



LEGISLATIVE ACTION REPORT MARCH 2022

Colorado's Investment in Affordable Housing

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**League of Women Voters of Colorado (LWVCO) Legislative Action Committee
March, 2022**

Colorado legislators have made affordable housing one of the state's funding priorities. In 2021, the Colorado legislature received \$3.8 billion as part of the American Rescue Plan Act (ARPA). Through HB21-1329 (American Rescue Plan Act Money to Invest Affordable Housing), the legislature appropriated \$550 million for affordable housing and created the Affordable Housing Transformational Task Force to make recommendations for spending \$400 million of those funds. The Task Force consisted of a bipartisan group of legislators and agency directors who worked on making recommendations through the second half of last year. The Task Force released their final report in January 2022. Lawmakers must allocate the funds by the end of 2024 and spend the funds by the end of 2026.

The Task Force was informed by a Subpanel of experts that met for many hours to determine priorities for spending recommendations that make transformational differences in affordable housing with this one-time funding. The Subpanel identified four general strategic priority areas for this funding:

- Expand capacity
- Stabilize existing affordable housing
- Strengthen the safety net
- Ensure equity and access

One notable topic that was discussed by the expert Subpanel is the importance of local government policies and practices on housing costs. Some of the bills that appropriate ARPA funding for affordable housing include preferences intended to incentivize local practices and policies that promote affordable housing. The Affordable Housing Guide for Local Officials published by the Department of Local Affairs (DOLA) states that:

"Local government's greatest impact on housing cost is in regulating land use and building standards. It is when a local government includes affordable housing in its long-term development plans that the community achieves the greatest gains in keeping housing affordable to its residents."

The expert Subpanel's specific funding recommendations were largely adopted by the Task Force and are reflected in the resulting legislation discussed below.

[HB22-1304](#) **State Grants Investments Local Affordable Housing**

SPONSORS: Reps. D. Roberts and M. Bradfield; Sens. J. Coleman and J. Gonzales

Support

This bipartisan bill provides \$178 million in grants for nonprofits and local governments to build and maintain affordable housing and to support infill infrastructure projects that support affordable housing in local communities across the state. The bill creates two grant programs:

- Affordable Housing Grant Program administered by the Division of Housing (DOH; \$150 million) o Preference to projects or programs that increase the supply of housing needed for the local workforce or persons with disabilities, are transit oriented, leverage public and private capital, or involve land purchases for affordable housing
- Strong Communities Grant Program administered by the Division of Local Government (DLG; \$28 million) o Preference to projects in localities that employ best practices in their local policies

[SB22-159](#) Revolving Loan Fund Invest Affordable Housing

SPONSORS: Sens. J. Bridges and R. Zenzinger; Reps. D. Ortiz and P. Will

Support

This bipartisan bill puts \$150 million into a revolving loan program within the Division of Housing to build a sustainable source of funding that leverages local and private funds for affordable housing projects and energy improvements. The loan program provides flexible, low-interest, and below-market rate loan funding to assist eligible recipients in completing the eligible loan projects identified in the bill. Loans can be used to develop and integrate housing-related infrastructure and provide gap financing for housing development. The Division may enter into a contract with a third-party entity to administer the loan program. The bill specifies eligibility requirements for the loan program.

[HB22-1282](#) The Innovative Housing Incentive Program

SPONSORS: Reps. K. Mullica and M. Lynch; Sens. J. Bridges and R. Woodward

Support

This bipartisan bill allocates \$40 million to encourage and support construction of innovative forms of affordable housing in Colorado, including modular, prefabricated, 3-D printed, kit homes, and manufactured homes. The bill creates the Innovative Housing Incentive Program within the Office of Economic Development. Funding may be awarded through grants for capital operating expenses and for incentives for units manufactured based on criteria established by the office, such as affordability, location where the unit is installed in the state, or meeting energy efficiency standards. Or funding may be awarded through loans for the purpose of funding a manufacturing factory.

[SB22-146](#) Middle Income Access Program Expansion

SPONSORS: Sens. R. Zenzinger and D. Hisey; Reps. M. Snyder and M. Catlin

Support

This bipartisan bill transfers \$25 million to the Department of Local Affairs (DOLA) for expansion of the Middle Income Access Program created and administered by the Colorado Housing and Finance Authority (CHFA). DOLA will contract with CHFA to administer the funds. This program serves middle income families and individuals with incomes too high to qualify for low income housing tax credits (LIHTC).

[SB22-160](#) Loan Program Resident-owned Communities

SPONSORS: Sens. J. Gonzales and N. Hinrichsen; Reps. A. Boesenecker and M. Lindsay

Support

This bill creates the Mobile Home Park Resident Empowerment Loan and Grant Program, a dedicated \$35 million revolving loan and grant program to assist mobile home owners or their assignees seeking to purchase their communities. The bill also provides funding for technical assistance to support residents in this process.

