Dear General Assembly Members,

Insider dealing of public debt issuance for private real estate and economic development has an ignoble history in Colorado. In the Denver area in specific, realtors and developers lobbied for the issuance of public debt to clear the way for an extension of Lower Broadway in the early twentieth century, displacing one of Denver's largest Black communities in the process. The Chamber of Commerce further spearheaded the issuance of bonds for urban renewal and highway clearance projects, like the Denver Auraria Campus and the sweeping "L" of I-25 and I-70, that to this day have respectively failed to fully pay back former displaced residents and mark a belt loop of lower-opportunity neighborhoods disproportionately populated by people of color that circle Denver's wealthier and whiter neighborhoods.

What Representative Weissman is proposing in this bill is not a check on new development in Denver and other cities like it in Colorado, but a check against the unsustainable, inequitable, and unfortunately longstanding practice of allowing those who stand to benefit most from the issuance of public liabilities to offset their personal financial risks of private development onto vulnerable taxpayers. As a recent *Denver Post* investigative series found, unchecked metro district debt issuances exceeded the total debt held by the state of Colorado one hundred times over. The series also found that at least a dozen of these metro districts are severely underwater, while our the Redress Movement's own research on mismanagement of community associations would suggest that this precarious state of finances is likely more common than not, and more likely expanding than contracting as time continues to pass from each metro district's initial development stages.

At the Redress Movement, we understand Colorado's dire need for more housing, and that a lack of new development costs the state's economically vulnerable and racially diverse populations the most through rising rents and housing prices that come with a mismatch between housing supply and surging demand. What we cannot support, based on our research and experience organizing, is an unsustainable system of new development that requires individual homeowners to foot the debt for metro districts whose precarious financing ultimately puts those same homeowners' home equity and residential stability at risk. As per usual, such a system will put those already least served by urban development at the greatest risk of displacement and housing wealth loss.

The first step to redress is to cease perpetuating systems of development that exacerbate segregation and that create urban inequality in the first place. Unchecked metro district debt issuances are one such system, one that also places at long-term risk any and all Coloradoans who have the misfortune of buying into a precariously overleveraged metro district whose debt holders are happen to be their debt issuers. The Redress Movement is therefore more than excited to offer our endorsement of Representative Weissman's proposed bill.

Best,

Kevin Patterson – Senior Campaign Organizer in Denver for the Redress Movement

Bo McMillan – Researcher for the Redress Movement

Good afternoon and thank you Chairmanperson and members of the committee.

I'm excited to be here today to show my support for HB 23-1090. My name is Elina Rodriguez and I'm the policy manager for the Community Economic Defense Project.

We're a nonprofit working at the intersection of housing and economic stability. Our teams provide legal assistance, financial assistance, community resource navigation, case management, and policy advocacy to protect community wealth and keep people in their homes in Colorado. We vociferously support HB 23-1090 because we believe that families should not face housing insecurity from cost of living increases that are the result of decisions made on their behalf by those charged with safeguarding their investment. We hear firsthand from our clients about the anxiety, stress, fear, and heartbreak that follow when someone is at risk of losing their home. It bleeds into all areas of their life, can have disastrous impacts on health outcomes, educational opportunities, and overall well-being. One of the worst days of our clients' lives should not be a remunerative opportunity for others, especially for the same people who decided on or created the debt in the first place.

Metro districts are designed to finance the infrastructure for neighborhoods and community benefits, such as roads, sewer lines, etc.; in no way should they serve as a money-grab to profit off of the homeowners who live within the district. For Coloradans living in the nearly 2,300 metro districts across the state, this bill is critical. Put simply, those who make decisions about debt and spending for a community, should not then stand to profit from the very debt they are enforcing.

Without the protection of HB 23-1090, any member of a board of a metropolitan district can issue a debt, have the district purchase that debt, and then benefit individually or on behalf of their organization from that purchase - not only becoming jury, judge, and executioner on if a family is stuck in a never-ending tax burden or is at risk for losing their home but ALSO making a quick buck from doing so. We believe this issue is straightforward. The law in Colorado currently does not protect Coloradan homeowners from this kind of predatory and unjust exploitation, but it should.

Developer-controlled boards cannot be allowed to line their own pockets from the debt that they have created and enforced. It creates a never-ending cycle of debt, and Colorado homeowners pay the price.

Passing HB23-1090 gives homeowners better safeguards, and ensures that housing should not be treated as some commodity to be bought and sold at the whims of those looking to profit off of others' insecurity and hardship. Thank you for the opportunity to speak and I urge you to vote yes on this bill.

