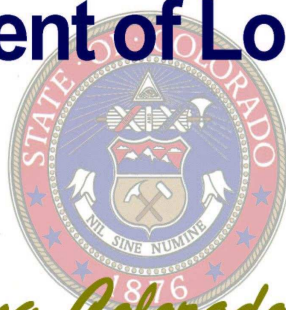

Department of Local Affairs



Strengthening Colorado Communities

Department Description FY2010-11

Department of Local Affairs



186.5 FTE \$370,824,534

\$11,889,613 GF \$258,645,041 CF \$6,108,376 RF \$93,374,504 FF

July 2009

BACKGROUND INFORMATION:

The Department of Local Affairs (DOLA) is an agency of state government that serves as the link between the state and local communities. The department provides training, technical assistance and financial support to local communities and its elected community leaders. Financial resources are made available to communities either through statutory formula distributions or through grants at the discretion of the Executive Director with guidance from citizen boards. Roughly 90 percent of the department's annual budget is invested directly in local communities in the form of grants or low interest loans.

Every Colorado resident lives within the jurisdiction of at least three local governments: the state, a county and a school district. More than 70 percent of all Coloradans also live within municipal boundaries. In addition, hundreds of special districts affect the lives of state residents - a total of more than 2,100 local jurisdictions operate statewide. Governance in Colorado is complex. DOLA facilitates intergovernmental relations between the state, federal and local governments to provide service to the citizens of Colorado. Though much of the work of the Department takes place in Denver, the Department's decentralized field offices are convenient to local governments in the various regions of the state and provide easy access for citizens seeking information about the Department's diverse programs.

EXECUTIVE DIRECTOR'S OFFICE

BACKGROUND OF DIVISION

The Department's Executive Director is Susan Kirkpatrick. Prior to Kirkpatrick's appointment as Executive Directive by Governor Bill Ritter in January 2007, she was the director of Institutional Advancement for Aims Community College, and chief executive officer for the Aims Community College Foundation. Kirkpatrick served as mayor of Fort Collins from 1990 – 1993, and was a member of the Fort Collins City Council from 1986 – 1990. Bruce Eisenhauer is the Deputy Director.

Under Kirkpatrick's guidance, the department has undertaken a strategic planning process, focusing on revised vision and mission statements through which statement enhanced performance objectives are employed to strengthen and enhance the delivery of service to our customers. DOLA's vision statement has been reframed to read:

The Colorado Department of Local Affairs strengthens communities and enhances livability in Colorado. Using reliable and objective assessment methods, DOLA bridges the gap between localities and state government, partnering with local leadership to solve a wide range of problems and address a broad spectrum of issues and challenges. Through responsive action, flexibility, and unparalleled customer service, DOLA helps to ensure safety, equity, and vitality throughout the state.

The mission statement has been revised as follows:

DOLA strengthens communities and enhances livability in Colorado by providing accessible assistance in the following areas:

- *Equitable and consistent implementation of property tax laws*
- *Community development that is revitalizing and sustainable*

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- *Financial support for community needs*
 - *Safe, affordable housing*
 - *Emergency preparation, prevention, response and recovery*
- DOLA strives to be responsive, attentive, solutions-oriented and respectful, within and beyond our departmental boundaries.*

The Executive Director's Office provides the comprehensive departmental management and administration including strategic planning, policy management, budget, accounting, purchasing, and human resources administration and public information.

DIVISION OF PROPERTY TAXATION (DPT)

BACKGROUND OF DIVISION

The Property Tax Administrator, and by extension, the Division of Property Taxation (DPT), exists to assist and coordinate in the administration of all laws concerning the valuing of taxable property, the assessment of same, and the levying of property taxes, 39-2-109(1)(b), C.R.S. The subject matter encountered by DPT is broad, and ranges from the granting or denial of exemptions for charitable or religious property owners to valuation of state assessed property, and providing technical assessment assistance of all types to county assessors.

The division is committed to the fair, accurate and consistent application of property tax law for the benefit of all citizens of this state. DPT takes policy as designed by the General Assembly and the judicial interpretation of the law and develops ways to put it into practice.

OVERVIEW OF DIVISION

DPT is somewhat unique in state government as its governance is described in the Colorado Constitution.

Article X, Section 15 states, in part:

(1) (b) There shall be a state board of equalization, consisting of the governor or his designee, the speaker of the house of representatives or his designee, the president of the senate or his designee, and two members appointed by the governor with the consent of the senate. Each of such appointed members shall be qualified appraiser or a former county assessor or a person who has knowledge and experience in property taxation.

