

## **Government Affairs Update**

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### **LOCAL**

#### **Larimer County**

##### **Loveland**

**Local Sales Tax Measure In 2019?** The Loveland City Council, City Staff and a citizen task force have resumed conversations about putting a .5 percent city sales tax increase on the ballot in November. The City Council discussed the topic at work session on Tuesday and devoted part of its all-day retreat to the issue on January 26.

The list of projects has not been finalized but so far nine proposed projects have been discussed: two fire station renovations, an 80,000-square-foot community recreation center in northwest Loveland, a 26,000-square-foot expansion and remodel of the museum; a second library branch, completing congestion improvements to U.S. 34, projects on Taft Avenue, eight new recreation trail underpasses; and the renovation of Pulliam Community Building.

These projects alone would cost approximately \$131.6 million in total, plus \$24.5 million in operations and maintenance. Most projects were part of the city's long-term capital plan but were added to the list because they had been identified as community needs, according to Loveland Public Library Director Diane Lapierre. Lapierre, along with Public Works Director Marc Jackson and Alan Krcmarik, Acting Finance Director, are the lead staff members charged with coordinating the citizen task force.

At this point the City Council has no consensus on this issue. Moving forward it will be interesting to see if the Council moves forward with the initiative and if so, how it will determine the final list of potential projects.

**Highway 34 Expansion:** The City Council appropriated funding to add a third lane in each direction to Eisenhower Blvd./U.S. 34 from Denver Avenue to Rocky Mountain Avenue. The project will be financed using both city and federal dollars.

An additional westbound lane will be constructed first, from Boyd Lake Avenue to Denver Avenue and the eastbound lane for the same stretch of road will be added afterwards. Both sections are anticipated to be finished this year.

Jeff Bailey with the City's Public Works Department says Loveland doesn't currently have the \$3.5 million to add lanes between Boyd Lake Road and Rocky Mountain Avenue. He said it is possible the City will be able to stretch the existing funding to complete a portion, if not all, of the additional westbound through lane from Rocky Mountain to Boyd Lake Ave. Bailey explained, "We are cautiously optimistic that we

will be able to build the complete lane, but much of this will depend on receiving a favorable winning bid for the construction. Regardless of how much we can build, we are still anticipating that work to also be complete by year's end."

The City is pursuing more grant funding for the project. Bailey added that the grant funds would likely not be available until July of 2021 so, if fully funded at that time, construction could commence in spring of 2022.

On the brighter side, the additional eastbound through lane will be mostly along the frontage of prime developable land. If those properties develop in the interim, Bailey said they will be responsible for constructing the additional roadway width along their frontage, to be reimbursed for the oversizing by the City at a later date. So, development along the roadway could greatly help accelerate the completion of the project.

## **STATE**

**Governor Lists Priorities:** Governor Jared Polis was formally sworn into office this week and gave his first State of the State speech on Thursday. He spent most of that speech focusing on his legislative agenda, including full-day kindergarten for all children, lowering the cost of health care, creating good-paying jobs in the clean energy sector and state tax reform to reduce taxes on Colorado citizens.

Most of his speech was not directed towards real estate issues *per se*. However, he did briefly discuss his thoughts on water, transportation and oil & gas regulation. He said, "The lifeblood of our agriculture industry is water — which is why we must commit to continue the bipartisan and sustainable funding for the Colorado Water Plan." The water plan has been widely touted as extraordinary however it faces a financial hurdle because the cost to implement it is estimated to be around \$40 billion and the legislature has not enacted a funding plan.

As has been widely reported, the Governor changed his position on gas and oil setbacks, opposing Proposition 112. However, observers say he intends to focus on giving local governments more control, which will be strongly opposed by the gas and oil industry. Polis referenced this briefly, saying "And yes, it's time for us to take meaningful action to address the conflicts between oil-and-gas drilling operators and the neighborhoods that they impact. We will work to make sure that every community has clean air and water. And this is a vital quality-of-life issue for Colorado families"

The Governor dedicated less than a minute to transportation, saying "To keep our economy moving in the right direction, we need to upgrade our antiquated roads and highways and limited public transit options." In referencing the failed transportation measures (Propositions 109 and 110), the Governor asked for a "bipartisan funding mechanism" but did not list any specific ideas.

It has been said Governor Polis intends to be more hands-on with the legislature than his predecessor, John Hickenlooper. As the 2019 legislative session unfolds, we will see how he intends to do that.

## **NATION**

**NAR Helps Secure FEMA Reversal:** In a critical win for home sales while the partial shutdown of the federal government is ongoing, the Federal Emergency Management Agency will issue and renew flood insurance policies, reversing a controversial ruling the agency released earlier this week.

"FEMA and the Administration deserve credit for hearing our concerns and acting swiftly to address them," says NAR President John Smaby. "This new decision means thousands of home sale transactions in communities across the country can go forward without interruption, as Congress intended when it renewed the flood insurance program earlier this week. Our research has shown that 40,000 home sales are lost every month that flood insurance is not available."

On December 21 Congress passed legislation that extends the National Flood Insurance Program until May 31, 2019. In an unexpected policy decision, though, FEMA on Dec. 26 said it couldn't allow insurers to issue and renew federal policies while the partial government shutdown was ongoing. That ruling was unexpected because in past government shutdowns, FEMA continued to operate the program as authorized. NAR, along with other organizations, including the Property Casualty Insurers Association of America and the Independent Insurance Agents & Brokers of America, urged policy makers to reevaluate the decision. Congress expressed concern as well.

"We thank the Administration and Congress for stepping up so quickly to ensure the smooth continuation of flood insurance at a time when market disruption would be extremely hard-felt," says Shannon McGahn, NAR senior vice president of government affairs.

**NAR Testifies on Housing Finance Reform:** On December 21 NAR President-Elect Vince Malta testified before the House Financial Services Committee during its hearing, "A Legislative Proposal to Provide for a Sustainable Housing Finance System: The Bipartisan Financing Reform Act of 2018." Malta, a third-generation REALTOR® commended the committee for its work toward comprehensive reform of the nation's housing finance system while outlining NAR's priorities for a legislative restructuring of Freddie Mac and Fannie Mae.

In his testimony, Mr. Malta outlined NAR's views of Committee Chairman Jeb Hensarling's bill, the Bipartisan Financing Reform Act of 2018. Specifically, Mr. Malta stated NAR's support for many components within the legislation such as an explicit government guarantee, flexibility given to regulators to set standards in the new mortgage finance system, and the use of a Common Securitization Platform (CSP) as the issuance platform for mortgage-backed securities. These provisions will

help build a new housing finance system structure that will be more transparent, while providing a countercyclical mechanism to help ensure mortgage credit is available during periods of economic distress.

While these components are a good foundation for a future housing finance market, Mr. Malta provided suggestions to the Committee that would improve the proposal. Among other things, NAR suggested to include language that would require Ginnie Mae to have a dual mandate to safeguard the secondary mortgage market, but also to ensure for a deep, liquid, affordable, and national mortgage market. Finally, NAR committed to continue to work with Congress and the Administration to create a mortgage market that provides access to affordable mortgage credit for all creditworthy Americans, while ensuring taxpayers are properly protected.