

Government Affairs Update

April 2019

Barbara Koelzer, Regional Government Affairs Director

barbara@ires-net.com

303.886.5675

LOCAL

Larimer County

Loveland

Your City, Your Future: The City of Loveland is undertaking a public education campaign to gather input on a proposed half-cent sales and use tax to fund eight capital projects in the City known as Your City, Your Future. As proposed, the City would allocate \$37.4 million in existing revenue for the project. If the sales tax proposal is put on the ballot and passes, the proceeds would fund \$141 million of construction costs and \$60 million for operations and maintenance.

The projects range from quality of life things like a new branch library, a rec center and an expansion of the museum to transportation projects like widening US 34 and the completion of the Taft Avenue expansion. More information on the projects is available here: <https://tinyurl.com/Your-City-Info>

Note: The Loveland-Berthoud Association of REALTORS® has not taken a position on Your City, Your Future and will not do so unless and until the proposal is formally put on the fall 2019 ballot.

COLORADO ASSOCIATION OF REALTORS®

Legislative Update: CAR's Legislative Policy Committee (LPC) held its latest meeting on March 15.

SB-181 "Protect Public Welfare Oil and Gas Operations" CAR adopted an oppose position on March 15. More information on this bill is available, below.

HB-1212 "Recreate Homeowners' Association Community Manager Licensing" CAR Position – Neutral

This is very similar to a bill introduced in 2018. It would recreate the CAM licensing program and extend it through 2024. It would create a 7-person advisory committee (with no enforcement or disciplinary role), clarify the circumstances that require direct supervision of apprentices and clarify functions that can be delegated to unlicensed staff.

HB-1199 "Colorado Clean Pass Act" CAR Position – Neutral

This bill would allow a certain number of electric vehicles to access express lanes for free and utilize toll lanes at a reduced rate. Note: Colorado already has a problem funding transportation and electric cars do not contribute to the State's revenue because they do not pay a gas tax, the primary means of funding our state highways.

CAR maintains its opposition to HB-1118 “Time Period to Cure Lease Violation and HB-1170 “Residential Tenants Health and Safety Act.” Both of these bills would negatively impact owners of income property.

CAR is preparing for the introduction of a bill to revise the First Time Home Buyer Savings (FHBSA) Accounts legislation it promoted last year. The bill would allow employers to make contributions to an employee’s account and incentivize employers by providing a tax credit. The bill would also increase the maximum annual contribution to a FHBSA to \$50,000 a year. Finally, the bill requires the money in a FHBSA account to be used within five years of the account’s creation to avoid penalties. Peetz says this time limit will push employers to contribute.

STATE

Oil and Gas Bill Debate: Senate Bill 181 was introduced on Friday, March 1 and was heard in the Senate Transportation and Energy Committee on Tuesday, March 5 where it passed 4-3 on a party-line vote. Over 600 people signed up to testify on the bill, and the hearing lasted 12 hours.

It quickly moved to the Finance Committee and in a hearing on Thursday the bill again passed on a party-line vote, even though committee members were visibly surprised by Weld County Assessor Brenda Dones’ testimony. She explained that the *passage of the bill would effectively slow down or stop oil and gas shared detailed analysis of the significant impact upon every local government and the state due to the adjustments that would have to be made to the residential assessment rate under the Gallagher Amendment, which would result in a 9 percent reduction to all local government in their property tax revenues.* The bill passed the Senate on March 13.

Sponsored by Boulder legislators KC Becker and Stephen Fenberg, the bill would give some local governments the control they want, including the ability to ban gas and oil completely. The bill would also halt drilling applications and future applications until implementation of every rule in the 27-page bill, which could take years, although the bill’s sponsors say this is not their intent. Oil and gas supporters say this means a de facto, multi-year moratorium on oil and gas permits.

In addition, the bill would change the composition of the Oil and Gas Conservation Commission composition by eliminating the requirement for three of nine members to have “substantial experience in the oil and gas industry.” Instead, the commission would have one oil and gas expert and others with expertise in wildlife, environmentalism, soil conservation and public health.

The Colorado Association of REALTORS®, the Northern Colorado Business Alliance and a variety of business-friendly organizations sent a letter to Governor Polis and legislative leadership just before the bill was introduced, calling for “serious and thoughtful consideration” on any oil and natural gas proposals this session. The letter asked for “reasonable compromise and workable outcomes.” Unfortunately,

SB-181 does not appear to be reasonable and it certainly was not crafted in a collaborative manner.

