

**Senate Local Government & Housing**

**04/16/2024 02:00 PM**

**HB24-1230 Protections for Real Property Owners**

**Typed Text of Testimony Submitted**

<b>Name, Position, Representing</b>	<b>Typed Text of Testimony</b>
Nysa Rayno Against themselves	<p>I do not feel this tax being applied to short-term rentals is fair to the average person who is not treating this as a business. I only own 2 properties(one is my primary residence) that I rent to have residual income to help afford everyday living expenses. With inflation and rates continuing to rise this is the way I can keep food on the table. I do not feel that people who own a couple of properties should be taxed as a business or the same rate as large companies that own many properties or commercial businesses. I am barely getting by and without a small extra income that I have worked very hard to own I will have a hard time surviving."I believe that applying taxes to short-term rentals is unfair to individuals who are not running it as a business. Personally, I own only two properties, one of which is my primary residence, that I rent out for extra income. This additional income helps me cover my daily expenses and stay afloat, especially given the rising inflation and rates. In my opinion, individuals like me who own only a couple of properties should not be taxed at the same rate as large companies with multiple properties or commercial businesses. If I am taxed heavily, then it will be challenging for me to survive with the limited income I have worked hard to earn."The proposed tax on short-term rentals is grossly unfair to those who are not using it as a business. As someone who owns just two properties - one of which is my primary residence - I rent them out to earn extra income to make ends meet. With the ever-rising inflation and rates, this is the only way I can sustain my daily living expenses. I strongly believe that individuals like myself who are only renting out a couple of properties should not be taxed at the same rate as large companies or commercial businesses. It would be unjust to impose heavy taxes on us, as we are already struggling to make ends meet with the limited income we earn.</p>
Gina Neuman Against DM Neuman Construction Co.	<p>We at DM Neuman Construction Co, a 44-year old family-owned and operated General Contracting company in Glenwood Springs, CO, strongly urge against the passage of HB24-1230 "Protections for Real Property Owners" as we feel this is a massive step backward at any attempt to reform construction defect litigation and create more</p>

	<p>affordable housing options in this state. It seems that the state is at odds with itself in successfully passing SB24-106 through the Senate, which would be transformative for the future of attainable housing, to then turn around and try to pass this HB24-1230 which could quite literally shut down housing development of all types across Colorado by incentivizing more litigation and making insurance near impossible to obtain by builders. It is our experience that many of the construction defect lawsuits that are currently filed in this state are way overblown for the actual damages incurred by homeowners. The defect litigation attorneys take full advantage of laws such as this one to make astronomical demands for very little true damages and it only drives construction insurance rates and ultimately housing costs up. In addition, many Contractors and Developers are simply unwilling to take the risk in developing any meaningful amount of housing (that would drive down housing costs) due to the fact that these litigation risks are so abundant in this state. Please consider voting "no" on this dangerous law. The state of Colorado has an affordable housing crisis and this law will only make that worse. Thank you so much for your time. Jason and Gina Neuman - DM Neuman Construction Co.</p>
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04/16/24

Dear Chair Exum and members of the Senate Local Government & Housing Committee:

The Colorado Affordable Homeownership Alliance (“CAHA”), a statewide coalition of eleven rural and front range-based organizations that create and preserve affordable for sale homes, **opposes the passage of HB24-1230.**

CAHA supports protections for real property owners, but opposes this bill because it will reduce the availability of new condos and increase liability for non-profit affordable homeownership providers. **The bill therefore protects existing property owners at the expense of helping Colorado renters transition to homeownership and gain access to the benefits it provides.** CAHA believes these two goals are not mutually exclusive. CAHA opposes the bill for two main reasons:

**First, increasing the statute of repose from six to ten years will further disincentivize the development of new condos because it will lead to increased insurance costs for builders.** Increased insurance costs have already been identified as one of the main drivers of decreased condominium construction in Colorado<sup>1</sup>. Increasing the statute of repose from six to ten years will cause insurers to charge even higher rates. Because condos are traditionally smaller and more affordable than single family homes, they play an important role in the starter home market. The bill will stymie condo construction and make it harder for renter households to transition to homeownership.