(2) The state board of equalization shall appoint, by a majority vote, a property tax administrator who shall serve for a term of five years and until his successor is appointed and qualified unless removed for cause by a majority vote of the state board of equalization. The property tax administrator shall have the duty, as provided by law, of administering the property tax laws and such other duties as may be prescribed by law and shall be subject to the supervision and control of the state board of equalization. The position of property tax administrator shall be exempt from the personnel system of this state.

Through DPT, (DOLA) coordinates and administers the implementation of property tax law through the state's 64 counties. The subject matter encountered by this office is broad, and ranges from the granting or denial of exemptions for charitable or religious property owners to

valuation of state assessed property. DPT also provides technical assessment assistance of all types to county assessors. It operates under the leadership of the Property Tax Administrator, who is appointed by the State Board of Equalization (SBOE/state board). In promoting equalization of property valuation for property tax purposes and in providing assistance to county assessors, the division's activities are divided into four sections: Administrative Resources, Appraisal Standards, Exemptions, and State Assessed Properties.

BOARD OF ASSESSMENT APPEALS (BAA)

BACKGROUND OF DIVISION

BAA was created in Colorado Revised Statutes (C.R. S.) Section 39-2-123 of C.R.S., states in part:

(1) "On and after July 1, 1971, the Colorado tax commission shall be known as the board of assessment appeals, which agency is hereby created within the department of local affairs. The board shall be a quasi-judicial tribunal."

(2) "Effective July 1, 1991, except as otherwise provided in section 39-2-125 (1) (c) (I), the new board shall be comprised of three members, who shall be appointed by the governor with the consent of the senate. Members of the board shall be experienced in property valuation and taxation and shall be public employees, as defined in section 24-10-103 (4) (a), C.R.S., who are not subject to the state personnel system laws. One of such members shall be or shall have been, within the five years immediately preceding the date of initial appointment, actively engaged in agriculture. On and after June 1, 1993, members shall be registered, licensed, or certified pursuant to the provisions of part 7 of article 61 of title 12, C.R.S."

C.R.S. 39-2-125 (1)(c)(I) The appointment of up to six additional members to the board in the same manner as specified in section 39-2-123 (2). Such members shall satisfy such qualifications and shall be entitled to such compensation as are specified in section 39-2-123. Such additional members shall be appointed for terms of one state fiscal year.

OVERVIEW OF DIVISION

BAA is currently composed of seven members who meet to hear appeals by property taxpayers of decisions of county boards of equalization, county boards of commissioners and the property tax administrator on valuation of real and personal property, abatement of taxes, exemption or state assessed properties. BAA schedules up to three hearing panels of at least 2 board members, five days per week. The Board schedules hearings in Grand Junction and in Alamosa to improve appellant accessibility to the appeals boards in non-metro Denver counties.

DIVISION OF HOUSING (DOH)

BACKGROUND OF DIVISION

The Colorado State Housing Board was created in 1970 to advise the General Assembly, the Governor and the Division of Housing on housing related issues within Colorado. The seven-member State Housing Board reviews financing requests, adopts regulations governing factory built structures and multifamily housing in counties with no building codes. The board also

sponsors research reports and stakeholder processes to benefit interested citizens, legislators and the Governor.

DOH ensures that the State Housing Board's efforts result in safe, decent and affordable housing options for residents of Colorado. The Division's responsibility is to oversee projects financed with public dollars that flow through the state budget process. DOH partners with Colorado communities to provide financial assistance and services which increase the availability of housing to residents of Colorado who can least afford it.

OVERVIEW OF DIVISION

DOH assists in financing the construction of new housing and rehabilitation of existing housing that benefits persons with moderate to low income. Local housing authorities, private developers, nonprofit corporations, cities and counties may apply for financing. Most grants require a contribution from the community served.

DOH uses federal and state funds for:

- Elderly, small & large families, disabled individuals and seasonal workers whether they are homeowners or renters.
- Construction/rehabilitation of multi-family apartments, single family houses, homeless shelters.
- Direct loans, loan guarantees, and equity investments or subordinated debt for construction or permanent financing.
- Housing options in parts of Colorado that do not receive federal grants for housing directly to the jurisdiction.

To ensure the state is served effectively, DOH staff is assigned particular regions. Staff provides technical assistance to help communities identify housing needs along with private and public financing options. In addition, DOH aids communities in forming housing development teams.

DIVISION OF LOCAL GOVERNMENT (DLG)

BACKGROUND OF DIVISION

The Division of Local Government (DLG) was created, by statute, in 1966, as a recommendation of the Governor's Local Affairs Study Commission to:

1. Provide technical assistance and information to local governments on available federal and state programs and act as a liaison with other state agencies concerned with local governments.
2. Be a source of information to the Governor and General Assembly on local government needs and problems.
3. Perform research on local government issues.

