

METRO DISTRICTS 101:

What You
Need to
Know



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METRO DISTRICT BASICS: A BEGINNER'S GLOSSARY

Understand the key terms behind how your neighborhood is built, funded, and managed.



Metro District

A local government formed by municipalities and counties to finance, build and maintain public infrastructure like roads, water lines, parks, and playgrounds in new residential and commercial neighborhoods.

Mill Levy

A way property taxes are calculated. Metro districts set a “mill levy” to help pay for services and infrastructure. 1 mill = \$1 of tax for every \$1,000 of a property’s assessed value.

Infrastructure

The essential things residential and commercial communities need to function —like streets, sidewalks, sewers, and water pipes.

Service Plan

The official blueprint approved by a municipality or county that documents what a metro district can do. Among other things, it lists what public improvements can be built, how much debt the district can take on, cap on the number of mills a property can be assessed.

Bonds

Metro districts borrow money up front (like a loan) to build public infrastructure. They pay it back over time using the property taxes collected within the residential or commercial community.



Board of Directors

The group of elected individuals who make decisions for the metro district. People eligible to be elected to the board are 18 years of age or older, registered to vote in the state of Colorado, and either a resident in the district, or owns or is the spouse or civil union partner of the owner of taxable real or personal property in the district, or a person obligated to pay taxes under a contract to purchase taxable property in the district. In the early stages of the project, it’s usually developers. As soon as the first property is sold and/or home is built, residents can run for these seats. There is no waiting period for residents to serve on their boards.



District Manager

A professional hired to handle the day-to-day work—like hiring contractors, managing money, and organizing meetings.

Disclosure

When you buy a home in a metro district, the seller must tell you that you are in a metro district and provide information about the district, including taxes, debt, and how it's managed.

Transparency

Metro districts must follow state laws that make their meetings and financial records open to the public. This means you can see where your money is going.

“Pay-As-You-Benefit”

Only the people who live or own property in the neighborhood and use the new roads, sewers, or parks help pay for them—through their property taxes.

Public Meeting

Metro districts are required by law to hold open meetings where residents can listen and provide public comment. You're allowed—and encouraged—to attend!

Annual Budget Hearing

Once a year, the board shares its plans for spending and hears public feedback before setting the district's budget.

Taxpayer Bill of Rights (TABOR)

A Colorado law that requires municipalities and counties to ask voters before they can raise taxes. Metro districts are a fair and equitable way to fund things like roads, sidewalks and parks by only taxing the properties in the district and without raising taxes for everyone in town.

Want to dig deeper or ask a question?
Visit MetroDistrictEducation.com



FROM GROUNDBREAKING TO GOVERNANCE:

THE LIFECYCLE OF A COLORADO METRO DISTRICT

Formation

- **Trigger:** A developer proposes a new neighborhood needing public infrastructure.
- **Action:** City/county reviews and approves a service plan with caps on mill levies and total debt.
- **Note:** TABOR frequently prevents local governments from funding this directly because all voters in a jurisdiction will not approve a tax increase to fund roads, sewer, and parks they won't use.

Public Infrastructure Financing

- **Bonds Issued:** Metro district issues low interest, tax exempt bonds for streets, sewers, parks, etc.
- **Who Pays:** Only future residents and property owners of the district (via property taxes).

Construction Phase

- **Work Begins:** Infrastructure built, homes constructed.
- **Oversight:** Developer often controls initial board as the only eligible elector who is paying property taxes. New property owners and residents may run for board seats as soon as they meet eligibility requirements and during nomination period for a scheduled election.

Resident Build-Out

- **Growth:** Homes sold; population grows.
- **Communication:** Disclosures required at multiple points during sales.

Governance Transition

- **Elections Held:** Homeowners can run for the board as soon as the next election.
- **Shift:** Transition from developer to homeowner-led board.

Long-Term Operations

- **Maintenance:** Parks, roads, trails, drainage, streets, etc. maintained.
- **Transparency:** Annual reports, budget hearings, public notices required.
- **Lifecycle:** District may refinance bonds within the constraints of the services plan, pay down the debt, discharge the debt, and eventually dissolve or move to solely maintaining and operating the district. If the metro district is operating and maintaining the district, it must be spelled out in the service plan. If the metro district is not operating and maintaining the district, the district dissolves because there is no more need.



