



**Colorado
Legislative
Council
Staff**

Initiative #4

**REVISED
INITIAL FISCAL
IMPACT STATEMENT**

Date: December 14, 2016

Fiscal Analyst: Larson Silbaugh, 303-866-4720

LCS TITLE: LIMIT ON LOCAL HOUSING GROWTH

Note: This *initial* fiscal impact estimate has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the Blue Book Voter Guide if new information becomes available.

Summary of Measure

The proposed ballot initiative limits housing growth, as measured by permits for housing units, to one percent in 2019 and 2020 in 10 front range counties, and the growth limit remains in place unless it is amended or repealed by voters within the applicable local government starting in 2021.

The measure also allows voters in the other counties to set local housing growth limits without legislative inhibition or penalty. Voter approved countywide growth limits would limit housing growth in municipalities within the county. Finally, the measure specifies the number of signatures needed to put housing limits on the ballot and specifies how the petitions can be challenged.

Background

Zoning and building permit decisions are determined by counties, municipalities, and consolidated city-county governments in Colorado. Counties and municipalities adopt zoning and land use plans, which allow certain types of development in specific areas. Local governments issue building permits consistent with the zoning and land use plans. Some counties and municipalities issue more building permits than others. A one percent limit will be binding in some areas and not in others.

Local Government Impact

Proposed Initiative #4 will have an indeterminate local government revenue and expenditure impact. The one percent housing unit limit in 10 front range counties may be binding in some counties or municipalities and not in others. The impact will depend on the growth patterns and plans in each community.

Local government revenue. To the extent that there are fewer building permits issued within these 10 counties, local governments will receive less revenue from building permits, property taxes on new construction, and from use tax revenue from building materials. If demand for housing continues to increase while the supply is limited, housing values may increase. Increased housing prices may increase local property tax revenue. To the extent that housing

growth is redistributed to other communities, local governments will receive more revenue from building permits, use taxes, and property taxes on new construction compared with what would have occurred without the measure. The revenue impacts will be different in each local district.

Local government expenditures. Local governments provide services to new housing units and new residents. New houses need services such as roads, utilities, and police and fire protection. Additional residents send students to schools. Fewer new homes will reduce the future amount of services required and local government expenditures. The spending impacts will differ by local jurisdiction.

Economic Impacts

The value of existing housing units may increase in communities where there are binding growth limits, impacting homeowners and landlords. For Colorado residents that would like to move into communities with binding housing limits, this measure may make it more expensive to find homes to buy or rent. Limits on housing permits will also impact the distribution of construction employment, retail trade, and population within Colorado.

Effective Date

The proposed initiative takes effect after the date of the official declaration of the vote for the November 2018 election by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State and Local Government Contacts

Local Affairs
Counties

Municipalities
Colorado Housing Finance Agency

Abstract of Initiative 4: Limit on Local Housing Growth

An initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of December 2016, identifies the following impacts:

The abstract includes estimates of the fiscal impact of the proposed initiative. If this initiative is to be placed on the ballot, Legislative Council Staff will prepare new estimates as part of a fiscal impact statement, which includes an abstract of that information. All fiscal impact statements are available at www.ColoradoBlueBook.com and the abstract will be included in the ballot information booklet that is prepared for the initiative.

Local government revenue and spending. Beginning in FY 2018-19, the proposed initiative will reduce local government revenue from building permits, property tax revenue on new construction, and use taxes in districts with a binding housing growth limit. To the extent that property values increase because of the measure, local governments may receive additional property tax revenue. In addition, local government spending will be reduced because there will be less demand for services provided to new homes and residents such as roads, utilities, and fire and police protection.

Economic impacts. The value of existing housing units may increase in communities where there are binding growth limits, impacting homeowners and landlords. For Colorado residents that would like to move into communities with binding housing limits, this measure may make it more expensive to find homes to buy or rent. Limits on housing permits will also impact the distribution of construction employment, retail trade, and population within Colorado.