A BILL FOR AN ACT

CONCERNING MEASURES TO EXPAND THE AVAILABILITY OF AFFORDABLE HOUSING IN THE STATE, AND, IN CONNECTION THERewith, MAKING MODIFICATIONs TO STATUTORY PROVISIONS ESTABLISHING THE HOUSING INVESTMENT TRUST FUND, THE HOUSING DEVELOPMENT GRANT FUND, AND THE LOW-INCOME HOUSING TAX CREDIT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment. Capital letters indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.)
In connection with the existing housing investment trust fund, the bill:

- Changes the name of the fund from the home investment trust fund to the housing investment trust fund (trust fund);
- Expands the sources of moneys that may be used to support the trust fund to include any moneys made available by the general assembly, all moneys collected by the division of housing (division) for the purpose of the trust fund from federal grants and from contributions, other grants, gifts, bequests, and donations received from any other organization, entity, or individual, public or private, and any fees or interest earned on such moneys;
- Clarifies that the division is authorized and directed to solicit, accept, expend, and disburse all moneys collected for the trust fund from the various public and private sources identified in the bill for the purpose of making, not just loans as under existing law, but also loan guarantees, and for program administration. The bill specifies that any moneys in the trust fund at the end of any fiscal year do not revert to the general fund and that moneys in the trust fund are continuously appropriated to the division for the purposes specified in statute.
- Under current law, upon the approval of the state housing board, the division is authorized to make a loan from moneys in the trust fund to any local housing authority, public nonprofit corporation, or private nonprofit corporation for development or redevelopment costs incurred prior to the completion or occupancy of low- or moderate-income housing or for the rehabilitation of such housing. The bill deletes the enumeration of the entities entitled to borrow such moneys and also eliminates the requirement that such loan moneys may be used for development or redevelopment costs incurred prior to the occupancy of low- or moderate-income housing; and
- Permits the division to charge the borrower an origination fee for loans made from the trust fund. The fee must be used for direct and indirect costs associated with the administration of the trust fund.

In connection with the existing housing development grant fund (fund), the bill:

- Expands the permissible uses of moneys in the fund to include program administration;
- Strikes existing language authorizing the division to make a grant or loan from the fund to finance foreclosure prevention activities, which has been repealed effective
June 30, 2011;

! Eliminates the requirement that the borrower is required to seek replacement loans or funding no later than 180 days from the date of the loan; and

! Under current law, not more than $250,000 may be appropriated from the general fund in any one state fiscal year for any uses not related to construction grants or loans. The bill changes this requirement so that not more than 20% of the balance of moneys in the fund calculated as of July 1 of any state fiscal year may be appropriated from the general fund in any one state fiscal year for any housing-connected uses not related to construction grants or loans.

The bill also deletes obsolete language in existing statutory provisions governing the 2 funds.

In connection with the existing state low-income housing tax credit, the bill adds as a requirement for establishment of the credit that, where the qualified development contains 100 or more total residential units, at least 10% of the residential units in the development must be occupied by qualified residents. Where the qualified development contains less than 100 total residential units, not less than 15% of the total number of residential units in the development must be occupied by qualified residents. "Qualified resident" means an occupant of a residential unit in a qualified development whose household income is not more than 30% of the adjusted median income of the area in which the qualified development is located.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-32-717, amend (1), (2), and (3); and add (3.5) as follows:

24-32-717. Housing investment trust fund - loans - definitions.

(1) (a) For the purpose of meeting the federal matching fund requirements of Title II of the federal "National Housing Act", The division shall establish a home HOUSING investment trust fund, which shall be created and administered pursuant to the provisions of 24 CFR part 92, as may be amended from time to time REFERRED TO IN THIS SECTION AS THE "TRUST FUND". The division shall pay into such THE
TRUST fund any moneys made available by the state or federal government GENERAL ASSEMBLY, ALL MONEYS COLLECTED BY THE DIVISION FOR PURPOSES OF THIS SECTION FROM FEDERAL GRANTS AND FROM OTHER CONTRIBUTIONS, GIFTS, GRANTS, AND DONATIONS RECEIVED FROM ANY OTHER ORGANIZATION, ENTITY, OR INDIVIDUAL, PUBLIC OR PRIVATE, AND FROM ANY FEES OR INTEREST EARNED ON SUCH MONEYS, WHICH MONEYS THE DIVISION IS HEREBY AUTHORIZED AND DIRECTED TO SOLICIT, ACCEPT, EXPEND, AND DISBURSE for the purpose of making loans OR LOAN GUARANTEES AND FOR PROGRAM ADMINISTRATION as provided in this section. Any moneys in such THE TRUST fund at the end of any fiscal year shall DO not revert to the general fund. THE MONEYS IN THE TRUST FUND ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE DIVISION FOR THE PURPOSES SPECIFIED IN THIS SECTION.

(b) Notwithstanding any provision of paragraph (a) of this subsection (1) to the contrary, on June 1, 2009, the state treasurer shall deduct one million two hundred eighty-four thousand dollars from the home investment trust fund and transfer such sum to the general fund.