FAQs

Metro District Education Coalition



How many people in Colorado live in metro districts?

With over 2,200 metro districts in Colorado, millions of individuals are current, future, or past residents of a metro district.

Why are there so many metro districts in Colorado?

There are several reasons why metro districts are prevalent in Colorado:

1. **Cost-Efficient Development:** Metro districts provide a cost-effective means to build public infrastructure like streets and parks for new housing developments. By utilizing low-interest, tax exempt bonds that can be paid off over time, they construct the necessary public infrastructure and amenities to support large-scale residential communities with diverse housing options.
2. **TABOR Constraints:** The Taxpayer's Bill of Rights (TABOR) limits the ability of cities and towns to raise taxes for infrastructure. To fund new streets, sidewalks, water systems, sewer lines, etc., municipalities would need to increase taxes on all residents, which is often neither feasible nor fair.
3. **Growth Pays Its Own Way:** Only residents and property owners within the boundaries of a metro district pay higher property taxes, ensuring that those outside the district are not unduly burdened.
4. **Spreading Costs Over Time:** Residents pay for the additional amenities and critical infrastructure over time through annual property taxes, keeping the initial purchase price of homes lower. Paying these costs upfront could increase home prices from \$50,000-\$150,000 or more.



How are metro districts regulated?

Metro districts operate under a state regulatory framework established in 1949. Key regulatory aspects include:

- **State Oversight:** Under Title 32, Article 1 of the Colorado Revised Statutes, metro districts are independent governmental entities formed to finance, design, acquire, install, construct, operate, and/or maintain public improvements not otherwise provided.
- **Public Infrastructure Only:** By law, only public infrastructure is permitted to be financed.
- **Mandatory Disclosures:** State law requires that homebuyers receive notices about purchasing a home in a metro district at various stages of the real estate transaction.
- **Local Government Roles:** Municipalities or counties set limits and add requirements when forming a new metro district, such as capping property tax mill levies, setting maximum debt terms, and mandating additional disclosures for homebuyers.



How do metro districts help address Colorado's housing shortage?

Colorado needs to build at least 100,000 or more housing units by 2030. Well-planned communities with desirable amenities are essential to closing this housing gap. Metro districts finance, build, and maintain the critical infrastructure—streets, sidewalks, water systems, sewer lines, etc.—necessary to support new neighborhoods.

Why aren't local governments building housing and infrastructure?

Local governments provide the framework for housing development through policies, zoning codes, land use planning, permitting, and inspections. However, the actual construction of housing and neighborhoods is carried out by property owners, developers, and builders. Building new neighborhoods requires significant infrastructure investment, and local governments often lack the funding to cover these costs. Consequently, they have turned to metro districts as the preferred financing mechanism. Alternatives like incorporating infrastructure costs into home prices can make housing unaffordable, and raising taxes citywide is generally unpopular among property owners.

Who assumes the risk if the district cannot repay the debt?

The investors who purchase the bonds assume the risk. Local jurisdictions overseeing the metro district implement protections for homeowners by limiting mill levies and the total debt amount.

Who is MDEC?

The Metro District Education Coalition (MDEC) is a nonprofit, nonpartisan network comprising financial, legal, and technical experts. MDEC provides subject matter expertise on metro districts, promotes improved transparency and accountability for homeowners, and advocates for best practices in the formation and operation of metro districts.

What does MDEC do?

With over 2,200 metro districts in Colorado, each being locally controlled and independent, MDEC was established to identify and catalog best practices across these districts. The coalition collaborates with policymakers, legislators, homeowners, and real estate professionals to enhance understanding of metro districts' functions and to provide resources that ensure accessibility and transparency.

What is MDEC's impact?

MDEC has led to enhanced requirements for public disclosures and transparency across all Colorado metro districts. These requirements include:

- A mandated public-facing website for each metro district created after Jan. 1, 2000.
- An annual report detailing district activities.
- Disclosures and notices to residents before and during the homebuying process.
- Public notices to eligible electors within a metro district created after Jan. 1, 2000 about upcoming board elections.