OVERVIEW OF DIVISION

In order to integrate the delivery of technical, financial, and information services to local governments, DLG includes several organizational or functional areas:

- **Financial Assistance:** Local governments can obtain grants and loans for capital improvements and for operations. Supported projects include, but are not limited to, local water and wastewater improvements, local road improvements, town and county office facilities and public libraries.
- **Technical Assistance:** Local government personnel receive training and individual assistance. Topics include, but are not limited to, conduct of local elections, land use planning, downtown revitalization, budgeting, community visioning and compliance with state statutes pertaining to local governments.
- **State Demography Office:** This office compiles, organizes and analyzes population and demographic information for the state. Its data are used by state agencies to forecast demand for facilities and services. Demographical data are also used by local governments and non-profit organizations in the state to anticipate growth or decline and to plan and develop programs and community resources. The office makes the data publicly available on DOLA's website, answers requests for economic and demographic data and provides training workshops on accessing and using the data.
- **Field Services:** Eight regional managers provide on-the-ground technical assistance to local communities from offices located outside the Denver metro area

DIVISION OF EMERGENCY MANAGEMENT (DEM)

BACKGROUND OF DIVISION

Pursuant to Colorado Revised Statute 24-32-2105, the Division of Emergency Management (DEM) prepares and maintains state disaster emergency plans in compliance with applicable federal and state regulations. The Governor has delegated DEM, through its director, to manage, coordinate and participate in emergency response operations which involve state, and when necessary, federal resources.

OVERVIEW OF DIVISION

DEM is responsible for the state's comprehensive emergency management program (SEOP) which supports local and state agencies. Activities and services cover the four phases of emergency management: *Preparedness*, *Prevention*, *Response* and *Recovery* for disasters such as flooding, tornadoes, wildfire, and hazardous materials incidents, DEM also participates in the planning and activation for planned events such as the Democratic National Convention.

DEM staff provides planning and training services and financial and technical assistance to local governments. DEM field staff serves as a resource to local emergency managers for the development and maintenance of emergency operations plans, procedures, and checklists. Emphasis is on multi-agency/multi-jurisdiction planning which crosses all disciplines and includes both private and non-profit organizations.

During an actual state declared emergency or disaster, DEM coordinates the state response and recovery program with the support of local governments. DEM activates the State Emergency Operations Center (SEOC)/ Multi-Agency Coordination Center (MACC) for both emergency and non-emergency operations. Representatives from other state departments and agencies gather at the SEOC to coordinate the state response to an emergency situation.

In the event of a major emergency or disaster, or the threat thereof, the director of DEM makes recommendations to the Governor on matters pertaining to State Declarations of a Disaster Emergency, requests for federal assistance and ongoing state disaster response and recovery activities.

Section 2.5 Prior Year Legislation

There were numerous bills passed into law during the 2009 legislative session which have significant impacts on the department. Some of these bills include:

HB09-1148 “Concerning the Authority of the Department of Revenue to Provide Information About Severance Tax Taxpayers to the Department of Local Affairs” (Schafer / Schwartz)

HB09-1148 clarifies language omitted from HB08-1083 which allows the Department of Revenue to share limited contact information from companies who are required to submit Employee Residency Reports to the Department of Local Affairs.

HB09-1213 “Concerning the Creation of the Housing Development Grant in the State Treasury to be Administered by the Division of Housing for Purposes Associated with Increasing the Supply of Affordable Housing in the State” (Gagliardi / Schwartz)

HB09-1213 grants DOLA roll-forward authority for general funds appropriated for the Colorado Affordable Construction Grants and Loan program. Allows DOLA to fund foreclosure prevention activities from this fund and use settlement funds received by the State from Bank of America on behalf of Countrywide Loans. This bill also permits DOLA to fund needs assessments for local governments.

SB09-41 “Concerning the Administration of the Private Activity Bond Ceiling Allocation Act” (Romer / Vigil)

This Bill allows DOLA to establish fees for entities that participate in the Private Activity Bond program. This bill also allows DOLA to maintain a certain fund balance within this cash fund.

SB09-42: “Concerning the Administration of the Exempt Status of Property for Property Tax Purposes” (Tapia / Peniston & Vigil)

SB09-42 sets forth certain conditions that property occupied by non-profits and receiving certain federal tax credits is exempt from property tax except for the school levy portion. This bill made some other statutory clean-ups recommended by Division of Property Taxation.

