



Affordable Housing Crisis in Colorado

HB19-1322 Fact Sheet

Sponsors: Representatives Roberts and Will; Senators Moreno and Coram

Proposal to Increase Funding for Affordable Housing

- The bill appropriates **\$40 million** of the unused funds in Colorado's Unclaimed Property Trust Fund for **seven years**. The bill ensures **all claims** will always be paid, protects existing uses of the fund, and assures there would always be an **excess** reserve cushion in the event of unexpected claims or a decline in deposits.
- Transfers from the fund would be suspended when TABOR revenues exceed the revenue limit by more than the amount of the Senior and Disabled Veterans Homestead Property Tax Exemption.
- HB19-1322 reflects discussions of a **broad group of stakeholders from urban and rural areas** convened by Democrats and Republicans in the House and Senate that identified the needs in their communities.
- The funds would support grants and loans for the following purposes:
 - Homeownership in rural areas for income up to 120% of the area median income
 - Home modification and rehabilitation
 - Mobile home repair and replacement
 - Land and infrastructure costs to support affordable rental and/or ownership housing developments
 - Funding for the development, acquisition, and rehabilitation of affordable rental housing
- Rental assistance programs that benefit the following populations:
 - Homeless families with children in school
 - Medicaid clients in nursing homes who can live in their communities with in-home services
 - Family unification and related programs that reduce intergenerational poverty
 - Homeless or disabled veterans
 - Households with annual income at or below 60% of the area median income
 - Survivors of domestic violence

Owning or renting a home is out of reach for many

- Since 2011 housing costs have risen by more than 40% while wages have risen by just 11%.
- Average HUD calculated Fair Market Rent for a two-bedroom apartment in the Front Range metropolitan areas is just under \$1,500/month. A household **must earn over \$60,000 annually** or almost \$30/hour to afford this rent. The estimated average wage for a renter is \$17.59/hour.
- Outside the metropolitan area, the average rent for a two-bedroom apartment is \$976/month. To make this affordable, a household **must earn an hourly wage of \$18.77/hour (or \$40,000 annually)**. The estimated average wage for a renter in non-metro areas of the state is about \$13/hour—well below the hourly wage needed to afford the rent on a two-bedroom apartment.

The market is not building homes that are affordable to many Coloradans

- As of the most recent HUD data, **275,000 Colorado households were spending more than half their income** on their mortgage or rent. This includes over 162,000 renters.
- Over **6000 households on the Eastern Plains, 9000 households in the Central Mountains and 32,000 on the Western Slope** are weighed down by the cost of housing.

Percent of Colorado renters and home owners spending 50% or more of income on housing by region

| | Front Range | Eastern Plains | Central Mountains | Western Slope |
|-------------------|-------------|----------------|-------------------|---------------|
| Less than 30% AMI | 67% | 55% | 54% | 62% |
| 31% to 50% AMI | 33% | 17% | 26% | 36% |
| 51% to 80% AMI | 12% | 6% | 9% | 16% |
| 81% to 100% AMI | 4% | 3% | 3% | 7% |

Source: HUD CHAS data based on 2010-2014 American Community Survey

Healthy Economy Requires a Healthy Housing Market

- **Thriving communities have a range of housing options for people across the income spectrum.** These communities are more appealing to businesses looking to relocate and to families looking to put down roots. Home construction provides an economic boost for communities.
- **More affordable housing options in rural Colorado would help attract teachers and health care professionals.**
- **Affordable housing supports the larger economy.** If housing were more affordable for the thousands of Coloradans paying more than 30 percent of their income on housing, there would be a \$2 billion boost in spending on food, clothing, health care, recreation and other household expenditures. This spending could support local businesses and contribute \$89 million in additional sales tax for important public services.

Housing that is Affordable Provides a Platform for Long-Term Stability

- **Reduces housing instability, and homelessness** - - Families that can afford their housing costs are more stable, their children do better in school, and they can save for emergencies, education and retirement.
- **Reduces poverty and the impact of poverty on children** - - Reducing the rent burden in low-income families frees up more resources for children and results in better outcomes.
- **Reduces health care and other public services costs** - - The provision of affordable housing decreases Medicaid expenditures and use of emergency services and increases use of primary care to improve health. The health impacts of stabilizing housing also improve mental health.