Are there required disclosures about metro districts for homebuyers?

Yes, Colorado law mandates several disclosures throughout the homebuying process. These disclosures are designed to inform potential buyers about the implications of purchasing a home within a metro district. For a comprehensive list of legally required disclosures, please refer to the official resources provided by the Metro District Education Coalition.



Where the Money Goes

HOW METRO DISTRICTS FUND THE ROADS, PARKS, AND PIPES THAT POWER NEW COMMUNITIES



Why Funding Is Needed

- New neighborhoods need streets, sidewalks, water/sewer lines, parks, etc.
- Municipalities and counties often can't afford to build these outright due to TABOR and other constraints.



Enter the Metro District

- Created and approved by municipality and county elected officials with a service plan
- Has authority to issue **low interest tax-exempt bonds** to raise money upfront



How It's Paid Back

- Bonds are repaid **over time** by the property owners in the district
- Payments are made through **property taxes**



What Gets Built

- Public infrastructure only (e.g., roads, water systems, parks, stormwater drains)
- All infrastructure must be public and cannot be used for private benefit.



Who Pays?

- **Only the tax payers** within the metro district
- Not general municipal/county taxpayers



Benefits of This Model

- Spreads costs over time = lower upfront home prices
- Makes housing more attainable
- Provides transparency and voter accountability
- Avoids citywide tax hikes or deferred infrastructure

Who's in Charge?

OVERSIGHT AND ACCOUNTABILITY IN METRO DISTRICTS

Creation: Local Government Approval

- Metro districts are created only with approval from municipalities or counties
- Service plan defines scope, mill levy caps, debt limits, disclosures, and more



Governance: Elected Board of Directors

- The initial board is made of up eligible electors (property tax payers in the district) through a court order. (5 or 7 members)
- As soon as a property owner or resident moves into the district they are immediately eligible to serve on the board and vote in the elections if they are 18-years old and registered to vote in Colorado.
- Residents elect local board members
- Board oversees finances, services, and public meetings
- Subject to conflict-of-interest laws



Oversight: Open Government Laws

- Must comply with Colorado Open Meetings and Open Records Acts (COMA/CORA)
- Required to host public meetings and provide access to records



Financial Accountability

- Subject to government finance and audit laws. Annual budgets, audits, and required reporting to state agencies
- Bond debt must be publicly disclosed and repaid through property taxes by property owners and tax payers within the district



Homeowner Voice

- Homeowners elect board members as soon as they are eligible
- Public notices for elections, budgets, and policy changes



Legal Oversight

- Governed by Colorado Revised Statutes (Title 32)
- Subject to state laws, just like municipalities and counties and other governmental entities
- Subject to local ordinances and oversight through the service plan



Metro districts are public institutions—created locally, governed locally, and accountable to the people they serve.

www.metrodistricteducation.com



metrodistrict
EDUCATION COALITION

METRO DISTRICT MYTHBUSTERS QUIZ

Test your knowledge: Can you separate myth from fact when it comes to Colorado's metro districts?



- 1** Metro districts can build private infrastructure like private pools or exclusive clubhouses for select residents.

- A) True
- B) False

Answer: B) False

Explanation: By law, metro districts are only authorized to construct public infrastructure such as roads, sewers, parks, and trails. Anything financed and maintained using tax dollars must be public.

- 2** Metro district boards can refinance debt without any restrictions, even if it exceeds the approved service plan.

- A) True
- B) False

Answer: B) False

Explanation: A metro district board can only refinance debt within the constraints of the service plan that was approved by the authorizing municipality or county.

- 3** Metro districts operate in secrecy and are not required to adhere to transparency laws.

- A) True
- B) False

Answer: B) False

Explanation: Metro districts are subject to Colorado Open Meetings laws and the Colorado Open Records Act, ensuring transparency in their operations.

- 4** Metro districts contribute to the gentrification of neighborhoods, making housing less affordable for local residents.

