

Abstract of Initiative 109: LIMITS ON LOCAL HOUSING GROWTH

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.

This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of July 1, 2019, identifies the following impacts:

Local government impact. Proposed Initiative #109 will have an indeterminate local government revenue and expenditure impact. The 1 percent housing unit limit in 11 Front Range counties may constrain some areas and not others. The impact will depend on the growth patterns and plans in each community.

To the extent that there are fewer building permits issued within these 11 counties, local governments will receive less revenue from building permit fees, property taxes on new construction, and use taxes for 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 governments provide services to new housing units and new residents. New houses require government services such as roads, utilities, and police and fire protection. Additional residents also produce caseload growth for government programs, such as sending 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 the 1 percent limit constrains growth, 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.