Dear legislators,

My name is Andrew Sorensen. I am a lifelong Colorado resident and newly minted homeowner in Broomfield. I thank you, and the bill sponsors of HB23-1090 and HB23-1065, for considering the urgent matter of putting a check on the nearly unlimited taxation powers of special districts and metropolitan districts.

Whether they intend to use their powers for good or not, their organizing documents often make clear that they can tax at just about any rate they like with little accountability. I hope the details below demonstrate how concerning these powers are if left unchecked.

As my wife and I searched for our first home in 2021 and 2022, we encountered the same issues discovered by many of our twenty- and thirty-something peers entering the housing market: overpriced and out-of-date homes, bidding war horror stories and environmental concerns— including asbestos, lead paint, and lead pipes in aging homes across the Front Range. To counter these issues, we settled on a new-build home in Broomfield. We love our new house. We love our neighborhood. However, we are facing a looming threat: eventually being priced out by our property taxes, which are currently exclusively set by a development company with little to no constituent oversight and no promises they will remain anything close to reasonable.

The five member board of our allegedly public tax board—Broomfield's Baseline Metropolitan District 3–is exclusively composed of McWhinney employees, the same company developing the larger Baseline subdivision surrounding us.

If we the homeowners do not like the mill levy McWhinney chooses—too bad. The organizing documents for our district make clear that if residents wanted to elect community voices or register displeasure on the public record, McWhinney could simply decide to move the meeting to another day and time, and keep doing so until no one shows up.

Prior to any resident truly having a vote or say in the matter, five McWhinney employees have codified $764 million in possible bonds that residents will have to pay for through 50 mills (or higher, McWhinney willing) for the next several decades. They appear to have a firm financial plan to service that debt and make reasonable community improvements. We are excited for that community plan, truthfully. However, it is troubling that a body not elected by actual taxpayers and homeowners can legally leverage three-quarters of a billion dollars and pass all of the costs on to people who had the gall to attempt homeownership in our increasingly unaffordable state.

I am not a lawyer, but as far as I can tell, there are also no safeguards you would see in other public bodies, such public bidding. If a company running a tax district has conflicts of interest, it seems they need to disclose it, but nothing—save for these bills— stops them from freely profiting off of such conflicts.

The situation has a deep “company store” feel to it. The residents of my community have no guarantee of fair market prices for McWhinney’s development services. The residents of my community also have no guarantee that McWhinney will not transfer those bonds to a servicer with no conflicts of interest, potentially upcharging us along the way. How are we to know the fair market value for a new neighborhood?

When McWhinney owns the land, the rights to develop it, and the right to charge Coloradans whatever the company would like to finance the project via bonds, can you call it anything but self-dealing? These practices should be far more heavily regulated than they are.

HB23-1090 and HB23-1065 are a great start, and I urge you to enact these pieces of legislation.

As I read it, 1090 would prevent companies like McWhinney from overleveraging our communities, and it would force local governments to take a harder look at what they’re actually approving.

1065 gives much needed additional oversight and lever for taxpayers to get recourse other than pulling up stakes and selling their homes.

Currently, cities like mine are making a deal with the devil. It’s not good for our communities when our $600-per-month property tax obligation is laden in fine print that the bill could go up to the sky at the board’s discretion.

Development companies are likely to tell you they have no ill-will, but take a moment to consider this: they have motive and they have opportunity. And if you do not act, you could be literally writing them a blank check that our state will end up having to pay.

Too many developer-run metropolitan districts have proven themselves irresponsible, as a Denver Post investigation found in 2019: https://www.denverpost.com/2019/12/05/metro-districts-debt-democracy-colorado-housing-development/amp/

Unchecked, as noted in the article above, some of these financial structures could easily lead down a road of mass foreclosures or whole communities defaulting. The prospect of billions of dollars in municipal bonds defaulting has eerie echoes of 2007. This time, however, the over-leveraging isn’t being done by the homeowners, but the home builders, and too many plan to skip out before the bill comes due. As we discovered in 2007 and 2008, we will all ultimately pay the price.

More Colorado taxpayers are in danger of falling prey to these bodies as home prices rise, because cities and counties will continue to see them as one of the few avenues for growth, particularly while voters are unlikely to approve the tax increases necessary for new roads and utility footprints that a growing Colorado needs.

I urge you to take action quickly to reign in the corporate interests who are freely leveraging our state’s future to pad their wallets. Please pass HB23-1090 and HB-1065.