Why does Colorado need to invest in affordable housing?

According to the Task Force [final report](#), "Colorado saw a dramatic decrease (40%) in the number of homes built across the housing continuum between 2010 and 2020. This significant decrease has coincided with a population increase of 14.8% in the state, creating a situation where low supply and high demand have greatly driven up prices."

- In 2019, an estimated 315,000 households in Colorado paid over 50% of their income towards housing
- Colorado has a shortage of 225,000 housing units, plus another 100,000 units to accommodate new residents
- Colorado home prices have nearly doubled over the last decade
- Housing cost burdens are rising in middle-income housing, pushing people to live further and further away from their place of work
- The number of affordable homes for people making less than \$45,000/year has decreased by almost 300,000 units in the last decade
- A leading cause of homelessness is a lack of affordable housing; from 2020 to 2021 the number of people experiencing homelessness for the first time doubled in the Denver Metro area
- Black, Latinx, and Indigenous people are overrepresented in the homeless population; Black Coloradans make up 31% of the unhoused population but only 5.3% of the general population
- A [2021 Urban Institute study](#) in Denver reports that it costs about \$20,000 a year to provide supportive housing for a person who is experiencing homelessness, as compared to the \$30,000-50,000 it would cost to leave them unhoused and using emergency services such as jails, detox facilities, shelters, and emergency rooms

Why so Many Bills about Mobile Home Parks?

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League of Women Voters of Colorado (LWVCO) Legislative Action Committee
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There are several bills this legislative session that involve mobile home parks...why is that? More than 100,000 Coloradans live in more than 700 mobile home park communities throughout the state. Mobile homes are the largest source of naturally occurring, unsubsidized affordable housing, with the majority of residents being hard-working families, older adults, people with disabilities, immigrant families, and veterans. In Colorado, mobile-home households are more likely to be low income than general renters or homeowners. In 2019, the median annual household income of those living in mobile homes was \$39,800, which is substantially lower than the median income of renters (\$51,400) and homeowners (\$97,500). There are comparatively more persons with disabilities, older adults, and Hispanic or Latino persons living in mobile homes. (1)

Mobile home parks have unique landlord-renter relationships that don't exist in most other rental situations. Over 90% of mobile home parks are occupied by tenants who own their mobile home and rent the land (lot) underneath¹, leaving them vulnerable to unpredictable annual lot rent increases with little to no ability to move their home. Currently, there is no limit to how much a park owner can annually raise lot rents. To keep the home that they own, mobile home owners must stay in place. Hence, they are trapped because their

homes are either not moveable or moving is cost-prohibitive with few places to go. Fixed- and low-income home owners are being forced out by increasing lot rents, losing their homes, and facing displacement and homelessness.

With increasing land values in Colorado, the “mom and pop” park owners are rapidly being replaced by corporations and investment funds. NPR had a recent story about what’s happening with corporations buying up mobile home parks.

[How the government helps investors buy mobile home parks, raise rent and evict people](#) (December 18, 2021)

The NPR story explains that real estate investment corporations can buy a park at a very low interest rate, raise rents to increase the value of the park, refinance for more money based on the increased value, use the extra money to buy a new park, and the cycle starts again. Meanwhile, the park residents are being priced out by increasing lot rents and are being displaced. From 2003 to 2019, the average annual lot rent and fees for mobile homeowners increased by 71%, and in more densely populated areas average lot rents have increased by over 170%.¹ A Denver Post article described the business model of increasing lot rents at mobile home parks:

[Raise rent repeatedly, remove amenities: the core tenets of Colorado's Mobile Home University and the people who suffer](#) (September 5, 2021)

Currently, a park owner can change the land use of a park with 12 months’ notice (assuming the park’s local zoning allows a change of use). If a park owner pursues redevelopment of the park, mobile home owners are at risk of losing their homes and their investment. When a mobile home park closes, mobile home owners may be forced to abandon their homes and can find themselves pushed into poverty. Preservation and stabilization of mobile home parks is critical to save this important source of existing, unsubsidized affordable housing.

(1) Root Policy Research, 2021 (research compilation)

Existing Mobile Home Park Laws and 2022 Session Bills

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The Legislative Council Staff has an issue brief, titled [Regulation of Mobile Home Parks](#), that provides some background and discusses changes to the Mobile Home Park Act and creation of the Mobile Home Park Dispute Resolution and Enforcement Program resulting from 2019 legislation ([HB19-1309](#)). During the 2020 legislative session, [HB20-1196](#) (Mobile Home Park Act Updates) and [HB20-1201](#) (Mobile Home Park Residents Opportunity to Purchase) were passed to provide additional protections, clarifications and opportunities for mobile home owners. The Opportunity to Purchase Act gives homeowners in a mobile home park the opportunity to make an offer to buy their park if the owner anticipates selling it or changing the use of the land. This law sought to provide mobile homeowners with opportunities to earn equity and with other opportunities for financial advancement that are afforded traditional homeowners.