- A) True
- B) False

Answer: B) False

Explanation: Metro districts help keep housing costs affordable by financing essential infrastructure like water, sewer, and roads using low-interest tax-exempt bonds that are paid over time, similar to a mortgage.

5 Residents of metro districts have no meaningful representation or voice in the decision-making process.

- A) True
- B) False

Answer: B) False

Explanation: Residents of metro districts have elected representation at two levels: the municipality or county elected body that approves the service plan and the metro district board of directors, all of whom are subject to election laws and accountable to their residents.

6 Metro districts drive up housing costs by adding extra fees and taxes to homeowners.

- A) True
- B) False

Answer: B) False

Explanation: Metro districts help to keep the cost of housing low by providing a financing tool for critical community infrastructure, spreading costs over time rather than increasing upfront home prices.

7 Metro district board members are exempt from disclosing conflicts of interest, leading to potential corruption and favoritism.

- A) True
- B) False

Answer: B) False

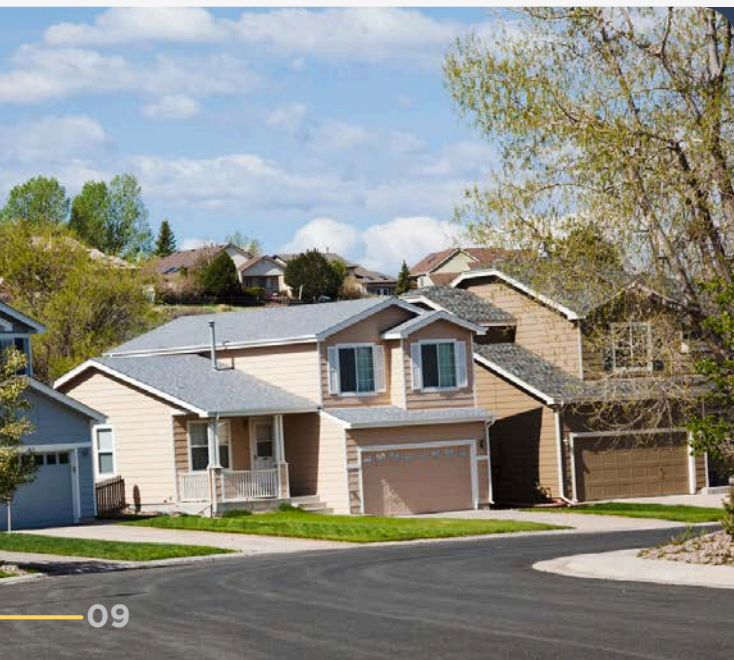
Explanation: Metro district board members must file any conflicts of interest with the Secretary of State just like other local elected officials, ensuring accountability and transparency.

8 Developments utilizing metro districts rarely allocate housing units for affordable or workforce housing, prioritizing profit over community needs.

- A) True
- B) False

Answer: B) False

Explanation: Many developments in metro districts include affordable and workforce-attainable housing, addressing community needs.



Scoring:

- **7-8 Correct:** 🏆 Metro District Master – You're well-versed in the facts!
- **5-6 Correct:** 🧐 Metro District Enthusiast – Great job, a little more reading and you'll be an expert!
- **3-4 Correct:** 📖 Metro District Learner – Good effort, consider reviewing the mythbusters page.
- **0-2 Correct:** 🔍 Metro District Novice – Time to explore the facts about metro districts!



SOCIAL MEDIA POSTS

Feel free to use the captions below with your own picture of your neighborhood, backyard, or community. We have also provided social graphics for you should you not want to use personal photos.



Facebook Post (conversational + visual-friendly)

Did you know metro districts help keep the cost of new homes more affordable without raising taxes on everyone in town?

Across Colorado, metro districts are used to fund the streets, sidewalks, parks, and water systems that make neighborhoods livable. Instead of relying on citywide tax hikes, they ensure that growth pays its own way.

