

Government Affairs Update

October 2018

Barbara Koelzer, Regional Government Affairs Director

barbara@ires-net.com

303.886.5675

LOCAL

Larimer County

Thompson School Board Approves Ballot Language: The Thompson School Board approved ballot language for a \$13.8 million mill levy override and a \$149 million bond for the November election. The bond will pay for upgrading school building safety, security and fire alarm systems, tackling backlogged maintenance, building a new kindergarten through eighth-grade school east of Interstate 25 and adding classrooms to Ivy Stockwell and Berthoud Elementary Schools.

The mill levy will generate an extra \$13.8 million in property taxes for the school district, to pay for maintaining current class sizes, increasing salaries, updating textbooks, curriculum, technology and instructional programs and upgrading student security. The ballot question specifically states that some of the money will be spent expanding the school resource officer program.

The language also specifies that a citizen's oversight committee will monitor the spending of the mill levy override. A similar committee also will oversee the bond spending. If voters approve the ballot questions, the owner of a home valued at \$350,000 would pay a total of \$295.22 more in property taxes each year: \$191.52 more for the mill levy override and \$103.70 for the bond.

REALTORS® Endorse Dougherty: A joint team of members from the Fort Collins Board of REALTORS® and the Loveland-Berthoud Association of REALTORS® interviewed the two candidates for Larimer County Board of Commissioners representing District 1. After discussing the candidates' answers to real estate-related questions, the team unanimously voted to support Sean Dougherty. This decision was reviewed and approved by FCBR's Board of Directors and LBAR's Board of Directors.

The decision came down to several factors. 1) Dougherty had a broader, countywide perspective than his opponent who focused his comments on Fort Collins; 2) Dougherty's support for water storage, specifically NISP and Windy Gap; and 3) Dougherty's experience on the Larimer County Planning and Zoning Commission.

Fort Collins

Metro District Service Plan Policy Approved: The City Council unanimously approved a revised policy for reviewing metropolitan service plans on August 21. While commercial metro districts have been common in the City, the revised policy will also allow the consideration of residential districts.

The policy dictates that developers must provide public benefits as well as basic infrastructure. Public benefits are defined as environmental sustainability, smart growth principles and meeting the City's strategic priorities. In addition, residential metro districts are encouraged to provide affordable housing although the policy does not spell out how developers would achieve this goal. City staffer Josh Birks said some lots could be "carved out" and designated as affordable or the developer could utilize a land bank or land trust.

The revised policy increases the mill levy cap from 40 to 50 mills, similar to the cap imposed by other municipalities in Northern Colorado. Councilmember Bob Overbeck was particularly interested in the financial disclosure documentation that would be provided to district residents and asked staff for more information.

The City will require a high degree of transparency, per Council's previous direction. A website will be created by city staff that includes a search feature and the district will be required to create a deed that follows the property and a disclosure document listing all taxes. This information must be available to real estate brokers.

While the Council approved the policy, it is clear that some Council members are still skeptical. Ross Cunniff said he is a "reluctant supporter." He doubts any developer can deliver what the City wants. Other Councilmembers (Stephens and Summers) remain concerned about how affordable metro district homes will be. Metro districts may be the only way to finance subdivisions in some remaining undeveloped parcels, but it won't be easy to convince the Council to approve these projects.

Gas and Oil Setback Ordinance Approved: The City Council approved an ordinance to revise its setback requirements for oil and gas wells with no discussion on September 4. The ordinance increases the buffer for residential development near existing oil and gas operations from 350 feet to 500 feet. It also adds a new 1000-foot buffer requirement for high occupancy buildings near oil and gas operations. Both of these changes were required to comply with recently revised state regulations.

The ordinance would allow a reduced setback (150 feet minimum) near plugged and abandoned wells if specific requirements and performance standards are met. Staff had previously argued that well sites in Fort Collins have a comparatively lower risk of methane leaks, as no natural gas is produced from the Fort Collins Field.

As such, a reduced setback may be appropriate in situations where the City can verify that wells have been properly plugged and no leaks or contamination have occurred. In addition, a reduced setback for properly abandoned wells would create a stronger incentive for land developers to coordinate the abandonment of active wells on development sites, rather than keeping wells in operation as new development occurs. "Allowing a reduced setback would encourage the developer to

work with an oil and gas operator to remove the well from operation, therefore significantly reducing public health and safety risks near future residential properties.”

The City’s Land Use Code currently requires notification about oil and gas wells to be placed on the plat for a new subdivision. However, the staff suggested a second disclosure that would be more readily available to property owners. Therefore, the ordinance includes a requirement that developers include information about any existing oil and gas wells as part of any recorded declaration required under the Colorado Common Interest Ownership Act for all properties within 1,000 feet of any wells.

Metro District Decision Delayed: On September 4, the City Council was scheduled to hold public hearings on several proposed residential metropolitan districts – Montava, Waterfield and Water’s Edge, however all three items were postponed until September 18. It will be interesting to see what Council’s reaction to these projects is, because together they have the potential to add thousands of new single-family and multi-family homes to the City.