Now that these laws have been in effect for a couple of years, new challenges and gaps have appeared. Laws related to fees, harassment, retaliation, threats of eviction and resident protections have limited enforcement. There have been 20 mobile home parks sold without following the resident opportunity to

purchase law. Since the passage of the resident opportunity to purchase law, at least 43 mobile home parks have been sold, and only two of those parks have been purchased by residents. Mobile home residents have recognized the need for adequate time, funding, and protections to organize, coordinate, and secure funding to purchase their parks. They have expressed the need for more timely financing options that include grants and low-interest loans. Many of these issues are being addressed by the 2022 mobile home park bills described below.

[HB22-1287](#) Protections for Mobile Home Park Residents

SPONSORS: Reps. A. Boesenecker and E. Hooton; Sen. F. Winter

Support

This extensive bill is designed to preserve and stabilize mobile home parks, Colorado's largest source of unsubsidized affordable housing. Some of the main components of this large bill include:

- Expanding opportunities for residents to stay in their communities when their park goes up for sale, including allowing residents to assign their opportunity to purchase the park to a public entity that has a right of first refusal to purchase the park on their behalf
 - Allowing for relocation costs for mobile homeowners or fair market value home purchase in the event that a park owner changes the use of the park land
 - Establishing reasonable annual limits on lot rent increases while allowing for a fair return for park owners
 - Creating new avenues for complaints, enforcement, and investigation to keep park owners accountable
 - Ensuring that the majority of communications from landlords to residents is in both Spanish and English
- This bill's Mobile Home Park Residents Protection Act builds on existing protections. It is based on issues raised by residents and will further protect affordability, increase stability for residents, and ensure greater accountability for mobile home park owners. Learn more on the [Rights for Residents website](#).

[SB22-160](#) Loan Program Resident-owned Communities

SPONSORS: Sens. J. Gonzales and N. Hinrichsen; Reps. A. Boesenecker and M. Lindsay

Support

This bill creates a dedicated \$35 million revolving loan and grant program to assist mobile homeowners or their assignees seeking to purchase their communities. The bill also furnishes funding for technical assistance to support residents in this process. Currently, existing organizations dedicated to financing mobile home parks with the goal of providing affordable, cooperative housing do not have the capacity to finance every park that goes up for sale, especially with rising property values in Colorado. Historically, banks and other lending institutions have not provided low-interest loans to mobile homeowners to purchase their parks. The Mobile Home Park Resident Empowerment Loan and Grant Program created by this bill supports funding for mobile home park resident owned communities, which was one of the priority funding recommendations of the state's Affordable Housing Transformational Task Force.

[HB22-1223](#) Mobile Home Property Tax Sale Notice and Exemption

SPONSORS: Reps. C. Kipp and J. Rich; Sens. D. Coram and J. Ginal

Support

Beginning with property tax year 2022, this bipartisan bill creates a property tax exemption for mobile and manufactured homes with an actual value less than or equal to \$28,000. The bill also eliminates the requirement that a County Treasurer provide notice in a newspaper of the sale of a mobile home due to property taxes owed if a warrant has been delivered to the owner of the home or to his or her agent and the County Treasurer provides notice of the sale on the treasurer's website. The actual value of mobile homes can be much lower than other residential properties, and tax collection costs may exceed the total amount of taxes collected. This exemption has a minimal impact on local government revenues and the decrease in revenue to school districts may be backfilled by an increase in the state share of total program. The League

supports a progressive tax system, with a higher tax rate for those who have more and a lower tax rate for those who have less. By removing property taxes from those low-value mobile homes, this bill makes Colorado's tax code more progressive.

[HB22-1082](#) Establish Fair Housing Unit Department of Law

SPONSORS: Reps. E. Hooton and J. Bacon; Sen. J. Gonzales

Support

This bill creates the Fair Housing Unit within the Department of Law and expands the list of state laws for which the Attorney General may bring civil and criminal enforcement actions. The additional laws include:

- Immigrant Tenant Protection Act
- Mobile Home Park Act
- Mobile Home Park Act Dispute Resolution and Enforcement Program
- Part 1 (Wrongful Withholding of Security Deposits) and Part 7 (Notice of Rent Increase) of Article 12 of Title 38, and Section 38-12-904 (1)(b) (concerning criminal history criteria for denial of rental applications) governing tenants and landlords

No appropriation is required to fund the additional two FTE needed to staff this new unit; funding will come from the Mortgage Fraud Settlement Custodial Cash Fund. There is fewer than one legal aid attorney available for every 30,000 Coloradans experiencing poverty, and this lack of legal assistance leaves low-income Coloradans vulnerable as they seek stable and affordable housing. The League supports measures that ensure fair treatment under the law for all persons. By empowering the Colorado Attorney General to enforce critical housing laws, the Attorney General will be able to provide systematic protections for residents and provide system-wide support for residents and businesses.