Government Affairs Update
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LOCAL

Larimer County

Commissioners Add Ballot Questions: The Board of County Commissioners voted to put two questions on the November ballot. First, they decided to ask voters to extend the existing sales tax for The Ranch to pay for expansions and improvements. In addition, they agreed to a residents' request to remove term limits for sheriff, clerk, surveyor, assessor and treasurer. The Commissioners agreed that these "skill" positions require professional expertise and are not political seats per se.

Fort Collins

Fort Collins to Loveland Trail Funded: The City Council passed a resolution on August 15 to allocate funding for the City's portion of the Long View Trail between Fort Collins and Loveland. The Long View Trail is a 4.4-mile, 10-foot wide concrete trail that will connect Fort Collins and Loveland. The trail will extend through numerous natural areas/open spaces, beginning at the Cathy Fromme Prairie in Fort Collins and ending at the Sunset Vista Natural Area in Loveland.

The total cost for the project is estimated at $4,800,000, with Fort Collins' share of the cost being $2,200,000. In 2014, Fort Collins, Larimer County and Loveland jointly applied for two grants to help fund the project: A Colorado Department of Transportation (CDOT) Transportation Alternative Program (TAP) grant, and a Great Outdoors Colorado (GOCO) Parks to Paths grant. As lead applicant, the County was awarded a combined $1,999,900 in grant funding, $999,950 from the TAP grant, and $999,950 from the GOCO grant. As provided in the IGA, the County will distribute the grant funding proportionate to the amount of trail being constructed in each agency jurisdiction. The project is anticipated to be constructed beginning in Fall of 2017 and completed in the Spring of 2018.

Council Says No to Water's Edge Metro District: The City Council voted 5-2 to postpone indefinitely the Water's Edge Metropolitan District service plan, effectively stopping the development of the project, targeted for adults with 848 dwelling units (patio homes, condos, townhomes and single-family units) and up to 70,000 square feet of commercial development. By issuing bonds, the developer hoped to build, finance and maintain the project, including a non-potable water system, parks, open space and recreation amenities. Water's Edge is located between Douglas Road and Richards Lake Road on Turnberry Road.

Ross Cunniff made the motion, saying the proposed service plan wasn't the best option for the project. He said it could be developed with fewer mills of additional property tax. The service plan called for a mill levy cap of 100 mills, 50 mills of debt and 50 mills for operating costs. Cunniff said 41 mills for debt would be "better."

The City's current metro district policy focuses on commercial development and Cunniff argued the City should re-examine its policy before approving any new districts. Mayor Troxell, who said it was a "good project" and Ray Martinez, voted against Cunniff's motion. Staff had recommended approval of the service plan although it did not comply with the City's current metro district policy because of its community amenities, all of which would be open to the public.

Raw Water Policy Approved: On September 5, the City Council unanimously approved a new raw water ordinance which will now become law on January 1, 2018. The ordinance increases the cash-in-lieu rate to $16,700 per acre foot and decreases the raw water requirement to reflect data on ten years of water consumption by existing customers.

The ordinance is part of the City's plan to move towards a cash-focused system and ensure "that adequate water supply and associated infrastructure are available to serve the water needs of development." Bob Overbeck argued that offering "discounted water" to development at the expense of current rate payers is unfair, but staff explained the fees are based on the cost of the water and by law the City can't charge more. Overbeck based his argument on the fact that Wellington and Timnath charge much less for a four-bedroom home than Fort Collins. For example, Wellington charges $9,000 for a home on a 6,000 foot lot and Timnath charges $25,000 while the City will charge $9,000 under the new ordinance.

Loveland

Ten Candidates, Four Seats: The mayor's race will feature three candidates: Mayor pro tem John Fogle, former Council member Larry Heckel and downtown business owner Jacki Marsh. In Ward I, Planning Commissioner Jeremy Jersvig is running against Lenard Larkin. Kathy Wright and Gayle Snyder will compete to represent Ward II. Incumbent Steve Olson and John Keil are running for the Ward III spot. Dave Clark is running unopposed for another four-year term representing Ward IV.

