressed affordable housing, foreclosures, homeowners' associations, manufactured homes, and renewable energy.

Affordable Housing

Under current law, the Department of Local Affairs (DOLA) provides housing assistance to low-income populations in cooperation with local housing authorities, and the Department of Human Services (DHS) provides housing assistance to special populations such as persons with substance abuse and disabilities. Housing assistance vouchers provided by the DHS and DOLA are paid for with federal funds.

House Bill 11-1230 consolidates housing assistance programs in DHS into DOLA, and specifies that the consolidation is to occur no later than July 1, 2011. The bill also provides that, after the consolidation, the number of housing vouchers for persons with disabilities may not decrease from the levels provided by DHS and DOLA as of July 1, 2011. The bill also transfers the Office of Homeless Youth Services from DHS to DOLA, and requires the departments to coordinate

and achieve, at least, a 25 percent reduction in employee positions dedicated to the distribution of financial housing assistance to special needs populations. This consolidation should reduce state-level administration over time by passing more funding to local housing authorities to hire staff and administer housing assistance programs for special needs populations.

Foreclosures

Current law requires the Colorado Division of Housing within DOLA to provide a document that informs homeowners of the possibility of obtaining a 90-day foreclosure deferment, and maintain the Colorado Foreclosure Hotline to connect borrowers with non-profit housing counselors who can provide information on a borrower's options when facing foreclosure. When a deferment has been terminated or has concluded, the public trustee is authorized to collect a \$75 fee from a homeowner prior to publication of a notice. Under current law, the foreclosure deferment program is scheduled to expire on June 30, 2011. **House Bill 11-1023** continues the program through June 30, 2014.

House Bill 11-1136, postponed indefinitely, would have established a foreclosure counseling and outreach program within the Division of Housing and authorized public trustees to assess a foreclosure prevention counseling surcharge of \$240 prior to the sale of a property in foreclosure. Public trustees would also have been authorized to collect and retain an additional \$10 fee for the costs of collecting and processing the \$240 surcharge. The surcharge would have been transmitted to the Foreclosure Prevention Counseling Fund for the following purposes:

- to make grants to approved housing counseling agencies;
- to support evaluations conducted under the state's foreclosure deferment program;
- to cover the direct costs of the operation of the foreclosure deferment program;
- to support other foreclosure prevention activities administered by approved housing counseling agencies; and
- to fund community outreach.

The bill would have also authorized public trustees to waive the prevention counseling surcharge under certain conditions, and repealed the surcharge and public trustee fee by March 31, 2015.

Current law allows a person to purchase a junior lien with high priority on properties in foreclosure and redeem the lien from the purchaser. The purchaser can be the person who either held a senior lien and foreclosed on it or submitted the highest bid at the foreclosure sale. **Senate Bill 11-122**, postponed indefinitely, would have allowed the purchaser to pay off the junior lien at face value through the public trustee, without having to find and tender payment to the junior lienor and without giving the junior lienor an opportunity to refuse payment and redeem the property instead. The bill would have also added specific requirements for verifying the validity and amount of a debt enforced pursuant to the Colorado Common Interest Ownership Act (CCIOA) on behalf of a homeowners' association (HOA).

Homeowners' Associations

The General Assembly considered two bills addressing communities formed under the CCIOA. There are several provisions in state law that address rules of conduct, ethics, and conflicts of interest pertaining to public officials and public employees. Specific provisions also address conflicts of interest for board members of an HOA. **House Bill 11-1124** amends the law concerning conflicts of interest by board members of a HOA.

House Bill 11-1124 requires candidates for any office of a special district board of director to disclose whether he or she is a member of an executive board of an HOA, located within the boundaries of the director district for which the candidate is running. The act also requires the policies, procedures, and rules and regulations of an HOA to include:

- a definition or description of the circumstances where a conflict of interest exists;
- procedures to follow when a conflict of interest exists, including how, and to whom, the conflict of interest must be disclosed, and whether a board member must recuse himself or herself from discussing or voting on the issue; and
- a process for the periodic review of the association's conflict of interest policies, procedures, and rules and regulations.

Under current law, an HOA can file a lien for past-due assessments and other charges. The most recent six months' worth of assessments are granted a superpriority over all other liens, including the mortgage on the unit. **House Bill 11-1197**, which was postponed indefinitely, would have clarified the procedures regarding the priority of multiple liens during foreclosure proceedings within an HOA. Specifically, the bill would have clarified the rights of the HOA in foreclosure proceedings as they pertain to the superpriority portion of the lien granted under CCIOA.

House Bill 10-1278 established the HOA information and resource center and required every HOA to register annually with the Division of Real Estate in the Department of Regulatory Agencies. This bill also required an annual registration fee from each HOA to support the operation of the HOA information and resource center. **Senate Bill 11-253**, lost on House Second Reading, would have clarified the requirements for registration of an HOA under CCIOA. Specifically, the bill would have codified the legislative intent from House Bill 10-1278 to require every unit owners' association to register annually with the Division of Real Estate.

Manufactured Homes

The legislature enacted legislation concerning the destruction of manufactured homes that have become dangerous or hazardous. Under current law, a certificate of destruction for a manufactured home must be accompanied by a certificate of title to the clerk and recorder's office before a manufactured home can be destroyed, dismantled, sold, or otherwise disposed of as salvage. **House Bill 11-1174** allows the property owner of the parcel where the manufactured home is situated to file a certificate of destruction without a certificate of title if a governmental entity has deemed that the manufactured home is dangerous, hazardous, or otherwise in violation of local building or health codes.

Renewable Energy and Property

House Bill 11-1160 creates a Green Building Incentive Pilot Program in the Governor's Energy Office (GEO). This program authorizes the GEO to award grants to qualified applicants who are preparing to sell their current homes with energy efficiency ratings below minimum standards and purchase highly efficient new residential construction. Grants will be awarded for the purpose of allowing applicants to make energy efficiency improvements to their current residences to increase their marketability. Applicants are required to submit to the GEO, specified documentation related to the energy requirements for both the existing and the new residences, as well as closing documents for the new residence. Additionally, the GEO is required to maintain a list of qualified contractors able to make the energy efficiency improvements.

Current law, set to expire on July 1, 2011, prohibits municipalities and counties from charging a permit fee in excess of \$500 for a residential application or \$1,000 for a nonresidential application to install an active solar energy device or system. Following the expiration of local permit fee limits, local governments may set fees for solar installations based on actual costs or any other lawful method. **House Bill 11-1199** extends the sunset date for statutory limits on solar device fees to July 1, 2018, and extends the local permit fee limits. Additionally, the bill prohibits the state from charging fees greater than \$500 for a residential application or \$2,000 for a nonresidential application.