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Fiscal Note

Drafting Number: LLS 21-0882 Date: May 5, 2021
Prime Sponsors: Sen. Gonzales; Pettersen Bill Status: Senate Local Government
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Bill Topic: HOUSING DEVELOPMENT GRANTS HOTELS TENANCY SUPPORT

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: For FY 2020-21, this bill includes an appropriation of \$15.0 million to the Department of Local Affairs.

Fiscal Note Status: This fiscal note reflects the introduced 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, state expenditures will increase in DOLA from the Housing Development Grant Fund by \$15.0 million, with spending authority through FY 2021-22. Costs are displayed in Table 2.

Table 2
Expenditures Under SB 21-242

	Current Year FY 2020-21 ²	Budget Year FY 2021-22	Out Year FY 2022-23
Department of Local Affairs			
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 ¹	\$63,310	-	-
FTE – Personal Services	4.0 FTE	-	-
Total Cost	\$15,063,310	-	-
Total FTE	4.0 FTE	-	-

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

² Expenditures are shown in FY 2020-21 for informational purposes; these amounts is expected to be spent through FY 2021-22.

Department of Local Affairs. This bill expands the ways in which the fund can be used, which will increase grant applications, grant recipients, and loans. In order to 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.

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.

Technical Note

The bill both transfers \$15.0 million from the General Fund to the Housing Development Fund and appropriates \$15.0 million from the General Fund to DOLA. It is assumed that the appropriation included in the bill should be from the Housing Development Fund so that DOLA has the authority to spend the transferred funds. The fiscal note will be revised if changes to the bill or new information requires an update in this assumption.

State Appropriations

For the current FY 2020-21, this bill includes an appropriation of \$15,000,000 to the Department of Local Affairs. It also requires an allocation of 4.0 FTE. As described in the Technical Note above, it is assumed that this appropriation is from the Housing Development Grant Fund. Appropriated funds may be used through FY 2021-22.

State and Local Government Contacts

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