



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated March 31, 2022)

Drafting Number: LLS 22-0812 Date: April 21, 2022
Prime Sponsors: Sen. Gonzales; Hinrichsen Bill Status: House Trans. & Local Govt.
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Bill Topic: LOAN PROGRAM RESIDENT-OWNED COMMUNITIES

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

The bill creates loan and grant programs to support mobile home owners in purchasing their mobile home parks. The bill includes a state transfer and increases state expenditures through at least FY 2024-25. It may also increase state cash fund revenue starting in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires reappropriations of \$413,590. Other expenditures are paid from a continuously appropriated cash fund.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 22-160

Table with 4 columns: Category, Description, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (MHPR Empowerment Loan & Grant Program Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (Affordable Housing & Home Ownership Cash Fund, MHPR Empowerment Loan & Grant Program Fund, Net Transfer), and Other Budget Impacts.

Summary of Legislation

The bill establishes the Mobile Home Park Resident Empowerment Loan Program in the Department of Local Affairs (DOLA). The department must contract with one or more administrators to finance acquisitions or capital improvements for homeowners to purchase their mobile home park.

DOLA must also establish two grant programs. One is for nonprofit organizations to provide technical assistance to eligible homeowners seeking to organize and purchase their mobile home park. The second is for eligible homeowners to maintain the long-term affordability of a resident-owned mobile home park.

The bill creates the Mobile Home Park Resident Empowerment Loan and Grant Program Fund. The fund is continuously appropriated to DOLA for these loan and grant programs. The fund consists of \$35.0 million transferred on July 1, 2022, and any gifts, grants, or donations the department secures.

Assumptions

It is assumed that the \$35 million transferred for the programs under the bill will be spent over three years. The actual timing of expenditures and number of years that the program is operated will depend on a number of factors, including program policies established by DOLA, demand for grants and loans, and the repayment of loans that may be rolled forward into new loans or grants.

State Revenue

The bill potentially increases state revenue to the Mobile Home Park Resident Empowerment Loan and Grant Program Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

Generally, it is assumed that interest on loans made under the program will be retained by contracted administrators. However, the bill allows DOLA to set an administration fee on administrators to cover its costs of overseeing the program. To the extent these provisions are included in contracts with administrators, revenue to the Mobile Home Park Resident Empowerment Loan and Grant Program Fund in DOLA will increase and can be used to offset administrative costs in DOLA. It is assumed that this fee would be paid using a portion of interest generated from loans under the program, and would be subject to TABOR. The amount of this fee revenue has not been estimated, as it will depend on contract terms with administrators, and the amount and terms of loans issued under the program.

State Transfers

On July 1, 2022, the bill requires a transfer of \$35.0 million to the Mobile Home Park Resident Empowerment Loan and Grant Program Fund. This transfer comes from money in the Affordable Housing and Home Ownership Cash Fund that originated in the General Fund.

State Expenditures

The bill increases state expenditures, primarily in DOLA, by \$12.0 million in FY 2022-23 and \$11.5 million in FY 2023-24 and FY 2024-25 from the Mobile Home Park Resident Empowerment Loan and Grant Program Fund. As mentioned in the Assumptions section above, costs are estimated for a three-year period, but the timing of actual expenditures may differ from this estimate. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 22-160**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25
Department of Local Affairs			
Personal Services	\$402,554	\$402,554	\$402,554
Operating Expenses	\$18,223	\$18,223	\$18,223
Capital Outlay Costs	\$40,043	-	-
Contracts and Grants	\$10,700,000	\$10,700,000	\$10,600,000
Consultants	\$100,000	\$100,000	\$100,000
Software Licenses	\$74,822	\$74,822	\$74,822
Legal Services	\$29,571	\$19,714	\$19,714
Centrally Appropriated Costs ¹	\$199,414	\$199,414	\$199,414
FTE – Personal Services	6.0 FTE	6.0 FTE	6.0 FTE
FTE – Legal Services	0.2 FTE	0.1 FTE	0.1 FTE
DOLA Subtotal	\$11,564,627	\$11,514,727	\$11,414,727
Office of Information Technology			
Personal Services	\$348,476	-	-
Operating Expenses	\$5,805	-	-
Capital Outlay Costs	\$24,800	-	-
Centrally Appropriated Costs ¹	\$74,346	-	-
FTE – Personal Services	4.3 FTE	-	-
OIT Subtotal	\$453,427	-	-
Total	\$12,018,054	\$11,514,727	\$11,414,727
Total FTE	10.5 FTE	6.1 FTE	6.1 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. Costs will increase in the Division of Housing to establish the new loan and grant programs, including soliciting contracts with loan administrators, setting program policies, reviewing applications, monitoring grants, and reporting on the programs.

- *Administrative costs.* DOLA requires 6.0 FTE to solicit and manage contracts with up to three loan administrators, provide loan assistance, establish grant policies, review and monitor grants, and promote the programs. Operating and capital outlay costs include standard costs for the new staff, vehicle mileage, and specialized software licenses for grants management. DOLA requires consultants to provide technical assistance with federal requirements. Administrative expenses are assumed for three years, but may continue into future years depending on the availability of funds from the initial transfer, and any additional funds appropriated in future years.
- *Loan contracts and grants.* The fiscal note assumes that the loans and grants will be spent over multiple years. Table 2 assumes that about \$10.7 million per year will be distributed each year either to loan administrators for making loans or as grants. This is for illustrative purposes only; the amount of money awarded in each fiscal year will depend on the size and number of loans and grants awarded, as determined by DOLA.
- *Legal services.* DOLA will require 300 hours of legal services to in FY 2022-23 and 200 hours in subsequent years for advice and counsel on contracts with administrators and grant program policies. Legal services are provided by the Department of Law at a rate of \$98.57 per hour.

Office of Information Technology. The office requires 4.3 FTE to modify existing systems to support the grant programs. Costs have been estimated assuming that the same system enhancements will also support the programs created by Senate Bill 22-159 and House Bill 22-1304, resulting in some cost savings. The costs shown in Table 2 reflect one-third of the required costs for all three bills; should either of those bills not pass, IT development costs for this bill may increase. Standard operating and capital outlay costs are included. Costs are paid from the cash fund via a reappropriation from DOLA.

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 shown in Table 2.

Technical Note

The bill limits DOLA's administrative costs to five percent of the money in the cash fund. Due to the technical oversight required of the loan program, DOLA may reach this spending cap before the program is complete. To the extent fee revenue is generated from administrators and deposited to the fund (see State Revenue section), it may allow DOLA to stay within or closer to this cap.

Effective Date

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

State Appropriations

The Mobile Home Park Resident Empowerment Loan and Grant Program Fund is continuously appropriated to the Department of Local Affairs, so no appropriation is required.

For FY 2022-23, the bill requires and includes the following reappropriations from the Mobile Home Park Resident Empowerment Loan and Grant Program Fund:

- \$384,019 to the Office of Information Technology, with 4.3 FTE; and
- \$29,571 to the Department of Law, with 0.2 FTE.

State and Local Government Contacts

Information Technology
Local Affairs

Law
Personnel

Legislative Council Staff
Treasury