

# Jeff Haanen

## Faith, Work & Culture

Home Architecture and Design Affordable Housing: What You Need to Know About the Most Critical Issue Facing Colorado Today

Posted by jhaanen on Feb 28, 2017 in Architecture and Design, business, Craftsmanship & Manual Labor, Economy, Work | 0 comments



## Affordable Housing: What You Need to Know About the Most Critical Issue Facing Colorado Today

Imagine with me for a moment.

Imagine you and your new spouse have been outbid on four straight houses in two months. Instead of buying your first home in Denver, you finally decide to work remotely, move back to the Midwest to be closer to family, and leave Colorado.

Now imagine you're a business owner at lunch with a real estate developer who is fighting off three simultaneous lawsuits from trial lawyers representing a homeowner's association. He tells you, "I'll never build condos again. Never."

Subscribe to Blog via Email

Popular Recent Random

**24** How We Lost the Craftsman  
Posted by Jeff in Craftsmanship & Manual Labor, Work

**16** Seven Quotes from Psychiatrist Curt Thompson on Shame  
Posted by jhaanen in Science, Work

**16** How pastors can inadvertently fuel the sacred/secular divide  
Posted by Jeff in Theology

**04** How To Choose a Career: Advice From a Puritan Pastor  
Posted by Jeff in Work

Finally, imagine you work construction and rent an apartment near Five Points. In the past eight years, your rent has increased from \$900 per month to \$1600. Exasperated by rising costs – and stagnant wages – you move to Frederick, 40 minutes from friends, family, and your job site. Dejected you grab a beer with a friend after work. Your friend tells you that back in 2006, his grandma gave him \$5,000 for down payment on a \$175,000 condo. Today, that condo is worth \$265,000 – and your monthly rent is now more expensive than his mortgage.

*Colorado is facing an economic and social tsunami centered on a single issue: affordable housing.*

There's a unique mix of factors at play.

- **Colorado is experiencing a population boom.** It's the second fastest growing state in the union, and population growth has far outstripped available housing for Colorado's new residents.
- **Cities are becoming more popular places to live.** With more people desiring to move into cities, fix 'n' flips, remodels, and urban redevelopment has transformed the housing markets in the metro area.
- **Housing costs, particularly in cities, have skyrocketed .** Home prices are now a staggering 49.1 percent above the high reached in 2006. To make things worse...
- **Colorado has a labor shortage in the trades and middle skilled jobs.** Which means there aren't nearly enough people to build more houses. Sadly...
- **The rise in housing costs has hit low-income communities the hardest.** For example, from 2000-2014, in historically black and Latino Montebello, monthly rent rose 18% to a median cost of \$1690. Mayor Hancock says an estimated 38 percent of Denver's renters can't afford the rising costs.

The upshot: **The state needs far more entry-level housing built to keep up with demand, such as condos.** Ten years ago the percentage of new residential construction builds that were condos was 25 percent. In 2015, it had plummeted to 3.4 percent. This means that getting a starter home (either condo or townhouse) has become nearly impossible.

So why not build more condos, even if you have to search harder for labor? The answer: **there is one major reason why developers have not built more condos in the last decade: They're getting sued like crazy.** Here's how it works:

1. A condo owner has a cracked foundation or leaky window that could be fixed for anywhere from a few hundred to a few thousand dollars.
2. A second owner has similar complaint, and the condo's homeowner's association turns to a law firm that specializes in "construction defects lawsuits" and the case turns into a class action lawsuit. What started as a complaint over relatively minor problems (that likely could be addressed by paying the right subcontractor to fix the problem) turns into a multi-million-dollar lawsuit, costing the developer enormously (yet handsomely profiting a small group of law firms).

3. Because of this litigious habit, developers flee from condos, often unable to even get insurance on the development because of exorbitantly expensive lawsuits over construction defects. (One firm boasts 100+ "recoveries" in excess of \$1 million.)

The result of all these factors: *an affordable housing crisis.*

Not all of these issues can be addressed at once. **But now is the time to address one of these issues on a statewide level: our state's "construction defects" law.**

Local solutions have been proposed. Cities have passed a patchwork of policy Band-Aids, such as the City of Denver's new tax which will provide an estimated \$15 million per year for new affordable housing developments. But this amount is only a drop in the bucket for a city that needs an estimated 60,000 more affordable units right now. Many have also passed laws addressing construction defects lawsuits their own municipalities.

But what needs to be addressed is *how to allow the market to build condos profitably once again throughout the state of Colorado.* Apart from a statewide solution, condo builders are "gun shy" on applying for new builds, thinking that an unfavorable statewide bill would trump local efforts.

Today a hodgepodge of bills are being proposed in the state legislature after years of unsuccessful attempts to address the issue. One requires homeowner's associations to undergo mediation that makes suing developers more difficult; another addresses the cost of insurance; yet another gives builders the ability to repair construction flaws before legal action can proceed.

Most Coloradoans won't (and shouldn't) get into the details of the bills. This is the job of our elected officials. But the Colorado public needs to remember three things:

**1. This issue is absolutely critical to the economic future of Colorado.** Our economic growth is fundamentally dependent on attracting and keeping talented labor. If talented tech entrepreneurs or skilled craftsman can't find affordable housing, they'll leave the state and our growing economy will start to contract.

**2. At the heart, this is an issue of human flourishing.** Wealth building for most low-income families begins with an affordable mortgage. To have a home means to have an asset – often times the only major asset they have – that can grow in value. *To be stuck in the vortex of rising apartment costs yet stagnating wages fuels the cycle of poverty.* Getting a starter home at a reasonable price is *key* to the well-being of our low and middle-income communities in Colorado.

**3. Now is the time make a change.** In the next 3-4 weeks, bills will either get passed to address construction defects, or they'll get shot down in committee, often influenced by organizations like the Colorado Trial Lawyers Association, who have profited enormously from the status quo. Today, both Democrats and Republicans are aligning to say we *can* retain

homeowner's rights (including their ability to protect their most valuable asset and, in some cases, seek damages in court) yet hinder this rampant practice that is hurting our most vulnerable citizens – and eventually, all of us.

Does shoddy construction exist? Absolutely. We need to praise an ethic of craftsmanship among condo developers, and build quality condos that can last for 100 years (and won't fall apart in 30 years). But we also need to recognize now is the time to solve one piece of the affordable housing puzzle.

### What can you do?

The best thing you can do is contact your Colorado state Senator or Representative. They rarely hear from their constituents, so either an email or a phone call will likely be returned.

And instead of getting angry with them (they get a lot of that), tell them how much you care about this issue. Tell them you believe in giving developers the chance to repair their mistakes without costly trials; tell them to find ways for peaceful resolution of disputes between home owners, HOAs and developers; tell them you want to find ways to allow builders to once again build what our state needs the most: high-quality condos.

Tell them how excited you are for them to show political courage and bipartisan cooperation to solve this issue, and that you believe Colorado will benefit for generations to come when they pass the proper bills that address *each* side of this issue.

And if you can't remember all of that, just tell them this: "I believe in a vision of a good city where men and women of all backgrounds can live in homes they own, provide for their families, and participate in the flourishing of their communities."

Photo credit. *Want to print this out? Here's the PDF.*

Like what you read? Pay the author.

Enter amount (USD)

Share this:

