

Be it Enacted by the People of the State of Colorado:

In Colorado Revised Statutes, add article 26.5 to title 29 as follows:

Article 26.5
Luxury Residential Real Property Fee

29-26.5-101. Legislative declaration. THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND AND DECLARE THAT:

(1) COLORADO HAS EXPERIENCED A DISPROPORTIONATE INCREASE IN MARKET VALUATIONS OF LUXURY RESIDENTIAL REAL PROPERTY IN COMMUNITIES THROUGHOUT THE STATE IN RECENT YEARS. THE DEMAND FOR LARGER AND MORE EXPENSIVE LUXURY PROPERTIES HAS NEGATIVELY IMPACTED THE PRODUCTION AND AVAILABILITY OF MORE AFFORDABLE SMALLER HOMES AND RENTAL PROPERTIES. WHILE MARKETS ARE SEEING THREE HUNDRED PERCENT INCREASES IN HOMES SOLD FOR ONE MILLION DOLLARS OR MORE, THERE WAS A FORTY-SEVEN PERCENT DECREASE IN HOMES SOLD FOR LESS THAN ONE MILLION DOLLARS BETWEEN 2021 AND 2022.

(2) THIS INCREASE HAS PLACED UPWARD PRESSURE ON ACTUAL VALUATIONS OF BOTH RESIDENTIAL AND NONRESIDENTIAL REAL PROPERTY AT ALL VALUATION LEVELS THROUGHOUT THE STATE. IT HAS ALSO INCREASED THE TAX BURDEN UPON OWNERS OF BOTH RESIDENTIAL AND NONRESIDENTIAL REAL PROPERTY.

(3) A SIGNIFICANT RESULT OF THIS UPWARD PRESSURE ON ACTUAL PROPERTY VALUATIONS HAS BEEN A CONTRACTION OF PROPERTY AVAILABLE FOR AFFORDABLE HOUSING FOR INDIVIDUALS AND FAMILIES WITH LIMITED INCOMES AND ECONOMIC RESOURCES WHO WISH TO LIVE AND WORK IN COMMUNITIES THROUGHOUT COLORADO; THESE INDIVIDUALS AND FAMILIES ARE ESSENTIAL TO THE ECONOMIC HEALTH OF LOCAL BUSINESSES AND COMMUNITIES THROUGHOUT THE STATE.

(4) COLORADO’S LOCAL COMMUNITIES GENERALLY DO NOT HAVE THE RESOURCES TO PROVIDE OR SUBSIDIZE THE PROVISION OF AFFORDABLE HOUSING IN SUFFICIENT QUANTITIES WITHIN THEIR COMMUNITIES TO COUNTER THE DISPLACEMENT AND REDUCTION IN AFFORDABLE HOUSING CAPACITY DIRECTLY ATTRIBUTABLE TO THE IMPACT OF LUXURY RESIDENTIAL REAL PROPERTY VALUATIONS ON THE COST OF REAL PROPERTY GENERALLY THROUGHOUT THEIR COMMUNITIES; EFFORTS TO ADDRESS THIS AFFORDABLE HOUSING DEFICIT THROUGH INCREASES IN RESIDENTIAL OR NONRESIDENTIAL REAL PROPERTY TAXES WOULD SERVE ONLY TO INCREASE THE TAX BURDEN ON PROPERTY OTHERWISE AVAILABLE FOR PROVISION OF AFFORDABLE HOUSING AND THUS FURTHER OBSTRUCT AND INCREASE THE COST OF PROVISION OF SUCH HOUSING.

(5) THE IMPACT OF LUXURY RESIDENTIAL REAL PROPERTY VALUATIONS IS NOT LIMITED TO THE LOCAL COMMUNITY WITHIN WHICH THAT PROPERTY IS LOCATED; RATHER, THE DISPLACEMENT OF AFFORDABLE HOUSING IN ONE COMMUNITY HAS THE EFFECT OF DRIVING THOSE IN NEED OF SUCH HOUSING INTO OTHER – PARTICULARLY NEIGHBORING – COMMUNITIES AND THEREBY INCREASING THE DEFICIT OF SUCH HOUSING ON A REGIONAL, AND ULTIMATELY STATEWIDE, BASIS.

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(6) REQUIRING OWNERS OF LUXURY RESIDENTIAL REAL PROPERTY TO PAY A FEE REFLECTIVE OF THE PROPORTIONATE IMPACT OF THEIR PROPERTY'S INCREMENTAL APPRAISED VALUATION UPON THE RESULTING DEFICIT OF AFFORDABLE HOUSING IN THEIR RESPECTIVE COMMUNITIES – AS WELL AS THE BENEFIT ENJOYED BY THEM THROUGH OWNERSHIP OF SUCH LUXURY RESIDENTIAL REAL PROPERTY – IS A FAIR AND EFFECTIVE WAY TO ADDRESS, AT LEAST IN PART, THE COMMUNITY, REGIONAL, AND STATEWIDE ECONOMIC AND SOCIAL IMPACTS OF THAT DEFICIT.

(7) IT IS INCUMBENT UPON THE STATE TO ADDRESS THIS SITUATION IN AN EQUITABLE AND RESPONSIBLE MANNER AND WITH CONSIDERATION OF THE IMPACTS OF AFFORDABLE HOUSING DEFICITS IN EACH LOCAL COMMUNITY UPON SUCH DEFICITS IN NEIGHBORING COMMUNITIES THROUGHOUT THE STATE; IT IS THUS APPROPRIATE THAT THE FEE ESTABLISHED IN THIS ARTICLE 26.5 BE ADMINISTERED AND APPLIED TO ADDRESS THE IMPACTS OF LUXURY RESIDENTIAL REAL PROPERTY VALUATIONS ON AFFORDABLE HOUSING DEFICITS ON A STATEWIDE BASIS.

