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HOME BUILDERS
ASSOCIATION
of
METRO DENVER®

May 28, 2021

Town of Erie
Mayor Jennifer Carroll
Town Board of Trustees
645 Holbrook Street
P.O. Box 750
Erie, CO 80516

Dear Mayor Carroll and Town Board of Trustees:

I am writing to share our concerns regarding the Town of Erie's consideration of a new reverse setback requirement for residential development from existing oil and gas facilities within town limits.

These comments are being provided on behalf of the Home Builders Association (HBA) of Metro Denver. HBA of Metro Denver represents over 400 homebuilders, developers, remodelers, architects, mortgage lenders, title companies, subcontractors, suppliers, and service providers in the eight metro-area counties we serve.

In the Town of Erie, HBA of Metro Denver represents many builders and developers currently active within the municipality with 189 registered permit applications submitted during the first three months of this year.

Based on information we have received from Erie's Planning and Development Director, Fred Starr, we understand that the Town is considering increasing the reverse setback requirement for residential development. The collective feedback that we have received from all our active builders and developers in the area, is that the imposition of an expanded reverse setback requirement would severely restrict the ability of the homebuilding industry to continue to offer the housing necessary to meet the needs of future residents hoping to call Erie home.

Increasing the City's setback ordinance will also make new housing units even more expensive, further exacerbating Erie's housing affordability challenges and pricing more middle-income residents out of the market. The National Association of Home Builders' latest "Priced-out Estimates" from January 2021 indicates a \$1,000 increase in the cost of a median-priced new home will further price 2,310 Colorado households out of the market.

We have many active builders in Erie with a number of projects in various stages of development. Assuming that Erie's potential policy changes would impact all future development that do not have final plats submitted, the potential impacts to our builders and the Town would be devastating. Each of our builders have invested substantial resources in time and capital to help meet the long-term housing needs of Erie residents and

increasing setback requirements to 500' from existing wells and 150' from plugged and abandoned wells would produce a significant loss of future homes and millions in future fees and tax revenue. In some cases, a setback of this size would threaten the viability of entire residential developments in Erie that have been planned years in advance.

The increase in reverse setbacks would also constrain future economic growth in Erie and have long-term consequences for the quality-of-life of existing and future residents. These include:

- Decline in available housing units.
- Increase in home prices to the detriment of aspiring residents who will be priced out of the market.
- Limitations or inability to finance infrastructure in new and existing developments.
- Long-term declines in commercial and retail development due to reduced population growth.
- Millions in lost tax revenue from tap fees, building permits and sales taxes from reduced development.

As the Broomfield Study clearly outlines, there is no scientific data upon which to base an increase in setbacks from existing oil and gas facilities to future residential development. Therefore, any increases to current reverse setback requirements need to be based on empirical evidence.

HBA of Metro Denver would support additional disclosure requirements for new and existing homes in Erie that fall within the proposed setback guidelines. These disclosures could also be part of the sales contracts between builders and homebuyers and could be contained within the County records so that they would show up on any title commitments. Homebuyers could also be made aware of any oil and gas activity in the area by way of written disclosures that would be presented to the homebuyer at closing. Doing so would ensure proper disclosure to both existing and new homeowners without undermining the confidence that the development community has placed in the Town of Erie that their substantial investments and vested property rights would be respected.

In conclusion, we strongly encourage the Erie Town Board of Trustees to consider the implications of the proposed changes to the City's reverse setback requirements and their impact on the future attainable housing within the Town. We also hope that the Town Board will consider offering an opportunity for stakeholder engagement on this important issue before any final decisions are made. We are available for additional consultation with the Town staff, as necessary.

Thank you for your time and consideration of our concerns.

Sincerely,



Ted Leighty
Chief Executive Officer
Home Builders Association of Metro Denver

Cc: Malcolm Fleming, Town Administrator
Fred Starr, Planning and Development Director