

## **Government Affairs Update**

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### **Larimer County**

#### **Fort Collins**

**Short-Term Rentals Ordinance Approved on First Reading:** After months of outreach, the City of Fort Collins unanimously passed two short-term rental (STR) ordinances on first reading. One ordinance amends the Land Use Code and limits primary STRs (owner-occupied) units to 20 zones that allow small (six bedrooms or less) hotels or B&Bs. Non-primary (not owner occupied) STRs will be allowed 13 zones that allow hotels or B&Bs of any size. Off-street parking requirements depend on the unit's number of bedrooms. The second ordinance outlines licensing requirements. For example, each license costs \$200 and is tied to the person and not the property being licensed. The license number must be included in all advertising and the license must be posted at the property.

The Fort Collins Board of REALTORS® called the zoning requirements for non-primary STRs “a de facto ban due to the limited number of residences in these areas” and lists a variety of concerns related to the new regulations. The City Council will conduct a public hearing and final reading of the ordinances on March 21.

**Homebuilders, REALTORS® Make Candidate Endorsements:** The Northern Colorado Home Builders Association announced it is endorsing the following candidates in the Fort Collins City Council election - for mayor Wade Troxell, in District 1: Nate Budd and in District 3 Ken Summers. The HBA made no endorsement in the District 5 race.

The Fort Collins Board of REALTORS® announced its “Future of Housing Certified Candidates,” Ward Troxell saying, “Wade’s ongoing support for housing affordability and balanced representation is exactly what Fort Collins has come to expect from its Mayor.” In District 1 FCBR endorsed Nate Budd. “Nate brings broad community experience, a willingness to listen first, and a much needed fresh perspective which is exactly what Fort Collins needs during this period in our city’s history.” For District 3 FCBR supports Ken Summers, explaining that “Ken’s experience at the state level and demonstrated track record of supporting housing will ensure that south east Fort Collins is well represented. In District 5, FCBR endorses Duane Hansen. “Duane’s commitment to balance housing diversity and neighborhood protection while demonstrating a healthy respect for the housing industry is refreshing.” Note: The Chamber and HBA did not endorse a candidate for District 5.

## **Loveland**

**Tax Crusader Plans Initiative:** Larry Sarner, who unsuccessfully challenged the City of Loveland regarding the constitutionality of creating and taxing the Downtown Development Authority, announced his intent to gather signatures for a ballot initiative to reform sales tax policies. Although he did not provide details, Sarner told the City Council the initiative would eliminate the sales tax on food items. “We expect to get this on the ballot,” he said.

**Council Allocates Sales Tax to Affordable Housing:** The City Council approved a resolution allocating 1.25 percent of the previous year’s sales tax – or about \$500,000 -- to the affordable housing fund. The resolution includes a funding cap of \$2 million to allow the accumulation of funds over time for matching or back -up grant funding for affordable housing projects with the understanding that outside grant support would always be sought first to leverage local resources.

While the motion passed, it was clear that several Council members were a little uncomfortable. Dave Clark said trying to provide housing for everyone is “an impossible problem to solve.” Don Overcash added that throwing money at a problem doesn’t always solve it. The discussion rambled at times but it did touch several times on the relationship between housing and fees. For example, who pays for growth if fee waivers (for affordable housing projects) are approved? In the past 20 years, the City has waived \$9 million in fees. How do development fees affect home prices? These are good questions that weren’t answered that night.

**Council Approves I-25 Companion Projects:** In a few years Loveland drivers will see a third lane on US 34 over the I-25 intersection and a reconfiguration of the SH 402 and I-25 intersection as part of CDOT’s Phase One expansion of I-25. The City Council approved a resolution committing \$14 million to include the improvements now rather than adding them at a greater cost later.

Note: The Town of Johnstown and Weld County will also contribute funds to complete these projects. Larimer County announced it will contribute \$1 million to the SH 402 interchange. Fort Collins is working on a similar project for the Prospect interchange.

**Broadband Discussion Bogs Down:** Staff hoped the City Council would choose a business model for the City’s broadband initiative in early March, but the Council clearly wasn’t comfortable making that decision yet. The City’s Broadband Task Force **recommended** City Council direct staff to move forward developing a municipal retail – residential and business model like Longmont’s, while continuing to consider possible public partnership opportunities throughout the process. The Taskforce (and City staff) felt this was the best way to meet the City Council’s objectives, which include inclusivity, high speed, reliability, affordability and customer service excellence. However, the cost and

responsibility associated with this approach had the Council understandably nervous.

City Manager Steve Adams said staff will bring back more information to councilors about success stories as well as failures of city-led broadband efforts as well as additional information requested by Council at the meeting.

LBAR supported the ballot measure giving the City the ability to pursue alternative broadband options, arguing better/faster service would benefit residents and encourage economic development. Both CenturyLink and Comcast, concerned about competition, have said they are increasing download speeds and working on service enhancements, but admitted these improvements will not be available for the entire city.

### **COLORADO ASSOCIATION OF REALTORS®**

**Legislative Update:** The Legislative Policy Committee adopted the following positions at its March 3<sup>rd</sup> meeting.

HB-1187 “Change Excess State Revenues Cap Growth Factor” Position – Support. This bill modifies the excess state revenues cap by allowing an annual adjustment for an increase based on the average annual change of Colorado personal income over the last 5 years, rather than adjusting for inflation and population.