Availability of Unclaimed Property Funds for Housing

The Unclaimed Property Trust Fund (UPTF) holds money and other property that has been turned over the Treasurer to keep until the owner claims it.

Revenue and claims paid during the past 10 years are as follows:

| Year | Revenue | | Payments | | Net revenue after claims paid |
|----------------|-----------------------|--------------------|-----------------------|------------------------------|-------------------------------|
| 2008 | \$ 65,256,232 | | -\$22,814,000 | | \$42,442,232 |
| 2009 | \$ 56,526,108 | | -\$24,714,000 | | \$31,812,108 |
| 2010 | \$ 56,233,687 | | -\$24,321,000 | | \$31,912,687 |
| 2011 | \$ 55,053,483 | | -\$22,061,000 | | \$32,992,483 |
| 2012 | \$ 65,107,876 | | -\$28,128,000 | | \$36,979,876 |
| 2013 | \$ 74,558,294 | | -\$21,390,000 | | \$53,168,294 |
| 2014 | \$ 72,713,976 | | -\$26,484,000 | | \$46,229,976 |
| 2015 | \$ 70,959,211 | | -\$29,842,000 | | \$41,117,211 |
| 2016 | \$ 82,557,425 | | -\$26,834,000 | | \$55,723,425 |
| 2017 | \$ 89,753,804 | | -\$21,509,000 | | \$68,244,804 |
| Revenue | \$ 688,720,096 | Claims Paid | -\$248,097,000 | Revenue net of Claims | \$440,623,096 |

Current data from the Treasurer’s office is as follows:

| UNCLAIMED PROPERTY TRUST FUND (\$ MILLIONS) | | | | | | | |
|---|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | FY13-14 Actual | FY14-15 Actual | FY15-16 Actual | FY16-17 Actual | FY17-18 Actual | FY18-19 Estim |
| Beginning net assets | | \$124.5 | \$168.0 | \$189.0 | \$170.7 | \$238.8 | \$292.1 |
| Net revenue (after claims paid) | | \$46.2 | \$41.1 | \$55.7 | \$68.3 | \$84.5 | \$61.6 |
| Interest/Misc. income | | \$1.5 | \$2.0 | \$1.9 | \$2.3 | \$4.7 | \$5.0 |
| | GROSS REVENUE | \$47.7 | \$43.1 | \$57.6 | \$70.6 | \$89.2 | \$66.6 |
| UP operating expenses | | -\$2.6 | -\$2.5 | -\$2.6 | -\$2.5 | -\$3.5 | -\$2.3 |
| Transfers from CoverColorado | | \$15.0 | n/a | n/a | n/a | n/a | n/a |
| Transfer to Health Benefit Exchange | | -\$15.0 | n/a | n/a | n/a | n/a | n/a |
| Transfer to Adult Dental Fund (SB13- | | -\$1.6 | -\$19.6 | -\$30.5 | \$0.0 | -\$32.4 | -\$17.4 |
| Transfer to Adult Dental Fund (HB16- | | n/a | n/a | -\$34.8 | n/a | n/a | n/a |
| Transfer to General Fund (HB16-140) | | n/a | n/a | -\$8.0 | n/a | n/a | n/a |
| | TOTAL EXPENSE | -\$4.2 | -\$22.1 | -\$75.9 | -\$2.5 | -\$35.9 | -\$19.7 |
| End Total Fund Balance | | \$168.0 | \$189.0 | \$170.7 | \$238.8 | \$292.1 | \$339.0 |
| | REQUIRED RESE | -\$106.5 | -\$109.9 | -\$115.6 | -\$125.0 | -\$141.9 | -\$156.1 |
| Available Fund Balance | | \$61.5 | \$79.1 | \$55.1 | \$113.8 | \$150.2 | \$182.9 |

The fund maintains a reserve to assure there will always be sufficient funds to pay claims. The Required Reserve for FY2018-19 is \$156,100,000. This is the amount that would be required to pay all claims for the next 20 years. **In FY2018-19 the fund is projected to have \$183,000,000 more than is needed to pay expenses and protect the reserve.**ⁱ

HB19-1322 proposes using the lesser of \$40,000,000 per year or 50% of the “Available Fund Balance.” In years when TABOR revenues exceed the revenue cap, transfers would be suspended.

In 2018, the JBC analyst projected fund deposits, claims paid and expenses by applying historic rates of increase.

