Government Affairs Update
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LOCAL

Larimer County

Kefalas to Run for Commissioner: Democrat John Kefalas, who currently serves as a state senator for District 14 (Fort Collins) has announced his intent to run for Larimer County commissioner in 2018. Kefalas says he looks at the seat as a way to continue his public service while also being able to work closer to home. He was elected to the Senate in 2012 after serving 11 years in the State House of Representatives. His current senate term expires in 2021.

County to Add Micro Homes to Building Code: You may have seen an article in the *Reporter-Herald* about regulatory challenges facing tiny homes in Larimer County (https://tinyurl.com/ycwdgq39). What the article didn't say is that the County will be adding a section on tiny homes to the building code next year, according to County Community Development Director Terry Gilbert. However, the County is not planning to approve tiny homes on wheels, which are defined as recreational vehicles (RVs). Loveland is already in the process of adopting a new Unified Development Code which will also allow permanent tiny homes, although to distinguish them from homes on wheels, the City defines them as "micro" homes.

Loveland

LBAR Announces Candidate Endorsements: The Loveland-Berthoud Association of REALTORS® Board of Directors approved the recommendations of the Government Affairs Committee for the 3017 City Council election. LBAR supports the following candidates: John Fogle (mayor), Jeremy Jersvig (Ward 1), Gail Snyder (Ward 2), Steve Olson (Ward 3) and Dave Clark (Ward 4). These five candidates agree with LBAR's positions on key issues, including transportation and the belief that Loveland can best create new housing by allowing the free market to function and use incentives, not mandates, to encourage the creation of affordable housing products.

Council Gives Preliminary Approval for Funding Tax Outreach: On a 5-4 vote, the City Council approved $85,000 to hire consultants who will survey and conduct outreach with citizens regarding a potential sales tax increase. The Council wants to know if voters would support a sales tax increase and if so, what they would want to fund with the additional revenues. The measure will face a final hearing by the City Council in early October.

Mayor *Pro Tem* John Fogle made the motion to approve the funding. He said a new rec center wouldn't be his choice but argued the Council should find out what citizens want. The Councilors who voted against the motion money (Clark, Krenning, Overcash and Olson) saw the project as a waste of money and argued it was silly to go into it without a list of priorities in mind.

City Manager Steve Adams emphasized there would be many meetings with all kinds of people to get a variety of opinions. Councilman Dave Clark remained skeptical, saying participants will self-select because they already want stuff while "a majority of people will stay home and watch football." REALTORS® know what amenities and infrastructure clients want or need, so it will be important for LBAR members to participate in the community outreach as this initiative moves forward.

Council Considers Single-Family Affordable Housing: The City Council began talking about a new single-family affordable housing policy on September 26. There was a long and rambling discussion but there was no clear agreement regarding specific concepts. Mayor Gutierrez said he wasn't sure single-family units would solve the problem while Council member Leah Johnson argued creating diversity in housing stock was important. Other Council members asked questions but didn't reveal their position on the topic.

According to existing policy, the City's preferred partners are the Loveland Housing Authority and Habitat for Humanity. Single-family homes with an affordable housing designation are deed-restricted for 20 years, meaning home buyers must meet income requirements. However, if a homeowner loses a house to foreclosure or short sale then that designation is lost. The City allocates 1.25 percent of its sales tax revenues to an affordable housing (aka community development) fund. Apparently, the Council will address the issue again sometime soon.

City Creates Tracking Matrix: The City has a single-family building activity tracking matrix available online. The matrix, which is organized by subdivision, shows how many lots are under construction, how many are vacant, etc. Access the matrix here: http://www.cityofloveland.org/home/showdocument?id=36597

REGION

Study Focuses on Highway 34 Congestion and Safety: The US 34 Elected Officials Coalition and CDOT continue to work on a transportation study known as a PEL (Planning and Environmental Linkage) to make the highway eligible for funding improvements when money is available from the state or federal governments. The expected outcome of this PEL study will be an implementation plan that identifies short-term, mid-term, and long-term safety and mobility improvements that can be constructed immediately and into the future.

The implementation plan will be developed with corridor communities, who will help prioritize and identify funding sources for recommended improvements. Concurrently, CDOT will recommend and develop portions of the corridor for Access Control Plan implementation.

Terri Blackmore, Executive Director of the North Front Range Metropolitan Planning Organization, described the PEL as "a process." She added that a report outlining the existing conditions is complete and the Coalition is beginning to put together analysis of possible alternatives with the goal of creating a list of fundable projects by December 2017.

Congestion along the highway is increasing, especially in peak traffic times, often exceeding vehicle counts on I-25. Traffic volumes along US 34 during the AM and PM peak hours are between 1,700 and 2,100 vehicles per hour at the Larimer/Weld county line. According to the PEL's existing conditions report, 2,650 crashes were recorded over the 5-year period from 2011 through 2015, including 12 fatal crashes and 861 involving injuries.

