Government Affairs Update
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Barbara Koelzer, Regional Government Affairs Director
barbara@ires-net.com
303.886.5675

LOCAL

Larimer County

Commissioners Add "Growth" Sales Tax to Ballot: The Larimer County Commissioners added a .5 percent sales and use tax question to the November ballot. The measure would fund transportation improvements, both for roads and transit.

The commissioners say more funding is needed to improve designated transportation corridors with the county's population projected to increase by 44 percent to more than 500,000 people by 2045. The first $10 million raised by the tax would go toward funding the expansion of I-25 between Colorado highways 402 in Loveland and 66 at Longmont. The transit portion, which would include pedestrian and bicycle infrastructure, would account for 15 to 20 percent of the funds collected.

In addition, the tax would pay for the expansion of County buildings, including the Justice Center, health and human services, corrections and alternative sentencing facilities. The sales tax would expire in 20 years.

It appears unlikely that the cities of Fort Collins or Loveland will support the County's effort. Fort Collins has its own Keep Fort Collins Great sales tax and Mayor Wade Troxell said there isn't unanimous support for the County's tax. Loveland has placed its own Community Improvement Program taxes on the November ballot and wouldn't wish to jeopardize the passage of its own initiatives by supporting other tax questions in the same election.

Fort Collins

City Clarifies STR Regulations in Multi-family Buildings: The Fort Collins City Council gave final approval to an ordinance amending the City's short-term rental regulations. The ordinance makes it clear that short-term rentals are allowed only in R-1 multifamily buildings. The R-1 occupancy designation refers to hotel/motel buildings and not condominiums or apartments. Staff had recommended the clarification because of safety concerns related to fire and egress issues.

Ken Summers was the only Council member to vote against the ordinance. He argued the revisions were not minor and said the requirements would be expensive for R-1 property owners. Owners of short-term rentals in R-1 buildings will be required to have direct exits to the outside, adequate egress windows and adequate fire separation ratings. The rest of the Council voted in favor of the ordinance, with Mayor Wade Troxell saying he would support the changes with "consternation."

Loveland

Council Approves New Centerra Residential Development: On an 8-1 vote, the Loveland City Council approved the service plan for the Kinston metropolitan districts on September 3. The development will include ten different metro districts east of I-25 and north of US 34 on 629 acres and will take 20-25 years to build out.

The metro district funding mechanism will pay for water, streets, sidewalks and stormwater infrastructure. When complete, the project will add 1,211 single-family homes priced from approximately $421,000 to $729,000 and roughly 1330 townhome or condominium units priced from $336,00 to $467,800.

During discussion with the City Council, the developer explained that this project couldn't be financed without the metro district mechanism. He said traditional financing would add $50,000 in upfront costs to the price of each new home. Mayor Jacki Marsh voted against the service plan, saying the homebuyer disclosure forms required by the City "don't go far enough." City Council candidate Andrea Samson spoke during the public hearing and requested a delay on the decision to allow for a community forum to address growth-related concerns.

West Boyd Metro Districts Approved: The City Council approved another metro district service plan on September 10. West Boyd Metropolitan Districts 1-3 are located on 67 acres southwest of the intersection of East Eisenhower Boulevard and North Boyd Lake Avenue. Build out will occur over five years.

The developer (McWhinney) plans to construct 61 attached single-family units with an average price of $295,000, 146 single-family units with an average price between $400,000 and $425,000 and 264 apartment or condominium units with an average price of $195,000. Metro district financing will fund streets, water, storm drainage and sidewalks.

The Council's vote was predictable. Mayor Jacki Marsh voted against the service plan, saying she had a number of concerns that were not answered by the applicant.

LBAR Candidate Endorsements: The Loveland-Berthoud Association of REALTORS® is endorsing the following Loveland City Council candidates:

Mayor – Dave Clark
Dave has been endorsed by LBAR every time he has run, and this time is no exception. Dave believes the City's responsibility is to help the housing market by controlling City regulations and fees. Dave is very involved in transportation, serving on the Metropolitan Planning Organization and the North I-25 Elected Officials Coalition. He is proud of the regional collaboration that has leveraged local contributions to fund I-25. In addition, Dave supports water storage projects and economic development.