COLORADO ASSOCIATION OF REALTORS®

CAR Announces Endorsements, Positions for November: The Colorado Association of REALTORS® Political Action Committee (CARPAC) is supporting the following candidates in our area: Senate District 15 – Rob Woodward, House District 49 – Perry Buck, and House District 51 - Hugh McKean. For governor, CARPAC has endorsed Walker Stapleton.

CARPAC supports Amendments Y and Z (redistricting) and Proposition 110 (Let’s Go, Colorado) the transportation sales tax. CARPAC opposes Amendment 73 (education income tax increase), Amendment 74 (“just compensation” when private property is “reduced in fair market value” by government law or regulation”) and Proposition 112 (increased oil and gas setbacks).

STATE

List of Ballot Questions Complete: Colorado voters will consider 13 different state-level ballot questions. Eight questions would amend the state’s constitution, six of which were referred by the legislature and have a letter as their name, for example, Amendment Z would apply to the legislative redistricting process.

Amendment 73, formerly known as Initiative 93, is a citizen-generated initiative that would increase income taxes to pay for education. Amendment 74, which was known as Initiative 108 before it was certified for the ballot, would require just compensation for a reduction in fair market value caused by government or regulatory actions.

The rest of the ballot questions were initiated by citizens and include two transportation questions, Proposition 109 previously known as Initiative 167 “Fix Our Damn Roads” and Proposition 110 (Initiative 153), “Let’s Go, Colorado.” More information on real estate-related ballot questions will be provided closer to the election. The “blue book” provided by the State of Colorado will also have information on each question.

NATION

NAR Participates in BCFP Roundtable: Earlier this month, NAR participated in an Industry Roundtable Discussion at the Bureau of Consumer Financial Protection (BCFP) with Acting Director Mick Mulvaney, newly named Deputy Director Brian Johnson, and other high-level Bureau staff. NAR joined other consumer, banking, and lending trade associations in discussing the recent Requests for Information (RFIs) issued by the Bureau seeking feedback on important agency operations.

The discussion focused primarily on how enforcement processes, rulemakings, and external engagements, affect consumers and industry practitioners. NAR specifically raised the need to increase communication and transparency, throughout investigations, enforcement actions, and during the rulemaking process, to facilitate improved compliance and certainty in the marketplace. There was also broad agreement among roundtable participants regarding the need to improve Bureau coordination with federal and state regulatory agencies enforcing consumer protection laws.

NAR requested additional guidance from the Bureau in light of the recent PHH court decision and the need to provide clarity on co-marketing relationships, especially for online portals. Staff requested the Bureau adopt NAR’s best practices on co-marketing so that firms can better inform agents of their RESPA compliance responsibilities. In regard to external engagements, NAR thanked the Bureau for participation at member-focused events, including the recent Regulatory Issues Forum during the May Legislative Meetings, and how important it is to connect with REALTOR® members, as they are the first to touch base with consumers.

The Acting Director also provided important details on what the Bureau is doing to prepare for a new permanent director. Kathy Kraninger, associate director at the Office of Management and Budget, has been nominated but must first be confirmed by the Senate. The Acting Director explained how the RFIs are helpful to educate the incoming leadership and to prioritize future Bureau activities.

The roundtables will likely continue under the Acting Director's tenure, as will follow up with specific industry groups on pertinent issues. One of the new Bureau priorities is to increase engagement with consumers and practitioners across the country, so NAR looks forward to providing additional feedback on important issues to REALTORS® and the consumers they serve through those initiatives.

FHFA Ends Single Family Rental Program: On August 21, 2018, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (Enterprises) are ending their single-family rental pilot programs, stating that the larger single-family rental investor market continues to perform successfully without the liquidity provided by the Enterprises. Moreover, the Enterprises will limit their participation in the single-family rental market to their prior investments over the past two years.

NAR has long opposed the Enterprises providing financial guarantees to large Wall Street investors, who can use their financial advantage and outbid homebuyers, which reduces the supply of affordable homes for Americans. The Enterprises' single-family rental deals with Wall Street giants have clearly not advanced affordable homeownership.

NAR Supports Student Loan Counseling Bill: On September 5, 2018, the U.S. House passed H.R. 1635, the "Empowering Students Through Enhanced Financial Counseling Act." The legislation would empower student loan borrowers to make responsible choices through enhanced financial counseling. Due to partisan gridlock in Congress, it is unclear whether the Senate will vote on the measure. Note: Student debt affects a borrower's ability to qualify for a mortgage, hence NAR's support for the bill.

NAR on Conservatorship of GSEs: NAR recently issued a press release to reflect on the 10-year anniversary of the Conservatorship of Fannie Mae and Freddie Mac. Specifically, NAR urged policymakers in Washington to prioritize housing finance reforms that will protect taxpayers, provide liquidity to the broad national market, and promote stability in the housing market, particularly during times of economic distress.

Shortly after the press release was sent out, NAR joined an industry-wide coalition letter asking Congress and the Administration to preserve access and affordability by permanently locking in existing reforms to the secondary mortgage market, while ensuring additional reforms do not harm the market.