As Colorado faces a housing crisis, metro districts are one of the few tools we have to build the necessary public infrastructure like streets and sewer that are necessary for new residential communities. Learn more and help spread the word:

👉 www.metrodistricteducation.com

#ColoradoHousing #SmartGrowth #MetroDistricts
#Affordability #InfrastructureThatWorks

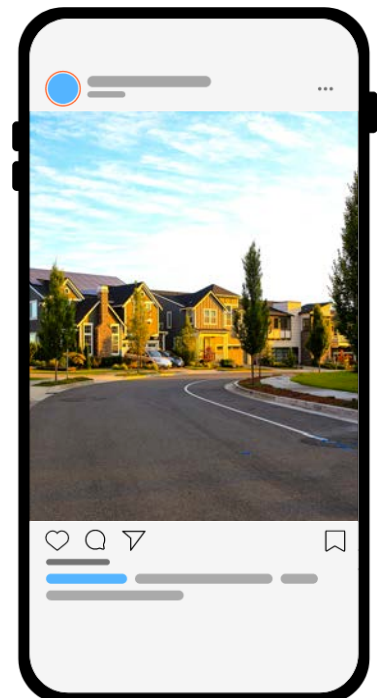
LinkedIn Post (professional + policy-forward)

Colorado needs to build at least 100,000 or more new homes by 2030—and we can't do it without smart tools that balance affordability and infrastructure investment. That's where metro districts come in.

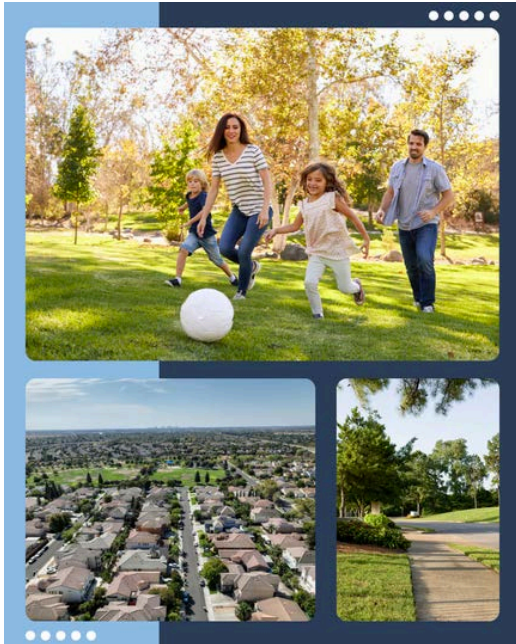
Metro districts fund public infrastructure—roads, water systems, parks—without requiring new taxes on existing residents. They're locally approved, voter-accountable, and critical for keeping up with demand in a growing state.

As policymakers and community leaders look for sustainable housing solutions, metro districts remain one of the most effective, transparent tools on the table. Learn more from the Metro District Education Coalition: www.metrodistricteducation.com

#AffordableHousing #MetroDistricts #PublicFinance
#ColoradoDevelopment #SmartGrowth #PolicySolutions



GRAPHICS FOR YOU TO USE!



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#ColoradoHousing #SmartGrowth
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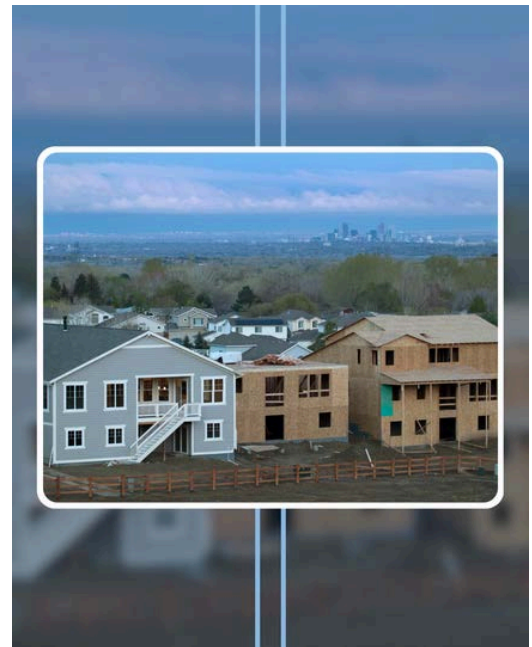
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