29-26.5-102. Definitions. AS USED IN THIS ARTICLE 26.5, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "DIVISION" MEANS THE DIVISION OF HOUSING IN THE DEPARTMENT OF LOCAL AFFAIRS.

(2) "LUXURY RESIDENTIAL REAL PROPERTY" MEANS RESIDENTIAL REAL PROPERTY WITH ACTUAL VALUE, AS DETERMINED BY THE ASSESSOR AND THE ADMINISTRATOR IN THE MANNER PRESCRIBED BY LAW, OF AT LEAST TWO MILLION DOLLARS, ADJUSTED FOR INFLATION AS DETERMINED BY THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD AREA, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

29-26.5-103. Community Affordable Housing Fee. (1) A FEE IN THE AMOUNT OF 1.1 PERCENT OF THE AMOUNT BY WHICH THE APPRAISED ACTUAL VALUE, AS DETERMINED BY THE COUNTY ASSESSOR, OF EACH LUXURY RESIDENTIAL REAL PROPERTY IN THE STATE EXCEEDS THE BASELINE FOR THAT PROPERTY'S QUALIFICATION AS A "LUXURY RESIDENTIAL REAL PROPERTY" SHALL BE CHARGED TO AND PAID BY THE TITLE OWNER(S) OF SUCH PROPERTY ON AN ANNUAL BASIS. SUCH FEE SHALL BE ~~DETERMINED AND CHARGED COLLECTED~~ BY THE DIVISION AND REMITTED TO THE COLORADO AFFORDABLE HOUSING FUND IN THE ~~DEPARTMENT OF THE STATE~~ TREASURY PURSUANT TO RULES TO BE ESTABLISHED BY THE DIVISION IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

29-26.5-104. Colorado Affordable Housing Fund. (1) THERE IS HEREBY ESTABLISHED IN THE ~~DEPARTMENT OF THE STATE~~ TREASURY THE COLORADO AFFORDABLE HOUSING FUND.

(2) THE COLORADO AFFORDABLE HOUSING FUND SHALL RECEIVE AND HOLD ALL MONEY GENERATED BY FEES CHARGED TO AND PAID BY THE OWNER(S) OF LUXURY RESIDENTIAL REAL

PROPERTY PURSUANT TO SECTION 29-26.5-103, AND THE ADMINISTRATOR OF THE COLORADO AFFORDABLE HOUSING FUND SHALL DISSEMINATE SUCH FUNDS-MONEY AS DIRECTED PURSUANT TO SECTION 29-26.5-105.

29-26.5-105. Allocation of fees paid into Colorado Affordable Housing Fund. (1) ON AN ANNUAL BASIS, PURSUANT TO RULES TO BE ADOPTED BY THE DIVISION IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S., ALL MONEY GENERATED BY FEES PAID INTO THE COLORADO AFFORDABLE HOUSING FUND PURSUANT TO SECTION 29-26.5-103 SHALL BE DISSEMINATED AND DISBURSED BY THE DEPARTMENT OF THE TREASURY TO POLITICAL SUBDIVISIONS OF THE STATE FOR THE SPECIFIC AND EXCLUSIVE PURPOSE OF ADDRESSING SHORTAGES IN AND ENHANCING THE AVAILABILITY OF AFFORDABLE HOUSING ON AN EQUITABLE AND NEED-DRIVEN BASIS THROUGHOUT THE STATE.

(2) ALL FUNDS-MONEY DISSEMINATED AND DISBURSED FROM THE COLORADO AFFORDABLE HOUSING FUND AND RECEIVED BY POLITICAL SUBDIVISIONS OF THE STATE MAY BE USED ONLY FOR THE PURPOSE OF ADDRESSING SHORTAGES IN AND ENHANCING THE AVAILABILITY OF AFFORDABLE HOUSING WITHIN THE JURISDICTION OF EACH SUCH POLITICAL SUBDIVISION ACCORDING TO THE SPECIFIC CRITERIA AND DIRECTION TO BE PROVIDED BY THE DIVISION.

(3) THE GENERAL ASSEMBLY MAY SUPPLEMENT THE FEE-GENERATED FUNDS IN THE COLORADO AFFORDABLE HOUSING FUND BY APPROPRIATION ON AN ANNUAL BASIS FROM THE GENERAL FUND. THE AMOUNT OF ANY SUCH APPROPRIATION MAY BE DEPOSITED IN AND DISBURSED FROM THE COLORADO AFFORDABLE HOUSING FUND, ~~AND RECEIVED AND SPENT BY POLITICAL SUBDIVISIONS OF THE STATE FOR THE PURPOSES SPECIFIED IN SUBSECTION (2) OF THIS SECTION,~~ AS A VOTER APPROVED REVENUE CHANGE UNDER SECTION 20(7)(d) OF ARTICLE X OF THE STATE CONSTITUTION.

29-26.5-106. Effective date. THIS ARTICLE SHALL BE EFFECTIVE JANUARY 1, 2023~~;~~[;] EXCEPT THAT THE DIVISION SHALL COMPLETE ITS RULEMAKING AS SPECIFIED IN 29-26.5-105 ON OR BEFORE JANUARY 1, 2024, AND DISBURSEMENTS FROM THE COLORADO AFFORDABLE HOUSING FUND SHALL COMMENCE NO LATER THAN JUNE 1, 2024.