**Second, making it a violation of the Colorado Consumer Protection Act for non-profits to limit homeowners’ remedies under the Construction Defect Action Reform Act (“CDARA”) will increase liability for these non-profit housing providers.** “Bona fide charitable organizations” are permitted under current law to limit certain remedies under CDARA.<sup>2</sup> The bill should clarify that this practice, when undertaken by bona fide charitable organizations, is not a violation of the Consumer Protection Act. This change will help more renter households transition to homeownership because it will make clear that non-profit housing providers – which by their nature center the interests of their low- and middle-income buyers – are not violating the Consumer Protection Act.

Homeownership is transformative at both household and state-wide levels. Market pressures, however, have made it virtually inaccessible to Colorado’s low- and middle-income households. To combat this issue, affordable homeownership providers are playing an increasingly large role in producing attainable units and helping these households purchase a home. HB-1230 would make it more difficult to provide affordable homes to Coloradans that need them.

**CAHA therefore urges you to either (1) vote no to prevent this bill’s passage or (2) pursue amendments that will remove language extending the statute of repose from six to ten years and clarify that bona fide charitable organizations may require homebuyers to limit their remedies under CDARA without violating the Colorado Consumer Protection Act.**

Thank you for your consideration. Please contact us with any questions.

Sincerely,

The Colorado Affordable Homeownership Alliance (see attached membership and contact information)

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<sup>1</sup> Peter LiFari, *The Decline of Condominium Construction in Colorado: Addressing Litigation Reform to Alleviate the Housing Affordability Crisis*, page 12 (The Common Sense Institute, available at: <https://commonsenseinstituteco.org/wp-content/uploads/2023/09/FINAL-CSI-Report-CO-Condo-Litigation-Reform-FINAL-9.20.23.pdf>)

<sup>2</sup> Colo. Rev. Stat. § 13-20-806(7)(c) (2024).

# Colorado Affordable Homeownership Alliance



Colorado  
Community  
Land Trust



ROCKY MOUNTAIN  
COMMUNITY LAND TRUST

TELLURIDE  
Make more possible...



FOUNDATION  
Here. Now. Tomorrow.

*The Telluride Foundation's  
Rural Homes Initiative:*



*For additional information, please contact:*

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Thank you, Chairman Exum and members of the Committee. My name is Dave Davia, and I am the President & CEO of Colorado Concern, a non-partisan alliance of 140 top executives representing every industry in this great state. On behalf of these leaders, who collectively employ more than 178,000 Coloradans, I encourage a bipartisan no vote on HB 1230.

This committee recently debated SB 106, and thankfully, you advanced the concept out of committee and out of the Senate. We strongly support SB 106 because we believe that the litigious environment surrounding multifamily homebuilding prohibits development and starves Colorado of affordable entry-level homes. Homes that we need to house our employees and grow our businesses. Housing is a business issue, and the lack of affordable housing is consistently among the top concerns voiced by our CEO members.

HB 1230 is diametrically opposed to SB 106 and thus should be swiftly dismissed by this committee.

Where SB 106 closes loopholes to prevent frivolous claims on construction defects, an effort we expect to bring insurance rates down and developers back into the market, HB 1230 lengthens the statute of repose by 66%. This bill is full of new provisions that will chill capital markets and discourage investment in multifamily housing, but this provision is of paramount concern. By radically extending the risk period, we expect insurance rates to become unaffordable for the remaining developers in this already limited market, thereby forcing these developers to redirect investment toward single-family development. Indeed, the majority of the developers within our membership have already done this due to concerns surrounding construction defect claims.

We are currently working with the Governor to support zoning changes that increase the legality of dense multifamily housing. Dense multifamily development is not only good for affordability; it is good for the environment as it can cut commute times and decrease development's impact on our Colorado landscapes. However, efforts to encourage transit-oriented development will fail if the legislature advances HB 1230. Passing HB 1313 will be meaningless if we do not address construction defect litigation. Increasing developer risk, which is what passing HB 1230 today will mean, is at odds with increasing residential density. Go into this with eyes wide open. If we want to increase the development of condominiums in Colorado, we need to dismiss HB 1230 and support SB 106. I hope I can count on your support.

Please reaffirm your support for increasing housing supply by voting no on HB 1230.