**JBC Analyst Projected Fund balances
5-year period**

| Year | Projected Revenue | Projected Claim Payout | Adult Dental Expenses | Fund Operating Expenses | Interest & Misc. Income | Fund Balance |
|------|-------------------|------------------------|-----------------------|-------------------------|-------------------------|---------------|
| 2018 | | | \$33,000,000 | \$2,400,000 | \$1,996,434 | \$238,830,000 |
| 2019 | \$94,270,510 | \$24,810,000 | \$33,660,000 | \$2,448,000 | \$2,134,188 | \$274,316,698 |
| 2020 | \$99,162,103 | \$25,554,300 | \$34,333,200 | \$2,496,960 | \$2,281,447 | \$313,375,787 |
| 2021 | \$104,459,697 | \$26,320,929 | \$35,019,864 | \$2,546,899 | \$2,438,867 | \$356,386,659 |
| 2022 | \$110,196,993 | \$27,110,557 | \$35,720,261 | \$2,597,837 | \$2,607,149 | \$403,762,145 |
| 2023 | \$116,410,483 | \$27,923,874 | \$36,434,667 | \$2,649,794 | \$2,787,042 | \$455,951,336 |

The chart below shows the **effect on the Fund Balance of withdrawing housing funds**, which demonstrates that appropriating those funds would not threaten the Required Reserve.

| Year | Projected Revenue | Projected Claim Payout | Adult Dental Expenses | Fund Operating Expenses | Interest & Misc. Income | Fund Balance* | Housing Funds | Fund Balance after Housing Funds |
|------|-------------------|------------------------|-----------------------|-------------------------|-------------------------|---------------|----------------|----------------------------------|
| 2018 | | | \$33,000,000 | \$2,400,000 | \$1,996,434 | \$238,830,000 | | |
| 2019 | \$94,270,510 | (\$24,810,000) | (\$33,660,000) | (\$2,448,000) | \$2,134,188 | \$274,316,698 | (\$40,000,000) | \$234,316,698 |
| 2020 | \$99,162,103 | (\$25,554,300) | (\$34,333,200) | (\$2,496,960) | \$2,281,447 | \$273,375,788 | (\$40,000,000) | \$233,375,788 |
| 2021 | \$104,459,697 | (\$26,320,929) | (\$35,019,864) | (\$2,546,899) | \$2,438,867 | \$276,386,660 | (\$40,000,000) | \$236,386,660 |
| 2022 | \$110,196,993 | (\$27,110,557) | (\$35,720,261) | (\$2,597,837) | \$2,607,149 | \$283,762,147 | (\$40,000,000) | \$243,762,147 |
| 2023 | \$116,410,483 | (\$27,923,874) | (\$36,434,667) | (\$2,649,794) | \$2,787,042 | \$295,951,337 | (\$40,000,000) | \$255,951,337 |

*Fund Balance reduced by cumulative amount of Housing Funds appropriation



COLORADO CENTER
on LAW & POLICY

SUPPORT FOR HB19-1322

Urban Land Conservancy

Elevation Community Land Trust

Enterprise Community Partners

Colorado Municipal League

Colorado Apartment Association

Habitat for Humanity of Colorado

Boulder Housing Partners

Colorado Cross-Disability Coalition

Colorado Coalition for the Homeless

Violence Free Colorado (formerly CCADV)

Interfaith Alliance

Center for Health Progress

Colorado Senior Lobby

AARP Colorado

Colorado Bankers Association

The Denver Foundation

9to5 Colorado

City of Boulder

Denver Metro Fair Housing Center

Together Colorado

The Arc of Colorado

Good Business Colorado

Wells Fargo Bank

Colorado Association of Realtors

Counties and Commissioners Acting

Together (Gunnison, San Miguel, City and

County of Broomfield, Boulder, Clear

Creek, Gilpin, Grand, Eagle, Pitkin, San

Juan, Ouray, Jefferson, Routt, and Summit
Counties)



ⁱ Data shows that approximately 38% of the funds deposited in any year will be paid in claims over the next 20 years. Twenty years after funds are initially deposited, it is statistically unlikely the remaining 68% of funds will be claimed. Of the \$89,753,804 deposited in 2017, the Controller projects that \$29,417,008 will be paid between 2017 and 2037. The remaining \$60,336,796 will likely never be claimed. Hence, the balance in the fund will continue to grow.