Allocate Colorado’s New Housing Trust Fund Dollars Equitably

In 2019, Colorado’s legislature passed two bills (House Bills 1245 and 1322) that created the state’s first housing trust fund. The state’s Division of Housing (DOH) will invest tens of millions of dollars in the fund annually. The legislature required the DOH to consult with stakeholders from urban and rural communities, low-income residents, and groups with diverse housing needs, creating a unique opportunity for the people and families most in need of affordable, stable, and safe housing to benefit from these funds.

How Equitable Allocation Could Work: Lessons from Washington State

Washington State’s implementation of its housing trust fund includes the following components:

- The state specifically identifies communities disproportionately in need of housing and prioritizes them when awarding funds. In 2019, the fund prioritized people with behavioral health or chronic mental illnesses and people with developmental disabilities, among others.
- A formal scoring rubric with criteria is used to rank affordable housing projects. Rural projects are scored against other rural projects so they do not lose to larger, typically more competitive urban projects.
- Scoring criteria prioritize access to amenities that improve quality of life, such as public transit and high-performing schools.
- One-third of funds are allocated to rural communities, defined as places with less than 25,000 residents.
- A funding ceiling is established for all projects to ensure funds are broadly distributed across the state.
- The absence of language about citizenship allows people who lack proper documentation to benefit from this fund. Washington has also prioritized funding for farmworkers, some of whom are not citizens.
- Washington established a policy advisory team comprised of housing advocates that informs the funding and scoring priorities and processes on an ongoing basis.

IMPACT

Because Washington prioritized lower income communities in statute as well as in internal policies and funding notification processes, a majority of those served were extremely low-income residents. The state also achieved its goal of allocating one-third of funds to rural Washington.

*AMI stands for “area median income” which is a metric used by the U.S. Department of Housing and Urban Development to set income thresholds for federal subsidy programs.

**Unsheltered Homelessness refers to people whose primary nighttime location is a public or private place not designated for, or ordinarily used as, a regular sleeping accommodation for people.