

**BY AUTHORITY**

ORDINANCE NO. \_\_\_\_\_  
SERIES OF 2024

COUNCIL BILL NO.  
COMMITTEE OF REFERENCE:  
Finance & Governance

**A BILL**

**For an ordinance referring a question to the ballot to increase the sales and use tax by a rate of 0.50 percent and dedicating the revenue derived from the tax rate increase to fund affordable housing and related housing support services citywide subject to the approval of the voters at a special municipal election to be conducted in coordination with the state general election on November 5, 2024.**

**BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:**

**Section 1.** Subject to voter approval as specified in Section 6 of this ordinance, Account Number 97000/282110 of the Fund Plan, Section 20-18, D.R.M.C., concerning unapportioned sales, use and lodger’s tax, is amended by the addition of a new subsection (o), to read as follows (with existing subsections (o) and (p) being re-designated as subsections (p) and (q)):

**Sec. 20-18. – Fund Plan**

*Account No. 97000/282110*

*Name of account:* Unapportioned sales, use and lodger’s tax

*Source of funds:* City retail sales taxes, city use taxes and city lodger’s taxes that have been collected, returned, and await apportionment.

*Disposition of funds:*

- o. Monthly, allocation apportionment and transfer of only those revenues raised at the rate of fifty hundredths (0.50) percent of gross taxable sales from sales and use taxes levied to the Affordable Denver Fund in the General Government Special Revenue Fund.

**Section 2.** Subject to the approval of the voters as specified in Section 6 of this ordinance, Section 53-56, D.R.M.C., concerning sales taxes is amended by the addition of a

1 new subsection (n) to read as follows:

2 **Sec. 53-56. - Retailers to collect tax.**

3 (n) Sales tax increment to fund Affordable Denver Fund. In addition to the sales tax  
4 otherwise imposed by this section, a tax of fifty one-hundredths of one percent (.50%) must  
5 be paid on all taxable sales of commodities or services, except on commodities or services  
6 specified in subsection (b) of this section, beginning January 1, 2025.

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8 **Section 3.** Subject to the approval of the voters as provided in Section 6 of this  
9 Ordinance, subsection (a) of section 53-57, D.R.M.C., concerning collection of sales is  
10 amended by adding the language underlined and deleting the language stricken, to read as  
11 follows:

12 **Sec. 53-57. Retailer responsible for payment of tax.**

13 (a) *Amount.* Every retailer shall, irrespective of other provisions of this article, be  
14 liable and responsible for the payment of an amount equivalent to ~~four and eighty-one one-~~  
15 ~~hundredths (4.81) percent~~ five and thirty-one one-hundredths (5.31) percent of the retailer's  
16 taxable sales of tangible personal property, products, or services specified in this article,  
17 except:

18 (1) Aviation and railway fuel, as to which the rate of four cents (\$0.04) for each  
19 gallon purchased shall apply;

20 (2) Automotive vehicles when they are for any term of thirty (30) days or less hired  
21 for use, rented, leased or transferred under a grant of a license to use, as to which a rate of  
22 taxation as set forth in subsection 53-56(b)(2) shall apply;

23 (3) Food and beverages not exempted from taxation under subsection 53-55(a)(8)  
24 of this article, as to which the rate of four (4) percent shall apply;

25 (4) For each of which respective rates aforesaid the retailer shall be liable for an  
26 equivalent amount;

27 (5) Every retailer shall, on its return, round each calculation, as directed on such  
28 form as the manager may require, to the nearest whole dollar and remit the rounded amount.  
29 In rounding under this section, any amount of forty-nine cents (\$0.49) or less shall be rounded  
30 down, and any amount of fifty cents (\$0.50) or higher shall be rounded up.

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32 **Section 4.** Subject to the approval of the voters as provided in Section 6 of this  
33 ordinance, Section 53-106, D.R.M.C., concerning use taxes is amended by the addition of a  
34 new subsection (r) to read as follows:

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**Sec. 53-106. - Retailers to collect tax.**

(r) *Use tax increment to fund the Affordable Denver Fund.* In addition to the use tax otherwise imposed by this section, a tax of fifty one-hundredths of one percent (.50%) must be paid on all taxable uses, consumptions, distributions, and storages of commodities and services, except on commodities and services specified in subsection (b) of this section, beginning January 1, 2025.

**Section 5.** Subject to the approval of the voters as provided in Section 7 of this ordinance, subsection (a) of section 53-107, D.R.M.C., concerning collection of use taxes, is amended by the addition of the language underlined and the deletion of the language stricken, to read as follows:

**Sec.53-107. Retailer responsible for payment of tax.**

(a) *Amount.* Every retailer shall, irrespective of other provisions of this article, be liable and responsible for the payment of an amount equivalent to ~~four and eighty-one one-hundredths (4.81) percent~~ five and thirty-one one-hundredths (5.31) percent of taxable sales made by him of tangible personal property, products, and services, except:

- (1) Aviation and railway fuel, as to which the rate of four cents (\$0.04) for each gallon purchased shall apply;
- (2) Automotive vehicles when they are for any term of thirty (30) days or less hired for use, rented, leased or transferred under a grant of a license to use, as to which a rate of taxation as set forth in subsection 53-98(b)(2) shall apply;
- (3) Food and beverages not exempted from taxation under subsection 53-26(8) of the city retail sales tax article, as to which the rate of four (4) percent shall apply;
- (4) For each of which respective rates aforesaid the retailer shall be liable for an equivalent amount; and

(5) Every retailer shall, on its return, round each calculation, as directed on such form as the manager may require, to the nearest whole dollar and remit the rounded amount. In rounding under this section, any amount of forty-nine cents (\$0.49) or less shall be rounded down, and any amount of fifty cents (\$0.50) or higher shall be rounded up.

