



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

INITIAL FISCAL IMPACT STATEMENT

Date: September 3, 2019

Fiscal Analyst: Larson Silbaugh (303-866-4720)

LCS TITLE: LIMIT ON LOCAL HOUSING GROWTH

Disclaimer. *This initial fiscal impact statement has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.*

Summary of Measure

The proposed ballot initiative limits annual housing growth, as measured by permits for housing units, to 1.0 percent in 2021 and 2022 in 11 Front Range counties with exceptions for affordable and senior housing. Housing permits for senior housing and affordable housing may each total 0.15 percent in excess of the 1 percent growth limit. Including growth in affordable and senior housing, annual housing growth cannot exceed 1.3 percent annually. The growth limit remains in place unless it is amended or repealed by voters within the applicable local government starting in 2023.

The measure also allows voters in all other counties and cities 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.

The U.S. Census Bureau publishes estimates of housing units for local governments in Colorado between 2010 and 2017. Based on these 8 years of data, in the 11 counties with a proposed growth limit under the measure, housing growth exceeded 1 percent 39.0 percent of the time. For municipalities, housing growth exceeded 1.0 percent 57.0 percent of the time. Based on this recent history, a 1.0 percent growth limit will constrain some areas but not others depending on current trends in the issuance of housing permits. Published data are unavailable for the number of affordable or senior housing units.

In 2017, there were about 1.8 million housing units in the 11 counties with a proposed housing growth limit under the measure. Approximately 2,700 affordable or senior housing units could be built per year in the 11 Front Range counties without exceeding the proposed 0.15 percent growth limitation. The Colorado Department of Local Affairs and Colorado Housing and Finance Authority funded 2,611 affordable housing units in 2016, 3,052 units in 2017, and 1,729 units in 2018 in the 11 front-range counties. Similar to overall building permits, the growth limits in the measure will constrain construction of affordable housing units in some years and not in others. In years when the growth limits constrain affordable housing construction in the 11 counties, the agencies will likely finance affordable housing units in other areas of the state.

Local Government Impact

Proposed Initiative #122 will have an indeterminate local government revenue and expenditure impact. The 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.

Local government revenue. 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 government expenditures. 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 Impact

The value of existing housing units may increase in communities where the housing 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.

Effective Date

If approved by voters at the 2020 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Local Affairs
Counties

Municipalities
Colorado Housing Finance Agency

Other Sources Considered

Chris Brown and Zhao Chang, "Economic Impact of Restricting Housing Growth to No More than 1% in Colorado," June 2018 (Submitted by Trey Rogers).

Abstract of Initiative 122: LIMIT 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 September 3, 2019, identifies the following impacts:

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