



March 21, 2025
Colorado General Assembly
200 E. Colfax
Denver, CO 80203

RE: City of Aspen Support Construction Defects & Middle Market Housing, House Bill 25-1272

Dear Honorable Representatives of the Colorado House:

The City of Aspen strongly supports the state's commitment to address the affordable housing crisis throughout Colorado and to increase the number of for-purchase affordable housing units where people work. We believe HB 25-1272 can be an important step to increase condominium construction throughout the state by making meaningful changes to the law that are intended to protect consumers through the correction of defects while avoiding expensive litigation. The bill establishes a claimant's duty to mitigate defects and also requires increased transparency – requiring more condo owners within a particular project to sign off on litigation filed on their behalf. Though there is a cost to hiring third-party inspectors to monitor construction throughout the process, this change may reduce construction defects from happening, raise the bar regarding lawsuits and impact skyrocketing cost of insurance for condo builders.

Aspen understands firsthand the challenges in developing this important type of housing and believes that meaningful amendments to the Construction Defect Action Reform Act can help to build condominiums. This will help first-time home buyers enter the market.

The City of Aspen for approximately 25 years worked to develop a 258-unit affordable housing subdivision, Burlingame Ranch. During the second phase of this project – 82 units of deed-restricted, affordable housing - the builder's liability coverage cost a total of \$745,689 or \$9,094 per unit. At the end of 2023, the city completed 79 identical condo units. The insurance policy cost had risen to \$3,284,931 or \$41,581 per unit. The final phase of this project serves households between 51-240 percent of AMI, provides an opportunity for home ownership, and is helping to ensure that Aspen remains a year-round community.

Now the city is working to build another approximately 277-unit affordable housing project with all units available only as rentals, rather than have a mix of rental/ownership, partly due to the challenges that the current construction defect law presents regarding the construction of condominiums. Without changes to the existing construction defects law, developers will continue to shy away from building condominiums.

The changes proposed in HB 25-1272 balance protections for condominium owners and buyers, and represent a meaningful step to bring private developers back to the table in building this type of housing.

Sincerely,

Aspen Mayor Torre