metrodistrict
EDUCATION COALITION

ACCOUNTABILITY TRANSPARENCY AFFORDABILITY

Metro Districts in Colorado





Who is the Metro District Education Coalition?

www. MetroDistrictEducation.com



Why Are Metro Districts Needed?

- Communities across Colorado have a significant shortage of new housing, which is exacerbating the affordability problem.
- Cities and counties often require significantly more public infrastructure in new communities than would be necessary absent larger regional infrastructure needs or the desire for highly amenitized communities.
- Metro districts allow for growth to pay its own way.
- Cities and counties are not willing or able to tax their entire tax base to build the public infrastructure required for new development.



What Is a Metro District?

Organized to provide two or more types of improvements/ services:

•Street, water, sanitation, park and recreation, traffic-related safety protection, transportation, television relay and transmission, mosquito control, storm water, covenant control and enforcement

Metropolitan Districts Governance

- Statutory Framework (Special District Act)
- Service Plan
- Board of Directors
- Other Statutory and Constitutional Requirements (Budget Law, Audit Law, Open Records Act, Open Meetings Law, Local Government Election Code, etc.)

Eligible Electors

Person registered to vote in Colorado who:

- Is resident of district, or
- Owns, or spouse or civil union partner, owns taxable real or personal property
- A person obligated to pay taxes under a contract to purchase taxable property is considered an owner

Financial Powers

- Revenue
- Debt Authority



Why Finance Through A Metro District?

- Developers could fund all the public infrastructure expense, but:
    - This would be significantly more expensive (roughly 12-20% versus 6-8% for the district), which would ultimately be paid by homeowners
    - Smaller developers are not able to raise additional capital during the early stages of development, further shrinking the supply of new housing



WHO IS AT RISK WHEN THINGS GO WRONG?

- **When development progresses more slowly than anticipated, investors who purchased metro district debt are on the hook for losses, not property owners (and not the city/county)**
    - Property owners generally have a limited amount of taxes that a metro district can impose for a limited period of time
- **Taxes may be higher and extend for a longer period of time if development does not progress as planned, but they cannot extend beyond the limits of what the city/county approved in the service plan**
    - A typical framework for this is 50 mills for 40 years, but debt is most commonly issued for 30 years (and often limited to 30 years in the service plan)
    - If debt is not retired by the 30-year maturity, it often is discharged after 40 years so that homeowners cannot be on the hook for the payment of infrastructure beyond that date
    - Any remaining principal and accrued interest is forgiven on the discharge date
- **Metro districts cannot prevent projects from developing more slowly than anticipated, but generally do not exacerbate those issues**



SB 21-262 Concerning Transparency for Special Districts

- Calls for Nominations
- Required Websites
- Required Annual Reports
- Limitation of Dominant Eminent Domain
- Property Disclosure

Signed into law on June 28, 2021

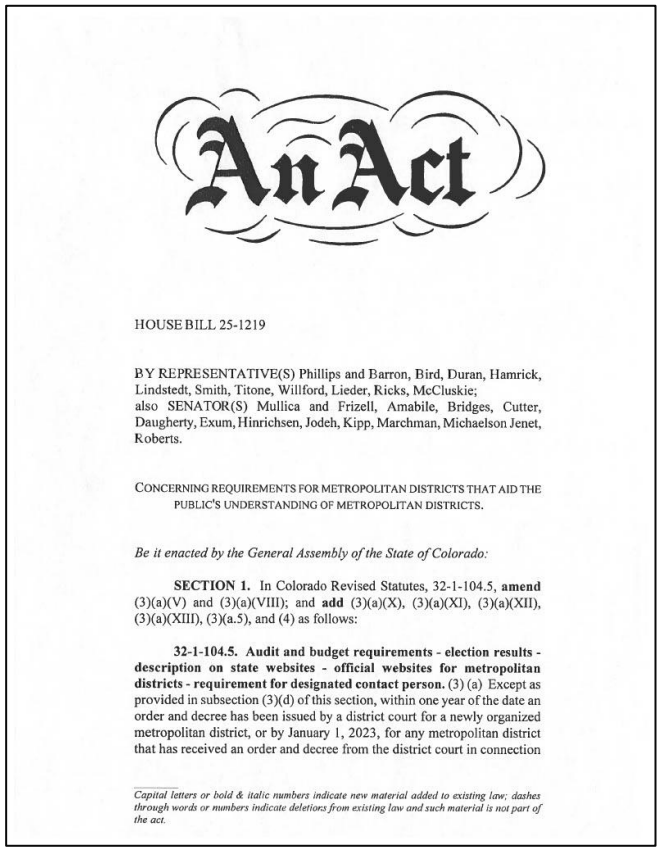


SB 23-110 Concerning Transparency for Metro Districts

- Caps on Mills
- Caps on Total Debt
- Mandatory Townhall Meetings
- Capping of Interest Rates
- Property Disclosure

Signed into law on April 3, 2023





An Act

HOUSE BILL 25-1219

BY REPRESENTATIVE(S) Phillips and Barron, Bird, Duran, Hamrick, Lindstedt, Smith, Titone, Willford, Lieder, Ricks, McCluskie;
also SENATOR(S) Mullica and Frizell, Amabile, Bridges, Cutter, Daugherty, Exum, Hinrichsen, Jodeh, Kipp, Marchman, Michaelson Jenet, Roberts.