Mixed Support for Building Permit Proposal: At the August 22 study session, the City Council heard from Chief Building Official Jon Schumacher, who wants to change the City's like-to-like policy regarding replacement of roofs, water heaters, air conditioners, furnaces and pergolas. Currently the City does not require a permit to replace these items but other cities in the region do. Schumacher argued Loveland should be consistent and that the policy creates ambiguity. He said the new policy would require at least four additional staff to handle the increased workload.

Don Overcash clearly wasn't happy with the proposal and was uncomfortable with the request to add staff. He has consistently argued for policies that make it easy to do business with the City and said he didn't care what other communities do if it creates more expense for homeowners. Steve Olson agreed with Overcash and asked for more data to do that the permit exemption is causing harm to residents. For example, how many fires have been caused by improperly installed water heaters? Dave Clark said he had an issue with increasing “regulation creep” in general and not this proposal per se.

Joan Shaffer argued the issue is about consumer protection and said homeowners needed protection against shoddy work by contractors after Schumacher said the only way the City can control problems is through the inspections included in the permit process. John Fogle, the Council liaison to the Construction Advisory Board (CAB), said he supports the proposal after listening to a four-hour CAB debate on the topic. The CAB supports the concept. Mayor Gutierrez said he had been the victim of a poor roof replacement so he felt strongly about requiring roofing permits. Since three of the nine councilors weren’t present for the meeting, he argued the Building Inspector should come back again to discuss the proposal with the full Council.

Council Gets Look At Draft Economic Development Strategic Plan: Kelly Jones, the City’s Economic Development Director provided an overview of the draft Economic Development Strategic Plan. The Stakeholder group involved in its creation included professions from the Chamber, the Loveland business Partnership, Loveland Downtown Partnership, McWhinney, a commercial real estate broker, and various other business groups.

Jones said the City desperately needs to market itself and focus on retaining businesses and attracting new ones. The plan includes some very interesting data. Loveland has 41,282 employees with total payroll of 1.8 billion a year. The average employee compensation is roughly $46,000 a year. While a vast majority of businesses in Loveland are small, with 1-10 employees, 15 large employers (250+ employees) have a payroll double that of the small employers ($271 million a year).

City Council Begins Work on 2018 Budget: During LBAR’s City Council candidate interviews, some candidates criticized city staff for miscalculating revenue projections. The candidates said staff couldn’t explain where the money went, but that isn’t entirely true. Because of the error, Loveland will have $17 million less than anticipated for capital improvement projects as the Council begins its 2018 budget process.

At a study session on September 12 staff explained that the City erroneously included certain funds in Loveland’s TABOR (Taxpayer Bill of Rights) excess revenue, leading the City Council to believe it would have $21.4 million in additional revenue to use for capital projects. After reviewing its methodology, staff realized the actual amount is $4.4 million, which presents a challenge for the 2018 budget and into the future.

Fortunately, all types of City revenues have increased over what was originally projected. General fund revenue sources – sales, use, and property taxes all increased this year. Water, power, wastewater and stormwater enterprise funds also received more revenue than forecast, as did the City's transportation fund, which increased 10 percent over projections.

REGION

NISP Plan Approved By Parks and Wildlife Commission: The Northern Integrated Supply Project (NISP) cleared another obstacle last week when its fish and wildlife mitigation plan was approved by the Colorado Parks and Wildlife Commission. The project also requires approval by Colorado Water Conservation Board and must be signed by the governor.

NISP would store water from the Poudre River in the proposed Glade Reservoir, which would be built at U.S. Highway 287 near Colorado Highway 14, and the proposed Galeton Reservoir near Greeley for 15 front range water systems, including the Fort Collins-Loveland Water District, Dacono, Erie, Eaton, Windsor and the Left Hand Water District. Water would be taken from the Poudre year-round depending on conditions, but the largest draw would be during the spring peak flow period. A decision from the U.S. Army Corps of Engineers is expected in 2018.

STATE

Business Coalition Pushing Transportation Tax: On September 5 Denver Metro Chamber of Commerce President/CEO Kelly Brough announced a coalition will push a 2018 ballot initiative for a state transportation sales tax. The measure will probably be similar to the failed House Bill 1242, which sought a roughly half-cent sales-tax hike over 20 years to fund major statewide highway expansions, transit, bike lanes and local transportation projects during the 2017 legislative session.

