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Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated May 5, 202)

Drafting Number: LLS 21-0882 Date: May 25, 2021
Prime Sponsors: Sen. Gonzales; Pettersen Bill Status: House Trans. & Local Govt.
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Bill Topic: HOUSING DEVELOPMENT GRANTS HOTEL TENANCY SUPPORT PROG

Summary of Fiscal Impact: [ ] State Revenue [ ] TABOR Refund
[X] State Expenditure [X] Local Government
[X] State Transfer [ ] Statutory Public Entity

This bill expands the use of the Housing Development Grant Fund in the Department of Local Affairs. The bill makes a one-time fund transfer, and it 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 revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 21-242

Table with 4 columns: Category, Sub-category, Current Year FY 2020-21, Budget Year FY 2021-22. Rows include Revenue, Expenditures (Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Cash Fund, Net Transfers), and TABOR Refund.

1 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 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.

## **State Transfers**

The bill transfers \$15.0 million from the General Fund to the Housing Development Grant Fund. This transfer is assumed to occur in FY 2020-21, and this amount 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 \$15.0 million, paid from the continuously appropriated Housing Development Grant Fund, with spending authority given through FY 2021-22. Costs are described below and displayed in Table 2.

**Department of Local Affairs.** This bill increases funding to DOLA and expands the ways in which the Housing Development Grant Fund can be used, which 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 limit for administrative expenses under the program. After accounting for administrative costs, it is estimated that about \$14.6 million will be available for new grants under the bill.

**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.

**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 and Loans	\$14,550,068	-	-
Centrally Appropriated Costs <sup>1</sup>	\$63,310	-	-
FTE – Personal Services	4.0 FTE	-	-
<b>Total Cost</b>	<b>\$15,063,310</b>	<b>-</b>	<b>-</b>
<b>Total FTE</b>	<b>4.0 FTE</b>	<b>-</b>	<b>-</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.

## 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

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

## State and Local Government Contacts

Counties	Information Technology	Local Affairs
Municipalities	Treasury	