CONCERNING REQUIREMENTS FOR METROPOLITAN DISTRICTS THAT AID THE PUBLIC'S UNDERSTANDING OF METROPOLITAN DISTRICTS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 32-1-104.5, **amend** (3)(a)(V) and (3)(a)(VIII); and **add** (3)(a)(X), (3)(a)(XI), (3)(a)(XII), (3)(a)(XIII), (3)(a.5), and (4) as follows:

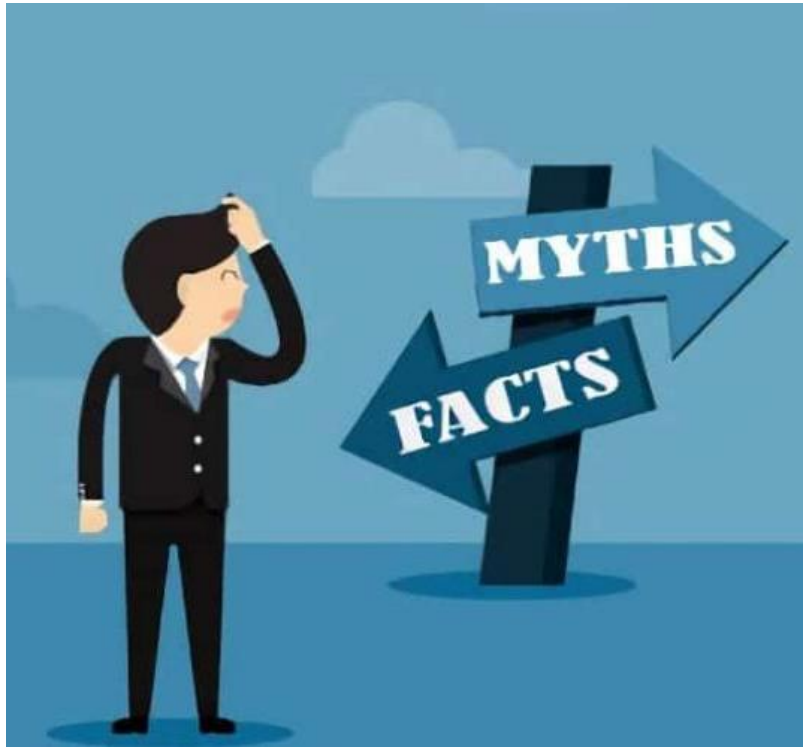
32-1-104.5. Audit and budget requirements - election results - description on state websites - official websites for metropolitan districts - requirement for designated contact person. (3) (a) Except as provided in subsection (3)(d) of this section, within one year of the date an order and decree has been issued by a district court for a newly organized metropolitan district, or by January 1, 2023, for any metropolitan district that has received an order and decree from the district court in connection

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

HB 25-1219 Requirements for Better Understanding Metropolitan Districts

- **Max term for imposing a debt service mill levy for residential properties**
- **Additional information on websites**
  - **Emergency after-hours contact**
  - **Names, terms, contact info for Board of Directors**
  - **Date, time, location of regular scheduled meetings**
  - **Call for nomination form**
  - **Names of overlapping governmental entities**
- **Mailing/Emailing Annual Mtg. Info**
- **Property Disclosure**

Common Misconceptions



Metro districts raise taxes for surrounding residents

- **Reality:** Metro districts only levy taxes **within their defined boundaries**. They do **not** increase taxes for existing homes or properties outside the district. The property tax mill levy applies solely to properties that directly benefit from the district's infrastructure and services.

Metro districts cost the town or city money

- **Reality:** Metro districts are **self-financing** entities. They fund public infrastructure through property taxes and bond proceeds collected *within the district*, not from the town or city's general budget. In fact, they often **reduce municipal financial burden** by constructing infrastructure that would otherwise require city funding.

Metro districts are private governments controlled forever by developers

- **Reality:** Developers initially manage districts to build required infrastructure, but **control transitions to resident-elected boards** as communities grow. Districts must comply with public transparency, open meeting, and election laws.

QUESTIONS?

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