HB09-1171 “Concerning Requirements Related To The Installation of Manufactured Homes” (Court / Kester)

This bill was initiated by the Rocky Mountain Home Association on behalf of DOLA to reinstate a provision that requires registered installers to submit a letter of credit, certificate of deposit, or surety bond with their renewal application. This provision was inadvertently omitted in HB08-1319. This bill also allows the Manufactured Housing Program to waive a re-inspection when warranted.

Section 2.6 Hot Issues

Division of Housing

Foreclosures

Although Colorado is now 33rd in the nation for foreclosures, we still view this as a "hot issue." Foreclosure filings have been steadfast averaging about 40,000 annually for the past few years. Completed foreclosures are slowly decreasing. Additional funds from the legislature could be used to continue outreach to those communities most affected by foreclosures. The upside of this issue is that property values in Colorado have only decreased on average by 1.7 percent Statewide and it is a "buyers" market for those who are interested in purchasing a home.

Apartment Vacancies

Average vacancy rates for rental properties are on the rise and the average for the State is now 8.5%. The reduced cost of rent is the result of increased units on the market.

HERA and American Recovery and Reinvestment Act of 2009 (ARRA)

Staff is diligently working in dispersing NSP I funds in a timely manner. Pueblo, Douglas and Jefferson counties have been awarded funds in the first review of applications. The second review of applications is scheduled in July and will contain the remaining counties of Adams, Arapahoe, Weld and cities of Denver, Aurora, and Colorado Springs. The HPRP program is on tract and request for proposals were solicited and will be reviewed.

State of Housing Report

With most of the State having needs assessments completed in the past 3 years, the division is working on a summary that can be presented to the State Housing Board in July 2009. Discussion will take place on how to move forward in the future in obtaining "housing needs" information. This housing report would be beneficial for all working on affordable housing issues.

Division of Local Government

1. Implementation of SB-09-1282 - \$17 million of Federal Mineral Lease revenue to award for an Energy and Mineral Impact Tier III pilot. The division is using the Tier III process that was developed and vetted with our customers. Formal notification of this program

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including pre-application process, selection of applicants to submit full application, review by staff and Advisory Committee and decision by the Executive Director will be announced in July with awards in 2010.

2. The traditional Energy Impact program will have less revenue and will possibly transfer revenue to the General Fund. For fiscal year 2008-09, the Energy Impact program had \$81 million to distribute.
3. American Recovery and Reinvestment Act of 2009 (ARRA) program implementation – The division is responsible for the Community Development Block Grant (CDBG) public facility projects identified for funding. The reason that only public facility projects have been identified for ARRA funding is that economic development and housing projects are not currently “shovel ready”. But these projects can be funded with existing CDBG dollars.
4. The division is also responsible for the Community Services block Grant (CSBG) ARRA funds. Contracting and monitoring these projects will be challenging due to the lack of federal funding available for administration and the deadlines required within the act.

Division of Emergency Management

Increased Emphasis Toward Improving Hazard Mitigation and Emergency Preparedness:

In assessing Colorado's increasing vulnerability, the primary factor is the state's population increase. Over the past fifteen years the state's population has more than doubled. The increase in population has resulted in new and growing communities in areas threatened by wildfire, tornadoes and other natural and technological hazards. Adding to this problem, is the increasing expectations of the public and media on government to improve emergency management capability based on lessons learned from government response shortfalls during Katrina and other significant disasters. There is also a funding challenge that is even more significant at the local level. Local emergency management programs receive little if no money from the state. Threats within Colorado do not confine themselves to jurisdictional boundaries. Infrastructure in one jurisdiction impacts populations in other jurisdictions.

Workload Measures

Division of Property Taxation

Performance Measure	Outcome	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Estimate	FY 09-10 Request
Exemptions – Process 100% of applications for exemption within 12 months of receipt.	Benchmark	100%	100%	100%	100%
	Actual	85%	88%	90.5%	

Division of Housing

Performance Measure	Outcome	FYE 6/30/08	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12
Increase supply of workforce rental and homeownership housing.	Benchmark	550	550	550	550	550
	Actual	555	887			

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	FY08-09 Actual	FY09-10 Current	FY09-10 Estimated
Reviews of budgets, financial statements, and election information for Number of Title 32, Article 1 Districts (Metropolitan Districts Park & Recreation Districts Fire Protection Districts Health Service Districts (Hospital) Sanitation Districts Water Districts Water & Sanitation Districts Tunnel Districts Ambulance Districts Health Assurance Districts)	1,782	1,858	2,017

Division of Emergency Management

Performance Measure	Outcome	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Approp.	FY 10-11 Request
Percent of counties that have a federally approved hazard mitigation plan	Benchmark	New	75%	75%	75%
	Actual	New	57%		