The Committee also voted to support several bills related to marijuana, HB-1220 “Prevent Marijuana Diversion to Illegal Market” and HB-1221 “Grey and Black Market Enforcement Efforts.” HB-1220 is intended to reduce the likelihood of large residential marijuana grows by limiting the number of plants in a single residence to 16. HB-1221, sponsored by Senator John Cooke of Greeley, a former sheriff, creates a grant program to train local law enforcement officers regarding the detection and prosecution of grey or black marijuana operations.

At the meeting, it was announced that lobbyists were scheduled to meet with the Speaker of the House to discuss a potential bill regarding an increase in the State doc fee to fund affordable housing.

### **STATE**

**Bi-Partisan Transportation Funding Proposal:** Last week a bipartisan transportation funding bill was introduced. “New Transportation Infrastructure Funding” HB-1242 is sponsored by Senate President Kevin Grantham and House Speaker Crisanta Duran, Senate Transportation Committee Chair Randy Baumgardner and House Transportation Chair Diane Mitsch Bush. The bill would refer a ballot measure to the November election to ask voters to: 1) Allow the State to issue TRANS bonds up to \$3.5 billion and 2) Approve a state sales tax increase of .62 percent for 20 years.

In all honesty, this is a curious bill. It attempts to gain the support of all types of

transportation proponents – urban-loving transit and multi-modal advocates, independent-thinking small rural communities and business groups lobbying for highway improvements. However, by spreading the funding far and wide, one wonders if the bill could really pay for significant improvements anywhere. The bill doesn't include a state project list; it leaves the project selection to the Transportation Commission setting the stage for a political battle in which commissioners would determine winners and losers.

The bill already faces opposition from conservative Republicans in both houses, even though it reduces the unpopular FASTER fees adopted in 2009 to appease them. There's nothing like a tax increase combined with multi-modal/transit funding to raise conservatives' ire. CAR's Legislative Policy Committee will consider the bill this Friday. A summary of the bill is available here: <http://leg.colorado.gov/bills/hb17-1242>

**Sonnenberg Announces Competing Transportation Bill:** Senator Jerry Sonnenberg (Sterling) released another idea for a transportation funding plan several days after the HB-1242 was announced. His concept would rely on borrowing money for transportation using Senate Bill 228 funds. SB 228 only creates transportation funding if personal income increases, which could be more politically palatable to conservatives. The bill wouldn't need voter approval. Why Sonnenberg decided to float a measure that competes with the leadership's bill is unclear.

## **NATION**

**Flood Insurance Hearings:** The House of Representatives held the first of several hearings on the National Flood Insurance Program (NFIP). The Senate held a hearing on March 14. The NFIP must be reauthorized to continue selling flood insurance after September 30 of this year.

The purpose of these hearings is to solicit ideas for how to restructure the NFIP with the goal of developing comprehensive reform legislation this spring. FEMA was the sole witness for the first two hearings.

NAR submitted two letters laying out NAR member priorities for long-term NFIP reauthorization/reform, and one regarding the reintroduction of NAR-supported legislation to encourage the development of a private market in addition to NFIP.

**NAR Supports Sanford/Sherman G-fee Bill:** NAR along with several housing and mortgage industry trade groups sent a letter thanking Reps. Sanford (R-SC) and Sherman (D-CA) for reintroducing H.R. 916, the "Risk Management and Homeowner Stability Act." The legislation would amend the Congressional Budget and Impoundment Control Act of 1974 to prohibit the use of Fannie Mae and Freddie Mac's guarantee fees (g-fees) to pay for government spending. Moreover, the bipartisan bill recognizes that diverting revenue from these risk-

based fees both places an additional burden on the backs of homeowners and is bad public policy.

The purpose of the G-fee is to prospectively guard against credit losses at Fannie Mae and Freddie Mac. G-fees should only be used to protect taxpayers from mortgage. Each time G-fees are extended, increased and diverted for unrelated spending, homeowners are charged more for their mortgages and taxpayers are exposed to additional risk for the long-term. Read the Coalition Letter (<http://narfocus.com/billdatabase/clientfiles/172/2/2840.pdf>)

**President Signs WOTUS Order:** President Trump signed an Executive Order that begins to unwind the Obama administration's controversial Clean Water Rule. Also known as the Waters of the U.S. rule, or WOTUS, the regulation was written by U.S. EPA and the Army Corps of Engineers to clarify the reach of the federal government over wetlands and waterways under the Clean Water Act.

While the executive order cannot repeal WOTUS, which was finalized in May 2015, the Executive Order will direct EPA and the Army Corps to begin a formal review of the regulation, an important first step to dismantling it. Withdrawing WOTUS will have a significant impact on the real estate sector, especially real estate development.

NAR has strongly opposed the rule to eliminate the need for costly and time-consuming permits on waters that were previously unregulated by the federal government. The rule has been stayed nationwide by the Sixth Circuit Court of Appeals pending additional litigation and technical procedures.

The Executive Order also directs the EPA to begin a rewrite of the regulation to adhere more closely to the definition of "waters of the U.S." under the Clean Water Act and provide a streamlined permitting process to provide clarity and certainty to the private sector while protecting the integrity and quality of the country's water resources.