**Section 6.** Subject to the approval of voters as provided in Section 7 of this ordinance, Chapter 27, Article V, Division 4, D.R.M.C. concerning dedicated funding for affordable housing repealed and re-enacted to read as follows:

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2 **DIVISION 4. – AFFORDABLE DENVER FUND.**

3 **Sec. 27-170. – Legislative Intent.**

4 (a) The City Council finds, determines, and declares:

5 (1) According to the 2024 Regional Housing Needs Assessment conducted by the  
6 Denver Regional Council of Governments (“DRCOG”), the Denver Metro Region has not  
7 produced enough housing to keep pace with population and job growth, with an anticipated  
8 gap of 44,000 units under 100% of area median income (“AMI”) in the next 10 years. The  
9 study also found that a lack of dedicated funding and financing tools inhibits Denver’s ability  
10 to meet this demand of affordable housing;

11 (2) A 2019 study conducted by Root Policy Research found a nearly 50,000 unit  
12 shortage of affordable housing in Denver, with most need at 60% of AMI or below. The same  
13 study found that only 7% of the overall housing stock in Denver is income-restricted, falling  
14 short of the more than 130,000 households with incomes at or below 80% of AMI who do not  
15 have access to fair market housing;

16 (3) According to the 2023 Point in Time (“PIT”) study by the Metro Denver Homeless  
17 Initiative, there are more than 5,800 people experiencing homelessness on a single night in  
18 Denver, and over 24,000 people experience homelessness in a given year in Denver  
19 according to the region’s Homeless Management Information System (“HMIS”). Data in both  
20 the PIT and HMIS show the high cost of housing as the top cause of homelessness;

21 (4) According to the Denver Housing Market Analysis by Root Policy Research,  
22 between 2010 and 2019, 10,595 low-income households, or 21% of households between 0-  
23 60% of AMI, have been forced to move out of Denver in order to obtain affordable housing,  
24 harming the city’s cultural diversity and economic growth while reducing economic mobility;

25 (5) According to the 2022 U.S. Census Bureau, wages have risen in Denver by  
26 110% since 2000 and the cost of housing has risen 220%, meaning the average Denver  
27 resident’s income no longer keeps pace with their ability to pay a rent or mortgage;

28 (6) According to the 2022 American Community Survey (ACS) data from the U.S.  
29 Census Bureau, more than 50% of Denver’s renter households are housing burdened,  
30 including 80% of all renter households earning less than \$75,000 annually;

31 (7) The COVID-19 pandemic worsened the housing affordability crisis in Denver,  
32 leading to historic eviction rates for households unable to pay rent. In 2023, Denver had over  
33 12,900 eviction actions, when the annual average over the past 15 years was a little over  
34 8,000. More and more households each year are unable to make ends meet due to the high

1 cost of housing;

2 (8) In Denver’s Comprehensive Plan 2040, adopted by Denver City Council in May  
3 2019, there are 3 goals focused on housing affordability in Denver, including building housing  
4 as a continuum to serve residents across a range of incomes, ages, and needs, developing  
5 housing that is affordable to residents of all income levels, and preserving existing affordable  
6 housing. Investment is needed to advance these goals and create an equitable, inclusive city  
7 with a high quality of life for all residents, regardless of income level, race, gender, ability or  
8 age;

9 (9) The Department of Housing Stability’s (HOST) 5-Year Strategic Plan, approved  
10 by City Council in 2021, identifies key areas of investment for housing affordability, including  
11 the creation and preservation of affordable homes, the creation of new units of supportive  
12 housing, the creation of more truly mixed-income housing, increased homeownership, and  
13 expanding rental subsidies to create a healthy, housed, and connected Denver;

14 (10) It is the intent of City Council that the monies in this fund will:

15 a. support the goals of Comprehensive Plan 2040 and HOST’s periodic strategic  
16 plans;

17 b. assist in efforts to increase the pace at which the affordable units are provided  
18 to all Denver residents for whom costs have outstripped affordability, while prioritizing areas  
19 of highest demonstrated community need;

20 c. reduce displacement of renters and homeowners who cannot afford prevailing  
21 housing costs, and those on fixed incomes, promote long-term affordability and neighborhood  
22 stability, and avoid increased concentration of poverty;

23 d. promote equity and remedy historic and structural inequity and disinvestment  
24 and to increase public participation and control over affordable housing assets; and

25 e. support exploration of new financing models and the benefits of cross-  
26 subsidization and mixed-income development to catalyze additional affordable housing for  
27 owners and renters;

28 (11) A dedicated, additional funding source is necessary to increase the supply of  
29 affordable housing for owners and renters, to provide financial and service-related assistance  
30 to owners and renters, and to ensure Denverites can afford to live in the City and County of  
31 Denver long-term;

32 (12) Therefore, the City Council has determined that the question of whether the City  
33 shall be authorized to impose a 0.5% sales and use tax for the purposes and in the manner  
34 set forth in this ordinance should be submitted to the registered electors of the City at the

1 special municipal election to be conducted in coordination with the state general election on  
2 November 5, 2024.

