



## CAHB Opposes House Version of SB23-213

### Senate Should Adhere to Their Position

The Colorado Association of Home Builders has been in an Amend position on SB23-213 since the bill was introduced. We thought the bill contained some meaningful policies that would spur housing but that the bill could use improvement in some areas to meet its mission to grow our housing supply.

The bill was severely scaled back in the Senate, but it did not include some of the measures we agreed with like permitting multifamily housing as a use by right in certain transportation areas.

The Senate version did do an important thing that was absent from the introduced version - it set up a process for better dialogue between state and local governments, and among all necessary stakeholders, in a collaborative manner, and not in a combative way. It required better planning through needs assessments and removed the mandates.

Unfortunately, the House, in an effort to restore the bill to its introduced version, also began adding components to appease special interests and did not see fit to engage the building and development community to ensure those components would encourage new housing or remove current barriers to producing more housing.

This has left us with a bill that tries to accomplish some good things but also includes aspects that could be conflicting in practice and delay much needed housing. Which leads us to believe the only meaningful course forward is to revert back to the Senate version of the bill, and hope that we engage all necessary stakeholders, including local governments, in implementing these policies in a productive way.

Make no mistake, there are numerous problems in many of our local governments that contribute to delaying our progress to provide more housing, and the governor and sponsors rightly identified some of the key problems; but unfortunately, the bill as it currently exists may end up producing more lawsuits than housing units.

**Our call to action is to ask your Senators to adhere to the Senate version of SB23-213 and reject the House version (Senate contact info below).** Should your senator ask for areas of concerns, we have listed our primary concerns below. Thank you for making your expert voices heard on this very important piece of legislation. Contact should be made this weekend, the legislature adjourns Monday and bills are moving very quickly.

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### Concerns:

Urban Municipalities and Rural Resort Communities must choose from strategies that include:

- adopt inclusionary zoning ordinances as one of their affordability strategies;
- prioritize building permits or reduce impact fees for affordable housing units.

Makes “regulated affordable housing” a use by right with higher density than SB 213 requires. (Changes housing needs to “regulated affordable housing” throughout the bill).

Urban Municipalities and Rural Resort Communities must now choose displacement risk strategies (displacement strategies were not mandated in the introduced version), which have been expanded to include:

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- right-of-first-refusal policies
- community benefit agreements

Greenfield Development was restored in the bill and PUDs must conform with all the model housing codes. We preferred "buildable lots analysis". We still do not understand the purpose of greenfield development studies in a bill dealing with increasing density in the existing built environment. We fear this could become an assault on the most prevalent form of scalable development in the state, which is in master-planned communities (MPCs), which contain a good mix of housing types, densities and commercial uses.

- The preponderance of new master-planned communities is built at greater densities than existing neighborhoods, subdivisions and master-planned communities.
  - City of Denver averages 3.5 DU/AC (net density)
  - New MPCs are being built at 7-8 DU/AC
- And the State has shown a propensity to be unrealistic about how to begin to increase density (construction defects laws)

The multi-agency advisory committee as it is currently comprised:

- After DOH it lacks proper perspective. Neither the DRE nor the CEO have the necessary perspective. It is necessary to have both a housing developer/builder, for both affordable and market-rate housing, and local government perspectives on the committee to ensure we don't over-prescribe assessments, plans, strategies and objectives that don't meet the mission of attainable housing now. While this committee was expanded through adoption of a Senate amendment to add local government reps it still needs to include the development community.

The bill still doesn't include any limitations on design guidelines, and should include them, with broad application across the housing continuum. Design guidelines add costs (materials, etc.) and time to the development process.

- Developers, builders and design professionals conduct a lot of due diligence to ensure they are producing attractive products that meet market demand and agree with community character. More often, they are creating that community character via new master-planned communities.

Municipalities cannot require minimum square footage (a good thing), but affordable units must be the same size as market rate units (highly prescriptive, potentially infeasible and will raise costs).

The bill includes some good ideas, like permitting multifamily as a use by right in transit corridors – this is where we need denser housing. But without including further construction litigation reform we won't ensure there are much needed ownership components in these corridors. Without further reform we will continue to only see multifamily rentals and miss a huge opportunity for Coloradans to build wealth through entry-level housing. This bill will never reach its potential without further meaningful construction defects reform.

Furthermore, many of the good pieces of this bill are counteracted by other components. For example, if a local government has to develop and adopts displacement strategies, those strategies could make it untenable to develop much needed, dense, multifamily housing in areas in need of reinvestment.