



**Colorado
Legislative
Council
Staff**

Initiative # 66
**INITIAL FISCAL
IMPACT STATEMENT**

Date: December 5, 2017

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 initiative limits residential housing growth, as measured by locally-issued housing permits, to one percent in 2019 and 2020 in the following 10 counties and consolidated city-county governments: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, and Weld. Beginning with 2021, the growth limit may be amended or repealed by county voters.

The measure permits voters in both municipalities and counties to set local housing growth limits. A voter approved countywide growth limit is also applicable to residential housing growth in municipalities within that county. Finally, the measure specifies the number of signatures needed to place, modify, or repeal local ballot initiatives concerning housing limits.

Background

Zoning and building permit decisions are determined by counties, municipalities, and consolidated city-county governments (Broomfield and Denver). 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 those zoning and land use plans. Some counties and municipalities issue more building permits than others.

Based on the number of housing units estimated by the U.S. Census Bureau between 2010 and 2016 for the 10 named counties, the growth limit would have been binding 31 out of 60 times. Estimated housing unit growth is shown in Table 1, for the 10 counties named in the measure.

Table 1. Estimated Annual Housing Unit Growth, 2010-2015						
	2010	2011	2012	2013	2014	2015
Adams County	0.2%	0.3%	0.4%	0.7%	0.6%	1.1%
Arapahoe County	0.4%	0.0%	0.5%	1.0%	0.5%	0.9%
Boulder County	0.4%	0.4%	1.1%	1.2%	1.0%	1.0%
Broomfield	0.9%	0.9%	8.6%	3.4%	3.0%	1.6%
Denver	0.2%	0.7%	1.8%	1.9%	1.8%	2.4%
Douglas County	2.2%	1.7%	3.0%	3.3%	2.7%	2.6%
El Paso County	0.7%	0.9%	1.7%	1.9%	1.0%	1.2%

Table 1. Estimated Annual Housing Unit Growth, 2010-2015 (Cont.)						
	2010	2011	2012	2013	2014	2015
Jefferson County	0.1%	0.3%	0.4%	0.6%	1.0%	0.7%
Larimer County	0.7%	0.8%	1.2%	1.6%	1.7%	1.7%
Weld County	0.6%	0.6%	1.1%	1.6%	2.4%	2.8%
Number exceeding 1.0% growth	1	1	7	8	7	7

Source: U.S. Census Bureau, 2016 Annual Estimates of Housing Units.

Note: Several instances of annual growth round up to 1.0 percent; however, annual growth did not exceed the 1.0 percent limit in the measure.

Local Government Impact

The measure will have an indeterminate local government revenue and expenditure impact. Beginning with 2021, limitations on residential housing unit growth in 10 front range counties may remain binding in some counties or municipalities and not in others. Other housing growth limits on local government enacted by voters may be binding in some years and not in others. The total impact is dependant on the growth patterns and development plans adopted in each community.

Local government revenue. To the extent that there are fewer building permits issued within the 10 front range counties for 2019 and 2020, these specified 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 Impact

The value and price of existing housing units may increase in communities where there are binding growth limits, impacting potential home buyers, and existing homeowners, landlords and tenants. Limits on housing permits will also impact the geographic distribution of construction employment, retail trade, and population between different areas within Colorado. Assuming the measure's 1.0 percent growth limits are binding for some counties, the measure will shift construction employment and activity from counties that meet the 1.0 percent limit to jurisdictions where the 1.0 percent limit is not binding. Accordingly, some construction employment and activity will shift from the 10 named counties to neighboring counties without a growth limit. To the extent that some development does not occur anywhere in the state because of the 1.0 percent limits, total construction activity and employment may decrease because of the measure.

Effective Date

If approved by voters, the ballot initiative takes effect upon proclamation of the Governor within 30 days of the official canvas of votes at the 2018 general election.

State and Local Government Contacts

Municipalities
Local Affairs

Colorado Housing Finance Agency
Counties

Abstract of Initiative 66: Limit on Local Housing Growth

This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of December 2017, identifies the following impacts:

The abstract includes estimates of the fiscal impact of the 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. In jurisdictions with a binding growth limit, the proposed initiative will reduce local government revenue from building permits, property tax revenue on new construction, and use taxes starting in FY 2018-19. 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. Should the proposed initiative shift growth to other communities, those local governments will receive more revenue from the additional development and spend more to provide services to the new residents.

Economic impacts. The value and price of existing housing units may increase in communities where there are binding growth limits, impacting potential home buyers, and existing homeowners, landlords and tenants. Limits on housing permits will also impact the geographic distribution of construction employment, retail trade, and population between different areas within Colorado. Assuming the measure's 1.0 percent growth limits are binding for some counties, the measure will shift construction employment and activity from counties that meet the 1.0 percent limit to jurisdictions where the 1.0 percent limit is not binding. Accordingly, some construction employment and activity will shift from the 10 named counties to neighboring counties without a growth limit. To the extent that some development does not occur anywhere in the state because of the 1.0 percent limits, total construction activity and employment may decrease because of the measure.