(2) Upon the approval of the board, the division may make a loan from moneys in the home investment trust fund to any local housing authority, public nonprofit corporation, or private nonprofit corporation for development or redevelopment costs incurred prior to the completion or occupancy of low- or moderate-income housing or for the rehabilitation of such housing. The interest rate on such loan shall be determined by the board and set forth in the loan agreement signed by the applicant. In conjunction with the making of such loan, the division shall require the borrower to furnish collateral security in such amounts and in such form as the division shall determine to be necessary to assure the
payment of such loan and the interest thereon as the same become due.

The loan shall be subject to the terms and conditions imposed by the
division and shall be repaid within the time and in the manner specified
by the division in the loan agreement.

(3) As principal and interest payments are received by the division
from the borrower, such moneys shall be deposited in the home
investment trust fund.

(3.5) THE DIVISION MAY CHARGE THE BORROWER AN ORIGINATION
fee for loans made from the trust fund. The fee must be used for
direct and indirect costs associated with the administration of
the trust fund.

SECTION 2. In Colorado Revised Statutes, amend 24-32-721 as
follows:

24-32-721. Colorado affordable housing construction grants
and loans - housing development grant fund - creation. (1) There is
hereby created in the state treasury the housing development grant fund,
which fund shall be administered by the division and is referred to in this
section as the "fund". The fund shall consist of moneys appropriated to
the Colorado affordable housing construction grants and loan fund by the
general assembly, all moneys collected by the division for purposes of
this section from federal grants, and other contributions, grants, gifts,
bequests, and donations received from other governmental entities,
individuals, private organizations, or foundations and any interest
earnings on such moneys, which moneys
FROM OTHER CONTRIBUTIONS,
GIFTS, GRANTS, AND DONATIONS RECEIVED FROM ANY OTHER
ORGANIZATION, ENTITY, OR INDIVIDUAL, PUBLIC OR PRIVATE, AND FROM
ANY FEES OR INTEREST EARNED ON SUCH MONEYS. The division is hereby
authorized and directed to solicit, accept, expend, and disburse all moneys collected for the fund from the sources specified in this subsection (1) for the purpose of making grants or loans and for program administration as provided in this section. All such moneys shall be transmitted to the state treasurer to be credited to the fund. The moneys in the fund are hereby continuously appropriated to the division for the purposes of this section. The moneys in the fund may be expended for the purpose of funding activities initiated during the 2008-09 current state fiscal year that are to be completed in subsequent state fiscal years.

(2) (a) Upon the approval of the board, the division may make a grant or loan from moneys in the fund to improve, preserve, or expand the supply of affordable housing and to finance foreclosure prevention activities in Colorado as well as to fund the acquisition of housing and economic data necessary to advise the board on local housing conditions.

(b) In the case of any loan made from moneys in the fund for which the division is the primary lender, the borrower shall be required to seek replacement loans or funding no later than one hundred eighty days from the date of the loan.

(c) The authorization granted to the division in paragraph (a) of this subsection (2) to make a grant or loan from moneys in the fund to finance foreclosure prevention activities in the state is repealed, effective June 30, 2011.

(3) (a) Any moneys in the fund not expended or encumbered from any appropriation at the end of any fiscal year, including interest earned on the investment or deposit of moneys in the fund, shall remain in the fund and shall not revert to the general fund or any other fund and shall

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remain available for expenditure by the division in the next fiscal year for
the purposes specified in subsection (2) of this section without further
appropriation.

(b) Notwithstanding any other provision of this section, not more
than two hundred fifty thousand dollars TWENTY PERCENT OF THE
balance of moneys in the fund calculated as of July 1 of any
state fiscal year may be appropriated from the general fund pursuant
to this section in any one state fiscal year for any HOUSING-CONNECTED
uses not related to construction grants or loans.

SECTION 3. In Colorado Revised Statutes, 39-22-2101, add
(10.5) as follows:

39-22-2101. Definitions. As used in this part 21, unless the
case otherwise requires:

(10.5) "QUALIFIED RESIDENT" MEANS AN OCCUPANT OF A
RESIDENTIAL UNIT IN A QUALIFIED DEVELOPMENT WHOSE HOUSEHOLD
INCOME IS NOT MORE THAN THIRTY PERCENT OF THE ADJUSTED MEDIAN
INCOME OF THE AREA IN WHICH THE QUALIFIED DEVELOPMENT IS LOCATED
BASED UPON THE MOST RECENT DETERMINATION BY THE UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

SECTION 4. In Colorado Revised Statutes, 39-22-2102, amend
(2) as follows:

39-22-2102. Credit against tax - low-income housing
developments. (2) The authority may allocate a credit to an owner of a
qualified development by issuing to the owner an allocation certificate.
The authority may determine the time at which such allocation certificate
is issued. The credit shall be in an amount determined by the authority,
subject to the following guidelines:
(a) The credit shall be necessary for the financial feasibility of such development;
(b) In no event shall a credit exceed thirty percent of the qualified basis of the qualified development;
(c) All allocations shall be made pursuant to the qualified allocation plan; and
(d) The aggregate sum of credits allocated annually shall not exceed the limits set forth in subsection (7) of this section; AND
(e) For a credit claimed for an income tax year commencing on or after January 1, 2013, where the qualified development contains one hundred or more total residential units, at least ten percent of the residential units in the development must be occupied by qualified residents. Where the qualified development contains less than one hundred total residential units, not less than fifteen percent of the total number of residential units in the development must be occupied by qualified residents.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.