

## *Desperate for Housing Options, Communities Turn to Ballot Initiatives*

Cities and counties will vote on measures, like tax increases and curbs on Airbnb, aimed at creating more affordable housing.



By Jennifer Steinhauer

Nov. 1, 2021 Updated 7:23 a.m. ET

LEADVILLE, Colo. — A small-business owner in a town fueled by vacationers is an unconventional proponent for a tax increase on tourists. But Marcee Lundeen sees few other choices.

Gearing up for ski season at her restaurant along the main drag of this fabled mining town perched at 10,000 feet between clusters of resorts, she is going to have trouble finding workers, she said, because few of them can afford to live in Leadville anymore.

“I don’t look at this politically, I look at it economically,” said Ms. Lundeen, co-owner of the Golden Burro. A sign in the window promotes a ballot measure on Tuesday that would charge visitors staying at hotels, motels and short-term rentals a 3 percent tax, earmarked to create more affordable housing. “I have several potential employees not able to work for us because there is no place to live. That was a motivating factor,” she said.

The Leadville initiative is one of nearly a dozen measures that will be on the ballot in Colorado to address the state’s growing housing shortage, one that predates but now mirrors hundreds of communities around the nation. Numerous other counties and towns, especially in the West, are mulling similar initiatives on Tuesday’s ballot, as housing stock remains scarce and prices remain high.

Years of stalled building, labor and supply problems and the rise of short-term rentals like Airbnb have all contributed to the housing shortage, which has frustrated first-time buyers, squeezed renters and contributed to homelessness.

Migration patterns during the coronavirus pandemic have worsened the problem in some places as people shift from more expensive cities to new areas, boosting prices as they alight in search of the closest Trader Joe’s. The median existing-home price was \$352,800 in September — up 13.3 percent from the same period last year, and the 115th straight month of year-over-year increases, according to the National Association of Realtors.

Marcee Lundeen, co-owner of Golden Burro Cafe, sees a tax on visitors at hotels, motels and short-term rentals as one of the few options for providing affordable housing. Rachel Woolf for The New York Times

While the Biden administration is seeking billions of dollars for rental assistance and housing in its giant economic policy bill, the federal government has largely stayed out of the problem for years, leaving states, localities and, at times, citizens to step up.

“I am not promoting taxes on anybody,” said Jerry Howard, chief executive of the National Association of Home Builders. “But absent the federal government’s ability to get its act together, state and local governments are going to have to take on more burden.”

Voters in three cities in Colorado will decide this week whether to approve excise or accommodations taxes on short-term rentals that would go toward new housing, while Vail and Crested Butte, high-end resort towns, will vote on a sales tax that would also go to new housing initiatives.

In Lincoln County, Ore., the only item on the ballot this week would require the phasing out of short-term rental homes in unincorporated residential areas, and place other restrictions on those properties. Other cities are contemplating similar measures to rein in Airbnb-style rentals, which they believe have priced out residents from long-term housing.

In St. Paul, Minn., residents will vote on a rent-control measure, an issue that has become central to the mayor's race in Boston as well. "The Twin Cities is one of the few remaining affordable metro areas," said Tram Hoang, the manager of efforts in Minnesota. "We have felt the crunch as rental and purchasing home prices rise." Under the proposal, St. Paul would cap annual rent increases to 3 percent.

Other voters around the country, like those in Albuquerque, will weigh in on new bonds that would finance the construction and rehabilitation of low- and moderate-income housing.

A new housing development in Leadville, Colorado. Rachel Woolf for The New York Times

Some initiatives are being offered by Democratic-controlled governments, but at least as many have been prompted by citizens fed up with the housing shortage. To address the increase of homeless encampments in major metropolitan areas, some Republicans have created initiatives to curb them. For example, a measure introduced by the chairman of the Denver Republican Party would tighten camping bans there to limit the number of homeless people who set up camp sites around the city.

Progressive groups say many of the housing measures are a test run for worker-friendly initiatives in 2022 that will focus on housing, wages and other labor issues.

Political groups across the spectrum are carefully watching how these initiatives fare, "so we can plan statewide ballot measures in 2022," said Corrine Rivera Fowler, the director of policy and legal advocacy for the Ballot Initiative Strategy Center, which consults on initiatives. "Economic justice in general has kind of risen up during the pandemic and put a spotlight on the issues that folks are dealing with in order to afford to live with dignity."

Many initiatives were indeed prompted by residents weary of the housing hunt. The housing shortage in Leadville, Colo., "squeezes all the little people that hold this town and county up," said Jenny David, 43, a seamstress who joined the Lake County Housing Coalition, which is leading the initiative to increase taxes on tourists. Ms. David has bounced from an apartment building to a modular home as rents have gone up. She now fears the duplex she landed through word of mouth may be sold in this overheated market. "I feel like I had some real world experience to bring," she said.

Like many places near vacation spots, Lake County, where Leadville sits, has seen its real estate market value more than double over the last five years. But there has been little investment in housing for low-income workers in the area, officials there say.

Proponents of the measure in Lincoln County, Ore., also blame short-term rentals for the shortage of available housing. In some areas of the county, housing was so scarce last summer that an area hospital asked residents to rent homes to nurses and other medical staff. As is the case in many cities and resort towns, large houses have been built or purchased in the county, and then turned into short-term rentals for vacationers at a far faster rate than modest homes have become available for full-time residents with lower incomes.

Jenny David, right, joined the Lake County Housing Coalition, which is leading the housing initiative. Rachel Woolf for The New York Times

Homes that were purchased to essentially turn into short-term rental properties have converted neighborhoods “into short-term rental resorts,” where 5 percent to 45 percent of the housing is now short term, said Monica Kirk, a leader of 15 neighborhoods, which was formed during the pandemic by a group of local residents and sponsored the initiative to phase out short-term rentals in some areas. “We felt we needed to preserve our neighborhoods and restore our depleted long-term housing stock.”

Even in an off election year, some of the initiatives have set off costly battles.

“I’ve been an elected official here for 34 years and have never seen spending like this,” said Claire Elizabeth Hall, a commissioner in Lincoln County. She cited a \$200,000 donation from an operator of short-term rental properties. “I’ve never spent more than \$8,500 on any of my campaigns,” she said.

Ms. Hall, a Democrat, said she opposed the initiative because it “goes too far” and would most likely impact high-end homes, instead of helping those in search of cheaper housing. She prefers more regulation and enforcement, and caps on the number of short-term rental licenses issued. Some opponents of the measure argue that the proposed phase out would be tantamount to county control of private property. Opponents have outspent the grass-roots organization 15 neighborhoods by about 25 to one.

Critics see tax levies and even state and federal budget increases for housing as failing to address other structural problems that have affected the housing market. Those problems include the availability of buildable land, the current labor crunch and zoning restrictions that restrict building aside from single-family homes in many places.

“No matter how much money policymakers spend on subsidizing housing, the fundamental problem of not having enough houses for the number of people who live in a region, or would like to live in a region can’t be addressed without allowing more to be built,” said Emily Hamilton, the director of the Urbanity Project at the Mercatus Center at George Mason University.

Still in Leadville, proponents of the new tax think residents are willing to give it a try. “Most other cities surrounding us have done this,” said Kristi Galarza, the “facilitator” for the Lake County Housing Coalition. “Once we explain to citizens how the funds will be used, we hear resounding, ‘Why not?’”

Housing is so scarce in Leadville that employers say it's hard to keep workers because they can't afford a place to live. Rachel Woolf for The New York Times