

Housing Crisis in Colorado May Get Worse: Anti-Growth Initiatives Slated for Lakewood and Colorado

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Denver's housing market was recently named as one of the top four overvalued markets in the nation by CoreLogic (a leading provider of consumer, financial and property information), due to rising home prices as a result of a lack of inventory of homes for sale. The median sales price of a single-family home in Denver reached a record \$407,000 in May, and statewide it topped \$365,000. Experts have argued that in Denver alone, 16,000 to 18,000 new homes a year are needed to meet demand. Last year, only 11,038 homes were built in Denver according to MetroStudy. In Lakewood, the current median selling price for homes is \$494,000 according to Lakewood realtors. Corelogic has predicted that the small supply of existing homes for sale and insufficient single-family construction will continue to put upward pressure on home prices.

Despite the reported need for more residential housing, on July 28, 2017, a group named Lakewood Strategic Growth submitted petitions with more than 7,500 signatures supporting a proposed ordinance to impose a 1% annual limit on residential growth in Lakewood, Colorado, and to require Lakewood City Council approval of any projects containing 40 or more residential units. Only 5,165 signatures are required from registered voters to submit the proposed ordinance for a vote. The Lakewood City Council has until August 28th to review the validity of the submitted petitions. If the signatures are valid and sufficient, the City Council may adopt the anti-growth ordinance or if the City Council does not adopt the ordinance, it will be placed on the November 7th ballot to be decided by the Lakewood voters. The proposed ordinance is 14 pages long, contains 4,800 words, and includes a complex formula for setting allocations for construction of new residential homes. Under the proposed ordinance, only 650 housing units would be built in 2018 in Lakewood. A 300-unit apartment building would count as 300 housing units of the total 650 allowed.

The backers of the Lakewood anti-growth ordinance contend that it is not a "no growth" initiative and is intended to manage growth in an effective manner. Lakewood Mayor, Adam Paul, recently published a letter in the *Denver Post* outlining his opposition to the anti-growth measure stating that it is "rife with unintended consequences" and that it will "make life more expensive for people already living in Lakewood". Mayor Paul has said that restricting housing "will drive prices higher. . .and make Lakewood too expensive for teachers, police officers, firefighters". The *Denver Post* recently reported that "the [Lakewood] proposal comes at a time when rents in the Denver area – especially in areas within and just beyond the city limits – are soaring and developers are working to keep up with the demand. A massive shortage of construction workers is making things worse."

A larger concern for Colorado developers and builders is that a statewide anti-growth measure, entitled “Limit on Local Housing Growth” (Initiative #4) may appear on the statewide ballot in Colorado as an initiated state statute or constitutional amendment in 2018. This statewide measure would establish a constitutional right to limit housing growth through countywide initiatives and referendums. Initiative #4 specifies that no permits to build new privately owned residential housing units would be issued beginning with the declaration of voter approval of Initiative #4 until January 1, 2019; and thereafter would limit annual private housing growth to 1% in the cities and counties of Broomfield and Denver and in the counties of Adams, Arapahoe, Boulder, Douglas, El Paso, Jefferson, Larimer and Weld for 2019 and 2020. Thereafter, limits in those cities and counties would continue unless local voters overturn them by ballot measures.

A proponent of the statewide antigrowth Initiative #4 has been reported as stating that the growth in Colorado is “completely out of control. Excessive growth will bankrupt the state. There is already no money for highways.” (*Denver Business Journal*, December 1, 2016). The title of Initiative #4 was challenged, and the title was affirmed by the Colorado Supreme Court in May 2017. The form of the petition was approved on August 7th. The Colorado Secretary of State’s Office has a deadline of November 30, 2017, for the petition. Due to the passage of Amendment 71 in November 2016, signatures equal to at least 2% of the registered electors who reside in the state’s 35 Senate districts must be part of the total. In 2018, the number of signatures required for an initiated constitutional amendment/state statute is estimated to be 98,492. If sufficient signatures are gathered, Initiative #4 will appear on the ballot for the November 2018 general election.

According to the nonpartisan Director of Research of the Colorado Legislative Council, the initial fiscal impact of Initiative #4 will be that 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.” The fiscal impact estimate clearly predicts that if Initiative #4 is passed, the housing crisis in Colorado would worsen and home prices would increase in an already “overvalued” market.

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