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Fiscal Note

Drafting Number:	LLS 23-0335	Date:	January 19, 2023
Prime Sponsors:	Sen. Roberts; Zenzinger Rep. Bird; Lukens	Bill Status:	Senate Local Government
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Bill Topic: **AUTHORITY OF PUB-PRIVATE COLLABORATION UNIT FOR HOUSING**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill transfers \$13 million to the Unused State-Owned Real Property Fund and expands allowable uses of the fund to include development of housing projects by the Public-Private Collaboration Unit in the Department of Personnel and Administration. It increases state expenditures annually beginning FY 2023-24.

Appropriation Summary: No appropriation is required for the Department of Personnel and Administration, as the Unused State-Owned Real Property Fund is continuously appropriated to the department. For FY 2023-24, the Department of Law requires \$47,583 in reappropriated funds.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 23-001**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Fund	-	-
Expenditures¹	Housing Development Grant Fund	(\$8.0 million)	-
	Unused State-Owned Real Property Fund	\$13.0 million	-
	Total Expenditures	\$5.0 million	-
Transfers	General Fund	(\$5.0 million)	-
	Housing Development Grant Fund	(\$8.0 million)	-
	Unused State-Owned Real Property Fund	\$13.0 million	-
	Net Transfer	\$0	-
Other Budget Impacts		-	-

¹State expenditures are shown in FY 2023-24; however, actual spending and timing may differ based on the timing of projects.

Summary of Legislation

Under current law, the Unused State-Owned Real Property Fund is credited with all proceeds from the sale, rent, or lease of unused real property and any revenue from public-private agreements established by the Public-Private Collaboration Unit (the unit) in the Department of Personnel and Administration (DPA). The fund is continuously appropriated to the DPA, and may receive other appropriations made by the General Assembly. This bill:

- authorizes the DPA to seek, accept, and spend gifts, grants, or donations credited to the fund;
- expands the allowable uses of money in the fund to include public projects that provide housing, and for use by the unit for personnel and standard operating expenses;
- transfers \$5.0 million to the fund from the General Fund; and
- transfers \$8.0 million to the fund from the Housing Development Grant Fund.

The bill allows the Public-Private Collaboration Unit to:

- accept proceeds from real estate transactions as well as revenue from public-private partnership agreements;
- use real property deeded to the DPA to execute public-private projects that provide housing;
- act as the real estate agent for the DPA in the purchase, transfer, sale, exchange, or disposal of real property;
- enter into agreements for easements, deed restrictions, or leases; and,
- use requests for information to solicit public-private projects that provide housing.

State Revenue

The bill allows the DPA to seek and accept gifts, donations and grants, potentially increasing state revenue. Revenue from grants and donations sources is exempt from TABOR. No source or amount of this funding has been identified.

Development of new public-private partnerships could, depending on the nature of projects, increase revenue to state agencies or create new funding sources for use during project development. This potential revenue, which accrues to the Unused State-Owned Real Property Fund and may be subject to TABOR, has not been estimated.

The disposition of real property will increase revenue to the Employment Support Fund. This revenue depends on future terms of sale and has not been estimated.

State Transfers

The bill transfers a total of \$13 million to the Unused State-Owned Real Property Fund. On July 1, 2023, the State Treasurer must transfer \$5 million from the General Fund and \$8 million from the Housing Development Grant Fund in the Division of Housing in the Department of Local Affairs (DOLA) to the Unused State-Owned Real Property Fund.

State Expenditures

On net, the bill increases spending on affordable housing programs by \$5 million in FY 2023-24, after accounting for the following:

- an increase of \$13 million in the Public-Private Collaboration Unit in the DPA; and
- a decrease of \$8 million from the Housing Development Grant Fund (HDGF) in DOLA.

The change in spending for DPA and DOLA are shown in FY 2023-24; however, the actual timing of spending will be determined by the housing projects developed by the unit and the disbursement of funds planned by DOLA. The bill also reduces the amount of General Fund available to spend or save by \$5 million. These impacts are described below.

Public-private partnerships (DPA). DPA will use the expanded authority and funding to design and manage additional public-private partnership projects. The \$13 million transferred for the program will primarily be used to fund additional housing projects, as well as to support the administrative and legal expenses associated with these projects. While the fiscal note indicates these costs as occurring in FY 2023-24, the timing of these projects may occur over several years. During the development of projects in FY 2023-24, it is estimated that the DPA will require about 450 hours of legal services from the Department of Law, which equates to a cost of \$47,583 and 0.3 FTE in FY 2023-24. This cost is paid using reappropriated funds. Future-year legal costs will be determined by the nature of the housing partnerships developed by the unit and the legal needs of the DPA.

Housing grants (DOLA). The bill reduces funding for housing grants in DOLA by \$8 million in FY 2023-24. This reduction is not anticipated to decrease administrative costs in the Division of Housing in DOLA, but may impact the timing and amount of grant funding provided from that program. For informational purposes, DOLA was allocated about \$107 million for housing grants in FY 2021-22, to be allocated over several years.

Reduced General Fund. By transferring funds from the General Fund to the program in DPA, the bill reduces the amount of General Fund available to spend or save by \$5 million in FY 2023-24. Because it is not known how the General Assembly would allocate this funding, the fiscal note does not include this change in its expenditure estimate.

Effective Date

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

State Appropriations

The Unused State-Owned Real Property Fund is continuously appropriated to the DPA and no additional appropriation to the DPA is required in this bill. For FY 2023-24, the Department of Law requires a reappropriation of \$47,583 from the DPA, and 0.3 FTE.

State and Local Government Contacts

Law

Local Affairs

Personnel