



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

<b>Drafting Number:</b>	LLS 21-1023	<b>Date:</b>	August 17, 2021
<b>Prime Sponsors:</b>	Rep. Gonzales-Gutierrez; Woodrow Sen. Holbert; Gonzales	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** ARPA MONEY TO INVEST AFFORDABLE HOUSING

<b>Summary of Fiscal Impact:</b>	<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 allocates federal American Rescue Plan Act funding for programs or services that address housing insecurity, lack of affordable housing, or homelessness resulting from the COVID-19 pandemic. It makes a one-time transfer of federal funds and increases state revenue and expenditures from FY 2021-22 through FY 2026-27.

**Appropriation Summary:** For FY 2021-22, the bill includes appropriations of \$100.2 million to multiple state agencies.

**Fiscal Note Status:** The fiscal note reflects the enacted bill.

**Table 1  
State Fiscal Impacts Under HB 21-1329**

		Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>		-	-
<b>Expenditures</b>	Affordable Housing & Home Ownership Cash Fund	\$100,071,958	-
	Centrally Appropriated	\$3,220	
	<b>Total Expenditures</b>	\$100,075,178	
	<b>Total FTE</b>	<b>0.2 FTE</b>	
<b>Transfers<sup>1</sup></b>	American Rescue Plan Act Cash Fund	(\$550,000,000)	-
	Affordable Housing & Home Ownership Cash Fund	\$550,000,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>TABOR Refund</b>		-	-

<sup>1</sup> This transfer will likely occur in FY 2020-21, but the exact timing will depend on when the bill is becomes law. It is shown in FY 2021-22 in Table 1 for informational purposes.

## **Summary of Legislation**

The bill creates the Affordable Housing and Home Ownership Cash Fund to provide assistance to households or populations disproportionately impacted by the COVID-19 public health emergency and to support programs or services that address housing insecurity, lack of affordable housing, or homelessness. Money in the fund may be transferred or appropriated to principal departments or the Judicial Department and used for purposes permitted under the federal American Rescue Plan Act of 2021 and not for any purposes prohibited by the act. The bill transfers \$550.0 million from the American Rescue Plan Act Cash Fund to the newly created Affordable Housing and Home Ownership Cash Fund. The fund is repealed on July 1, 2027.

The bill appropriates \$98.5 million to the Division of Housing in the Department of Local Affairs to provide gap financing to assist persons disproportionately impacted by the COVID-19 public health emergency to obtain affordable housing. The division may use up to 3.0 percent of any money appropriated or transferred to it to cover its administrative costs.

The bill appropriates \$1.5 million to the Judicial Department for the Eviction Legal Defense Fund Grant Program to provide legal representation to indigent tenants for an eviction or impending eviction related to the COVID-19 public health emergency. Funds not spent or encumbered by June 30, 2022, revert back to the Affordable Housing and Home Ownership Cash Fund.

The Executive Committee of the Legislative Council must create, by resolution, a task force to meet during the 2021 interim to issue a report to the General Assembly and the Governor on policies to create transformative change in the area of housing. The Executive Committee must hire a facilitator to guide the work of the task force.

## **State Revenue**

The bill will increase revenue from principal and interest payments received by the Division of Housing from loans originated using funds from the Affordable Housing and Home Ownership Cash Fund. Revenue will be deposited into the Housing Investment Trust Fund and has not been estimated. The revenue is subject to TABOR.

## **State Transfers**

Within 3 days of the bill's effective date, the bill requires the transfer of \$550.0 million from the "American Rescue Plan Act" Cash Fund to the Affordable Housing and Home Ownership Cash Fund and \$1.5 million from the Affordable Housing and Home Ownership Cash Fund to the Eviction Legal Defense Fund. These transfers are assumed to occur in FY 2020-21.

**State Expenditures**

The bill increases state expenditures in FY 2021-22 by \$100.1 million, as shown in Table 2 and described below. The bill also increases the money available to spend from the Affordable Housing and Home Ownership Cash Fund. It is assumed that additional expenditures will be specified in other bills or through the annual budget process, and have not been estimated in this fiscal note.

**Table 2  
Expenditures Under HB 21-1329**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Local Affairs</b>		
Affordable Housing Assistance	\$98,500,000	-
<b>Department of Local Affairs Subtotal</b>	<b>\$98,500,000</b>	<b>-</b>
<b>Judicial Department</b>		
Indigent Legal Assistance	\$1,500,000	-
<b>Judicial Department Subtotal</b>	<b>\$1,500,000</b>	<b>-</b>
<b>Legislative Department</b>		
Personal Services	\$13,488	-
Legislator Reimbursements	\$8,470	-
Facilitator	\$150,000	-
Centrally Appropriated Costs <sup>1</sup>	\$3,220	-
FTE – Personal Services	0.2 FTE	-
<b>Legislature Subtotal</b>	<b>\$75,178</b>	<b>-</b>
<b>Total</b>	<b>\$100,075,178</b>	<b>-</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>-</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Task Force Administration.** Legislative Council Staff requires 0.2 FTE to staff the task force, perform research, manage remote participation, and write the report.

**Task Force Membership.** Reimbursement for legislative committee members assumes six meetings with a per diem of \$111.28 and \$124.00 travel for six members, resulting in a total cost of \$8,470.

**Task Force Facilitator:** The Executive Committee is required to hire a facilitator to guide the work of the task force. These services are estimated to cost \$50,000 for FY 2021-22.

**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 \$3,220 for FY 2021-22.

**TABOR refunds.** The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

**Federal ARPA funds.** This bill increases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

## Effective Date

The bill was signed into law by the Governor and took effect on June 25, 2021.

## State Appropriations

For FY 2021-22, the bill includes an appropriation of \$98.5 million to the Department of Local Affairs and \$1.5 million to the Judicial Department from the Eviction Legal Defense Fund. The fiscal note estimates that the bill requires an appropriation of \$71,958 and 0.2 FTE to the Legislative Department from the Affordable Housing and Home Ownership Cash Fund. The bill includes an appropriation of \$200,000 to the department from the fund.

## State and Local Government Contacts

Legislative Council Staff