



November 8, 2022 General Election

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| Ballot Issue: | Proposition #123 (State Housing Fund) |
| Ballot Question | <p><i>“Shall there be a change to the Colorado Revised Statutes concerning statewide funding for additional affordable housing, and, in connection therewith, dedicating state revenues collected from an existing tax of one-tenth of one percent on federal taxable income of every individual, estate, trust, and corporation, as defined in law, for affordable housing and exempting the dedicated revenues from the constitutional limitation on state fiscal year spending; allocating 60% of the dedicated revenues to affordable housing financing programs that will reduce rents, purchase land for affordable housing development, and build assets for renters; allocating 40% of the dedicated revenues to programs that support affordable home ownership, serve persons experiencing homelessness, and support local planning capacity; requiring local governments that seek additional affordable housing funding to expedite development approvals for affordable housing projects and commit to increasing the number of affordable housing units by 3% annually; and specifying that the dedicated revenues shall not supplant existing appropriations for affordable housing programs?”</i></p> <p>Full text of the Proposition can be found here.</p> |
| Timeline | <ul style="list-style-type: none"> • Vilan Odekar and Luke Teater filed the initiative on April 8, 2022. Ballot language was given for the measure on April 21, 2022. • The initiative was cleared for signature gathering on May 13, 2022, with petitions due by August 8, 2022. • Proponents submitted 230,748 signatures for the measure on August 4, 2022. • On August 19, 2022, the Colorado Secretary of State's office announced that the initiative qualified for the ballot. Through random sample verification, 149,072 were projected to be valid. |
| Chamber Position | <p>Support.</p> <p>Housing affordability poses a significant threat to economic vitality within Northern Colorado and across the state. Proposed structure and use of the fund provides an efficient and effective mechanism to address both needs and root causes of housing instability.</p> |
| Some Basics | <p>The proposition would create the State Affordable Housing Fund (SAHF) and dedicate one-tenth of one percent (0.01%) of state income tax revenue to fund <i>affordable housing</i> programs and projects. The proposition would create the Affordable Housing Support Fund to receive 40% of funds in the SAHF and the Affordable Housing Financing Fund to receive 60% of funds in the SAHF (collectively referred to as the “Fund”).</p> |

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| | <p>Under the proposition, <i>affordable housing</i> would be defined as rental housing that is "affordable to a household with an annual income of at or below 60% of the area median income, and that costs the household less than 30% of its monthly income," and "for-sale housing that could be purchased by a household with an annual income of at or below 100% of the area median income, for which the mortgage payment costs the household less than 30% of its monthly income."</p> <p>Funds would be used to:</p> <ul style="list-style-type: none"> • provide grants to local governments and loans to nonprofit organizations to acquire and maintain land for the development of affordable housing; • create an <i>affordable housing equity program</i> to make equity investments in multi-family rental units to ensure that rent is no more than 30% of a household's income; • create a concessionary debt program to provide debt financing for low- and middle-income multi-family rental developments and existing affordable housing projects; • create an <i>affordable home ownership program</i> providing down-payment assistance for homebuyers meeting certain income requirements (120% AMI); • create a grant program for local governments to increase capacity to process land use, permitting, and zoning applications for housing projects; and • create a program to provide rental assistance, housing vouchers, and other case management for persons experiencing homelessness <p>The Colorado Taxpayer's Bill of Rights (TABOR) requires voter approval for all new taxes, tax rate increases, extensions of expiring taxes, mill levy increases, valuation for property assessment increases, or tax policy changes resulting in increased tax revenue. TABOR limits the amount of money the state of Colorado can take in and spend. It limits the annual increase for some state revenue to inflation plus the percentage change in state population. Any money collected above this limit is refunded to taxpayers unless the voters allow the state to spend it.</p> <p>For fiscal year 2022-23, \$135 million was estimated to be allocated to the State Affordable Housing Fund. For the first full fiscal year, FY 2023-24, the Colorado Legislative Council Staff estimated that \$270 million would be transferred from the state general fund to the State Affordable Housing Fund.</p> <p>The proposition would authorize the state to retain and spend these funds as a voter-approved revenue change above the state's TABOR limits, which it would otherwise be required to refund to taxpayers.</p> |
| <p>Arguments in support of the proposal</p> | <ul style="list-style-type: none"> • There has never been a dedicated source of funding for housing development and related initiatives at the State level. This has led to inconsistent and tightly controlled investment through federal programs. • The two proposed funds provide support for an array of services, housing developments, regulatory reform incentives and resident support across the spectrum of need from homelessness to home ownership. • Fund implementation does not necessarily require expansion of bureaucracy as |

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| | <p>the Colorado Office of Economic Development is tasked with identifying up to two fund administrators that reside outside that department, which may include non-governmental entities.</p> |
| Arguments against the proposal | <ul style="list-style-type: none"> • Dedicating a portion of state income tax revenue effectively shields those funds from TABOR limitations. This would reduce potential excess revenue in future years. • Local control is diminished as communities must demonstrate a commitment to increase affordable housing inventory and expedite the development review process for eligible projects in order to benefit from lending and investment activity of the Fund. |
| Other Considerations | <p>Through the Office of Economic Development, the State will select an Administrator of the two funds created under the proposal. The Administrator may be a political subdivision created by the Office, though the Office may select a qualified third party at its discretion.</p> <p>The Fund is allowed to make equity investments into multifamily rental properties that provide permanent affordability to households at or below 90% of area median income. Residents who reside at such property for a minimum of 12 months would become eligible to benefit (pro rata) from any appreciation in the value of the property in the form of down payment assistance to purchase a home.</p> <p>Local governments wishing to receive benefits of the Fund, directly or through third-party activities supported by the Fund, must file a 3-year commitment to increasing the overall inventory of affordable housing options within its jurisdiction by 3% annually <i>and</i> develop a process for fast-tracking affordable housing development proposals. Communities that fail to achieve these objectives are deemed ineligible for further investment through the following calendar year.</p> |
| Where We Stand | <ul style="list-style-type: none"> • All citizens should have access to safe, adequate housing opportunities that are affordable according to their income level, physical needs and lifestyle. • The community is best served when a diverse housing stock exists and the Chamber supports a market-driven approach to fulfilling the needs of the community, free of mandated or overly prescriptive regulation. • The lack of attainable housing stock in the region is limiting the ability for income earners to live in the City. This has numerous consequences including: traffic congestion, lack of qualified (and willing) employees to fill service-level jobs and air quality concerns. • Local land use regulations and processes should be streamlined where possible to reduce housing cost and remove barriers to creative affordable housing strategies. • There should be a limitation of local ordinances that mandate an inclusionary zoning requirement as a contingency for project approval as such mandates ultimately shift the subsidy to all others. The Chamber supports an incentive-based approach to affordable housing that would include higher capacity, easing of certain design standards, expedited review and subsidized sale pricing of land |

bank properties for development of “For-Sale” residential development, without any option for payment in lieu.

The Chamber supports the concept of ‘housing first’, whereby scarce resources are focused upon the rapid re-housing of transitional and episodic individuals and families supplemented by supportive services that effectively address the triggering conditions. This approach not only seeks to benefit the person and/or family, but also minimize the significant functional and financial impacts to schools, police, fire, correctional system and healthcare providers that too often serve as default service providers. The Chamber further supports initiatives to prepare and train homeless individuals to re-enter the work force.