3 **Sec. 27-171. – Permitted uses of revenue in the Affordable Denver Fund.**

4 (a) Revenue received in the Affordable Denver Fund (the “fund”) shall be used  
5 exclusively for the following purposes:

6 (1) To increase the supply of affordable housing units, for both renters and  
7 homeowners, through production, preservation, financing, acquisition, conversion, subsidies,  
8 or any other method;

9 (2) To provide financial and service-related assistance to renters and other persons  
10 in need of housing;

11 (3) To support homebuyer assistance programs and programs to reduce housing  
12 costs for homeowners including by way of example, down payment and mortgage assistance,  
13 and community land trusts; and

14 (4) Administrative costs incurred by the city associated directly with the  
15 administration of the funds for the above purposes.

16 (b) *Fund earnings.* Any interest earned on the balance of the fund accrues to the  
17 Fund.

18 (c) *Administration of funds.* The manager of finance shall manage the fund.

19 (d) *Permanency.* If the monies in the fund are not expended at the end of the fiscal  
20 year, such monies must remain in the fund to be expended in subsequent fiscal years.

21 (e) *Rulemaking.* The manager of finance may promulgate any rules necessary for  
22 the proper administration of this section.

23 (f) *Planning.* No later than January 31, 2025, the department of housing stability,  
24 in coordination with the manager of finance, shall prepare a first year-plan for use of the funds  
25 and the housing stability strategic advisors shall take public input on, review, make  
26 recommendations regarding such plan in 2025. Subsequently, intended uses of the fund shall  
27 be included in annual action plans and three- to five-year strategic plans for city housing  
28 expenditures as outlined in section 27-164. To the extent available, such plans shall include  
29 proposed expenditures in the manner outlined in subsection (g).

30 (g) *Reporting.* The executive director of the department of housing stability shall  
31 incorporate into annual progress and intermittent reports made pursuant to section 27-  
32 164 information on the number of units produced, preserved, financed, constructed, or  
33 otherwise acquired for supportive and affordable housing, including the income levels for  
34 which those units were produced, and the number of renters and owners that avoided

1 displacement, due to the monies expended from the fund. Such reports shall also include  
2 information on city control or ownership interest in affordable housing assets, including any  
3 public debt leveraged in whole or in part by such assets or revenues in the fund, and any  
4 other pertinent financial information.

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6 **Section 7.** The ballot shall contain the following title and submission clause:

7 SHALL DENVER SALES AND USE TAXES BE INCREASED \$100 MILLION  
8 ANNUALLY, COMMENCING JANUARY 1, 2025, AND BY WHATEVER ADDITIONAL  
9 AMOUNTS ARE RAISED ANNUALLY THEREAFTER, TO EXPAND AFFORDABLE  
10 HOUSING FOR LOW- AND MIDDLE-INCOME FAMILIES AND INDIVIDUALS,  
11 THROUGH A ONE-HALF OF ONE PERCENT (0.5%) SALES AND USE TAX  
12 INCREASE (5 CENTS ON A \$10 PURCHASE), TO SUPPORT EFFORTS  
13 INCLUDING:

- 14 • PROVIDING MORE AFFORDABLE RENTAL HOUSING AND REDUCING  
15 RENT; AND
- 16 • PROVIDING MORE AFFORDABLE HOMES FOR PURCHASE AND  
17 PROGRAMS TO REDUCE THE COST OF BUYING A HOME;

18 AND MAY A PORTION OF THE ANNUAL REVENUES DERIVED FROM THIS  
19 INCREASE BE SPENT ON ADMINISTRATIVE COSTS FOR THE ABOVE  
20 PURPOSES, AND SHALL THE REVENUE AND EARNINGS ON THIS TAX BE  
21 COLLECTED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE AND AN  
22 EXCEPTION TO THE LIMITS THAT MAY OTHERWISE APPLY UNDER ARTICLE X,  
23 SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?  
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28 **Section 8.** The proper officials of the City and County of Denver as are charged with  
29 duties relating to the election shall, before the election, issue such calls, make such  
30 certifications and publications, give such notices, make such appointments, and do all such  
31 other acts and things in connection with the submission of this code amendment to the  
32 registered electors of the City and County of Denver at the election as are required by the  
33 Constitution and laws of the State of Colorado and the Charter and ordinances of the City and  
34 County of Denver.

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36 **Section 9.** The ballots cast at such election shall be canvassed and the results  
37 ascertained, determined, and certified in accordance with the requirements of the Constitution  
38 and laws of the State of Colorado and the Charter and ordinances of the City and County of  
39 Denver.

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