The coalition includes the Chamber, the Colorado Contractors Association and the Colorado Association of Commerce and Industry. The coalition will use the Chamber's standing campaign committee, Coloradans for Coloradans, to campaign for the measure.

The Denver Business Journal says the ballot initiative will probably face opposition from the Republican Party and conservative organizations like the Independence Institute, who argue the State can come up with a new stream of revenue for transportation from its existing revenues if it just re-prioritizes its spending and cuts quickly growing programs like Medicaid.

NATION

TRID Rule Published: On July 7, 2017, the Consumer Financial Protection Bureau (CFPB) released the final rule amending the "Know Before You Owe" (KBYO or TRID) mortgage disclosure rule. As advocated for by NAR, the final rule clarifies the ability to share the Closing Disclosure (CD) with third parties - a victory for real estate professionals nationwide.

As outlined in the 2016 proposed rule, the final rule highlights an existing exception within the *Gramm-Leach-Bliley Act* (GLBA) and implementing Regulation P that allows lenders to share the CD with third parties (sections 502(e)(1) and 509(7)(A)). The CFPB recognizes the CD as a "record of the transaction," which is "informative to real estate agents and others representing both the consumer credit and real estate portions of residential real estate sales transactions." The CFPB notes that CD sharing is permissible to the extent it is consistent with GLBA and Regulation P and is not barred by applicable State law.

The final rule was published in the Federal Register on August 11, making it effective on October 10, 2017. Mandatory compliance is required by October 1, 2018.

GSEs Change Appraisal Policies: On August 18, 2017, both Freddie Mac and Fannie Mae, collectively the Government Sponsored Entities (GSEs), announced they would allow for the use of their proprietary automated valuation tools in lieu of traditional appraisals for some purchase loan transactions.

Freddie Mac will utilize their automated collateral evaluation (ACE) to determine home value by using data from multiple listing services and public records as well as their own data of historical home values to determine collateral risks. Homes must have an 80 percent or lower loan to value, be a one unit single-family residence, and the borrower's primary residence. Prior appraisals on the property are not required. Lenders will find out if a property is eligible for ACE by submitting the loan data through Freddie Mac's Loan Product Advisor®. Freddie Mac does not have an estimate for how many loans will be affected. ACE is available for qualifying home purchase loans as of September 1, 2017.

Fannie Mae will allow lenders to receive a Property Inspection Waiver (PIW) on certain one-unit principal residence and second home purchase transactions with loan to value ratios up to 80 percent. Home value is determined through Fannie Mae's data based valuation methods. Unlike Freddie Mac, Fannie Mae will require that the property in question have a prior appraisal in electronic format that has been analyzed by Fannie Mae's Collateral Underwriter®. Lenders must submit the loan data through Fannie Mae's Desktop Underwriter®. Fannie Mae anticipates no more than 5% of loans will be affected, but that could change in the future. PIWs for purchase loans are available immediately.

National Flood Insurance Program (NFIP) Extended: After the House and Senate approved a three-month extension of the National Flood Insurance Program, President Donald Trump signed it into law on September 8 as part of a legislative package releasing more than $15 billion in assistance for storm-ravaged areas in the country. The program was set to expire on Sept. 30, but it will now remain in effect until Dec. 8. The NFIP provides flood insurance to 5 million homeowners nationwide. Lenders require flood insurance to close on mortgage financing if the home is in a flood zone.

NAR is continuing to work with lawmakers on reforms and a long-term extension to make the program better. The association supports the 21st Century Flood Reform Act, H.R. 2874, which passed the House Financial Services Committee a few weeks ago. The bill would reauthorize the program for five years, encourage private insurers to enter the market, cap annual insurance premiums at $10,000, and grandfather existing rates for certain homes that are already covered and in compliance with building standards. It would also make money available for owners to elevate their homes or take other flooding precautions and enable communities to use flood mapping techniques that are more accurate than the government's.

The bill would make other reforms, including improvements to the processes for owners who file a claim or want to submit an appeal. "With a short extension on their side, leaders in the House and Senate should continue work on the 21st Century Flood Reform Act," Brown said. "It's in everyone's interest to strengthen the NFIP and ensure the long-term certainty that current and future homeowners demand."