While staff and elected officials from local communities along the highway are actively involved in the PEL, there are also opportunities for residents, too. There is a public meeting in Greeley, at CDOT's Region 4 headquarters, 601 W. 10th Street from 5 to 7 pm on November 8 with a presentation at 5:30 pm and another meeting in Loveland at the Best Western at I-25 and US 34 from 4 to 7 pm on November 15 with presentations at 4:30 and 6:30 pm.

NATION

NAR Opposes Higher Taxes on Middle Class Homeowners: On Wednesday the "Group of Six" consisting of Treasury Secretary Steven Mnuchin, Senate Majority Leader Mitch McConnell, Speaker of the House Paul Ryan, Senate Finance Committee Chairman Orrin Hatch, House Ways and Means Committee Chairman Kevin Brady and National Economic Council Director Gary Cohn released a broad tax reform outline.

The plan is expected to double the standard deduction and eliminate all personal deductions except the Mortgage Interest Deduction and the deduction for Charitable Contributions. The plan eliminates the deduction for State and Local Taxes. This one-two punch will deliver a crippling blow to middle class homeowners by removing economic incentives for homeownership and raising taxes by an average of $851. *By doubling the standard deduction, the Mortgage Interest Deduction would only be available to the top 5 percent of taxpayers.*

NAR has launched a $6.5 million Public Issue Advocacy plan to highlight NAR opposition to any proposal that results in higher taxes on middle class homeowners. **Click here to view first print ad.**

NAR Comments on GSE Appraisal Waivers: On September 12, 2017, NAR sent a letter to the Federal Housing Finance Agency (FHFA), as well as to Fannie Mae and Freddie Mac (collectively the GSEs), commenting on the recent decision by Fannie Mae and Freddie Mac to allow for data-based valuations rather than traditional in-person appraisals in certain purchase transactions. Given recent complaints of long appraisal wait times and a lack of appraisers in certain areas of the country, NAR is supportive of innovations in the appraisal field that would help alleviate some of these issues and help the real estate market function efficiently.

However, NAR does have some concerns with the appraisal waiver programs implemented by the GSEs. Given the recent housing crisis and its role in the Great Recession, NAR firmly believes that creating mechanisms to provide safety and soundness to the real estate market is necessary, and traditional in-person appraisals are a very important element of ensuring a home loan is supported by sufficient collateral. Entities using automated valuation methods must demonstrate that those methods will not put undue risk into the housing market.

NAR is pleased with the GSEs requirement of 80 percent loan to value and limitation on the types of properties that can be financed without a traditional appraisal, but there are still questions on the full applicability of the program and borrower requirements. NAR asks FHFA and the GSEs to provide more information on their programs for better transparency and assurances to the public, as well make it clear to borrowers that the transaction did not include a traditional appraisal.

HUD Extends Temporary Condo Guidance: Recently, the Department of Housing and Urban Development (HUD) released Mortgagee Letter 2017-13, *Extension of Temporary Approval Provisions for the Federal Housing Administration (FHA) Condominium Project Approval Process*, which extends the current temporary guidelines on condominium projects until HUD publishes and implements the Final Rule of Condominium Project Approval. In response to the extension of the temporary condominium guidelines, NAR sent a letter to HUD urging the release of the Final Rule. NAR reiterated the need for greater flexibility in allowable commercial space and owner-occupancy requirements, as well as a more streamlined re-certification process and the return of spot loan approval. NAR also offered its services in working with HUD staff to help implement the Final Rule as soon as possible.

CFPB Enforces RESPA: Last week, the Consumer Financial Protection Bureau (CFPB) filed a consent order against a title company for violating the Real Estate Settlement Procedures Act (RESPA) for receiving money in exchange for referrals and for failure to notify consumers of an affiliated business relationship with a title insurance underwriter. In this case, the amounts paid to the title company by the title insurance underwriter were beyond the commission structure outlined in the agent contract, were not reasonable compensation for services performed, and were not a return on an ownership interest.

Affiliated business arrangements like this are legal under RESPA, so long as there is a written disclosure provided to the consumer explaining the financial or ownership relationship, the charges or range of charges of the affiliated entity, and notification that the consumer is not required to use the affiliated business. This disclosure was not provided. As a result, the title company must redress consumers by paying up to $1.25 million, enact and seek CFPB approval for a Compliance Plan, and ensure ongoing oversight for RESPA compliance, among other requirements.

NAR Supports Credit Reporting Bill: On September 29, 2017, NAR sent a letter to Rep. Maxine Waters (D-CA) thanking her for reintroducing H.R. 3755, the "Comprehensive Consumer Credit Reporting Reform Act of 2017. The reintroduction of the bill comes in the aftermath of the major security breach at Equifax.

Specifically, the legislation enhances protections for consumers from fraud and identity theft related to the breach and addresses major flaws with the existing consumer credit reporting system by making changes that would enhance consumers' rights, create more transparency over the consumer reporting and credit scoring process. It would also increase the accountability of credit reporting agencies, furnishers, and companies that develop credit scoring models.