



**Colorado  
Legislative  
Council  
Staff**

**HB16-1466**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0179 **Date:** May 5, 2016  
**Prime Sponsor(s):** Rep. Tyler; Becker K. **Bill Status:** House Transportation and Energy  
 Sen. Ulibarri **Fiscal Analyst:** Anna Gerstle (303-866-4375)

**BILL TOPIC:** PROMOTING AFFORDABLE HOUSING

<b>Fiscal Impact Summary</b>	<b>FY 2015-2016 (current year)</b>	<b>FY 2016-2017</b>	<b>FY 2019-2020</b>
<b>State Revenue</b>			
<i>State Transfer</i>	<b>\$0</b>		
Unclaimed Property Trust Fund	(\$40 million)		
Housing Development Grant Fund	\$30 million		
Affordable Housing Assistance Fund	\$10 million		
<b>State Expenditures</b>		<b>\$40 million</b>	
Housing Development Grant Fund		\$30 million	
Affordable Housing Assistance Fund		\$10 million	
<b>TABOR Impact</b>	See TABOR Impact section.		
<b>Appropriation Required:</b> None. See State Appropriations section.			
<b>Future Year Impacts:</b> Increase state expenditures through FY 2019-20.			

**Summary of Legislation**

In FY 2015-16, the bill transfers \$40 million from the Unclaimed Property Trust Fund by June 30, 2016 to be used for affordable housing projects.

Of this amount, \$30 million is transferred to the Housing Development Grant Fund. The funds must be used by the Division of Housing in the Department of Local Affairs (DOLA) for new and existing programs to improve, preserve, or expand the supply of affordable housing, including rental assistance for households with low incomes. The State Housing Board must approve the allocation of funds within DOLA.

The remaining \$10 million is transferred to the Affordable Housing Assistance Fund, in the Colorado Housing and Finance Authority (CHFA), to support new or existing programs that provide financial assistance to households with an income of 80 percent or less of the area median income. The programs, administered by CHFA, must:

- allow eligible people to finance, purchase, or rehabilitate single family residential homes; or
- provide financial assistance to nonprofits and political subdivisions that make loans to enable eligible people to finance, purchase, or rehabilitate single family residential homes.

The bill gives CHFA the authority to determine how best to spend the \$10 million and specifies that the Affordable Housing Assistance Fund may include other money allocated by the state, or from other sources, for the fund's specified purpose.

If the Legislative Council Staff Economic and Revenue Forecast in June 2016 shows that the transfers will result in the state exceeding the TABOR spending limit, the transfers must be reduced to an amount that keeps the state below the TABOR spending limit. The bill is repealed July 1, 2020.

## Background

**Housing Development Grant Fund.** Housing Development Grants are awarded by DOLA to non-profit developers, housing authorities, and local governments for new construction, property acquisition, rehabilitation of existing units, and other housing services.

**Unclaimed Property Trust Fund.** The Unclaimed Property Trust Fund contains remittances from holders of unclaimed property, including banks, life insurance companies, and brokerage accounts, among others. Moneys in the fund are used to pay claims for all owners, and earnings on the fund balance are used to pay for the Adult Dental Benefit. In the past, fund balance in the Unclaimed Property Trust Fund has also been periodically used for one-time transfers for various purposes. It is estimated that, after the required reserves and transfers, the projected balance on June 30, 2016 is \$43.5 million, and the projected beginning balance in the fund for FY 2016-17 is \$128.9 million.

## State Revenue

While the bill does not impact overall state revenue, it results in fund transfers as described below.

**State transfers.** In FY 2015-16, the bill transfers \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund in DOLA, and \$10 million to the Affordable Housing Assistance Fund administered by CHFA.

## TABOR Impact

Funds in the Unclaimed Property Trust Fund that are exempt from TABOR become subject to TABOR when transferred to other funds to be used for governmental purposes. The bill specifies that if the Legislative Council Staff June revenue forecast estimates that state revenue will exceed the TABOR spending limit in FY 2015-16, the amount transferred must be reduced to an amount that keeps the state below the TABOR spending limit.

**State Expenditures**

**The bill increases expenditures in DOLA by \$30 million over the four-year period from FY 2016-17 through FY 2019-20.** The expenditures are spent out of Housing Development Grant Fund. Assuming funds are spent equally in each year, \$7,500,000 will be spent annually. Expenditures are detailed in Table 1 below.

<b>Table 1. Expenditures Under HB16-1466</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Personal Services	\$26,443	\$26,443
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	5,178	475
Grant Funds	7,462,107	7,466,704
Centrally Appropriated Costs	6,272	6,378
<b>TOTAL</b>	<b>\$7,500,000</b>	<b>\$7,500,000</b>

**Personal Services.** DOLA requires 0.5 FTE beginning in FY 2016-17 to administer the increased number of grants. The fiscal note assumes that grants will be made beginning July 1, 2016 and that all staffing costs, including centrally appropriated costs, are paid from the \$30 million transferred into the Housing Development Grant Fund.

**Grants.** Assuming that the grant funds are equally distributed across the four years, there will be \$7,462,107 available for grants in FY 2016-17 and \$7,466,704 annually available for grants in FY 2017-18 through FY 2019-20. It is anticipated that between 8 and 16 grants will be distributed per year, with grants ranging from approximately \$460,000 to \$940,000 each.

**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. The centrally appropriated costs are summarized in Table 3. The fiscal note assumes that in this case, the centrally appropriated costs will be paid from the Housing Development Grant Fund, using the funds transferred from the Unclaimed Property Trust Fund.

<b>Table 3. Centrally Appropriated Costs Under HB16-1404</b>		
<b>Cost Components</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,009	\$4,009
Supplemental Employee Retirement Payments	\$2263	\$2369
<b>TOTAL</b>	<b>\$6,272</b>	<b>\$6,378</b>

**Statutory Public Entity Impact**

The bill increases expenditures in CHFA by \$10 million over a four-year period from FY 2016-17 through FY 2019-20. CHFA will use the funding for new or existing programs that provide financial assistance to low-income households or non-profits or political subdivisions that provide loans to low-income households to finance, purchase, or rehabilitate single family residential homes.

## **Local Government Impact**

The bill will increase revenue to local governments that receive grants from DOLA or CHFA for affordable housing.

## **Effective Date**

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

## **State Appropriations**

No state appropriation is required, as money in the Housing Development Grant Fund is continuously appropriated to the Department of Local Affairs.

## **State and Local Government Contacts**

Colorado Housing and Finance Authority

Local Affairs