Here's a link to an op-ed letter from Ken Salazar, the State's former Attorney General, and a Democrat: <https://tinyurl.com/Salazar-letter>

NATION

Coalition on GSE Reforms: NAR, along with 27 other industry groups, recently sent a letter to Federal Housing Finance Agency (FHFA) Acting Director Otting outlining administrative reforms to Fannie Mae and Freddie Mac that prioritize preserving access and affordability in the mortgage market. The letter was developed after months of collaboration on essential principles that maintain and enhance the stability and liquidity of the housing finance system based on the potential impact on borrowers, taxpayers, and market structure dynamics.

Recognizing the GSEs' role in supporting the housing market, the letter emphasizes the need to decrease taxpayers' exposure to excessive risk, preserving what works in the current system, and maintaining stability by avoiding unintended adverse consequences for borrowers, lenders, and investors. As the letter states, a "well-functioning housing finance system should provide consistent, affordable credit to borrowers across the nation and through all parts of the credit cycle without putting taxpayers at risk of a bailout.

Lenders and other market participants should have confidence that they can access the secondary market on a level playing field with their competitors, through clear and transparent standards that do not discriminate...." While legislative reform is still necessary to end conservatorship and codify structural changes that ensure safety and soundness of any future system, the principles delineated in the letter promote smart administrative reforms that build on the existing system for the benefit of the broader housing market and industry.

This broad coalition effort is one of the many ways NAR is continuing to advocate for necessary reforms to the secondary mortgage market. Last month NAR debuted a new vision explaining a path forward to promote a reliable and affordable source of mortgage capital for American consumers. The vision includes:

- Leveraging reforms and innovations implemented since the crisis while completing the process with instrumental updates for a fully functioning liquid market.
- Promoting competition in the secondary market through proven structures to correct market failures.
- Preserving the 30-year fixed rate mortgage and focusing the mission on liquid secondary markets for Middle America and underserved borrowers.

- Minimizing the cost to consumers in normal and stress periods while maximizing access for creditworthy borrowers.
- Protecting taxpayers by using private capital.
- Maintaining simplicity in the transition while avoiding market disruptions.

NAR Defends AHPs: Since the new Congress began, a number of Congressional Committees have held health care related hearings focused on issues ranging from pre-existing conditions to short-term health plans. In some of these hearings, the matter of Association Health Plans (AHPs) has come up, which NAR through its work with the Coalition to Protect and Promote AHPs has provided background in defense of AHPs.

AHPs are typically large group plans subject to most of the consumer protections of other group plans under the Affordable Care Act. Thus, by law, AHPs cannot exclude participants based on health status including any pre-existing conditions. In fact, AHPs generally offer more comprehensive health coverage at lower cost than the small group and individual health insurance markets. AHPs are also not the same as short-term health plans, despite constantly being grouped together. Short-term health plans are subject to less regulation than AHPs and thus are often characterized as “skinny” plans with less health benefits, which differ from more comprehensive AHPs. The coalition statements sort out these “myths vs. facts” about AHPs.

NAR continues to advocate for changes to promote and protect AHPs and will continue to provide updates to members seeking more affordable health insurance options.

NAR Leadership Meets with HUD Secretary Ben Carson: Recently NAR President John Smaby and several other members of NAR's Leadership met with U.S. Department of Housing and Urban Development (HUD) Secretary Ben Carson, Acting Assistant Secretary and Fair Housing Administration (FHA) Commissioner Brian Montgomery to bring attention to several matters of importance to REALTORS®.

President Smaby urged Secretary Carson and Commissioner Montgomery to release the long-awaited FHA condominium rule. REALTORS® support increased flexibility with owner-occupancy and commercial space requirements, as well as more streamlined project re-certification and the allowance of spot loan approval for non-FHA designated condominium projects. The Secretary was understanding of NAR's stance and recognizes the importance of condominiums as the most viable form of home-ownership for many worthy borrowers.

NAR's Leadership also discussed the need for HUD guidance on assistance animals for rental property owners, which the Secretary recognized would be helpful. Secretary Carson noted that HUD intends to publish a rule on down-payment assistance which he welcomes NAR's comment. NAR is an advocate of down-payment assistance programs that are properly managed.

Interior Department Advances Forest Management Plans: The Interior Department has set out a plan for increased forest cuts and other "active management" approaches in federal forests to reduce wildfire risks.

In a secretarial order No. 3372, former Interior Secretary Ryan Zinke set out a series of deadlines to identify and remove environmental hurdles for forest management projects, identify salvage logging projects and begin other measures to mitigate wildfire risks on public lands.

The details methods of forest management, including mowing, thinning, timber salvage and application of pesticides. The Interior document suggests stepped-up logging in national parks, and it specifically mentions salvage logging in areas affected by wildfires, insect infestation and disease in 2017 and 2018.