Ward I – Rich Ball and Rob Malloy

Rich is a current member of Council and former REALTOR®. He doesn't believe that government should try and control free market housing prices. He argues that City fees are high and affect affordability. Rich supports the two Community Improvement Project ballot questions that LBAR supports. He also supports water storage projects such as NISP and regional collaboration to fund transportation.

Rob does not support government mandates related to affordable housing. He has served on the Planning Commission for a number of years, so he is familiar with land use development policies. He argues the City must keep up with transportation needs to keep Loveland moving forward. He believes in planning for the future and supports new water storage projects to support growth.

Ward II – Nita Starr
Nita is a teacher who served on City Council in the past. She supports water storage projects like NISP and understands that water is a major factor in the rising cost of new development. She also supports fiscally responsible transportation partnerships that link the Front Range.

Ward III - John Fogle
John has earned LBAR's support several times in the past. The Committee believes it is important to keep him on the City Council. He supports water storage and has been the primary proponent of creating a City-owned broadband utility to compete with the private sector. John has helped LBAR members navigate the City's development system as they work to develop new residential housing.

Ward IV - Don Overcash
Don currently serves as Loveland's Mayor *Pro Tem*. For four years he has pushed to find ways for the City to reduce the costs of building. He believes transportation is a core service provided by city government and has fought to expand I-25 and US 34. He argues Highway 402 is next on the list, which he says is extremely important for Loveland's economic vitality.

LBAR Supports Community Improvement Ballot Questions: LBAR's Board of Directors voted to support two sales and use tax ballot questions on August 28. The first question will ask voters to approve a new .2 percent sales and use tax to build a new recreation and senior citizen center. The rec center would cost a total of $61.7 million. The City has $8.2 million available in its capital plan. The new .2 percent sales tax funding would raise the remainder.

The second question will ask voters to approve a new .3 percent sales tax to fund seven other capital projects: a satellite library branch, two fire stations, the expansion of US 34, Taft Avenue improvements, the expansion of the Loveland Museum and recreation trail underpasses. These projects would cost $153 million; the City has $18.4 million set aside for them. If approved, the funding would raise the remaining funding needed.

These projects will improve the quality of life for current and future Loveland residents. It is LBAR's belief that the projects include desirable amenities and will reduce traffic congestion and improve public safety.

NATION

NAR'S Talking Points on the Administration's GSE Proposal: The Trump Administration has released a blueprint for getting the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, out of conservatorship and for modernizing the Federal Housing Administration (FHA). The plan involves potential administrative, regulatory, and legislative changes-and it's the start of a process we expect to take several years. The administration's plan won't have any effect on housing markets in the short term.

NAR has been in direct meetings with the administration and the Federal Housing Finance Agency, which oversees the GSEs, and we will continue to play an active role in the process. NAR applauds the movement forward on getting Fannie Mae and Freddie Mac out of conservatorship and will be looking for areas of collaboration with the administration and with Congress. Potential areas of concern will be in capital requirements for the GSEs (increases will raise borrowing costs); guidelines for second and vacation homes; and underwriting requirements with the expiration of the so-called QM patch in January 2021.

Reforms to FHA and the secondary mortgage market have the potential to affect both the availability and the cost of mortgage credit for clients. Since 2008, as a consequence of the mortgage market meltdown, secondary-mortgage market giants Fannie Mae and Freddie Mac ("the GSEs") -have been under the conservatorship of the Federal Housing Finance Agency (FHFA). During the Great Recession, conventional lending guidelines grew extremely tight, and FHA became a much more critical source of housing finance.

In the years that followed Treasury's takeover of the GSEs, FHA's share of the market has decreased, and Fannie and Freddie have returned to profitability, though their "profits" go straight into the U.S. Treasury. There have been many proposals over the years on the future of the GSEs. NAR released its own plan in February, and the plan has garnered the support of many industry groups. NAR will continue to promote its plan, which brings together the best of the public and private model in good times and bad.

HUD Releases Condo Rule: On August 14 the U.S. Department of Housing and Urban Development (HUD) released the long-awaited final rule on project approval for single-family condominiums insured by the Federal Housing Agency (FHA). After years of advocacy by NAR, HUD's final rule contains several elements that will enable more buyers to be able to use FHA-insured financing to purchase a condominium. Highlights include:

- The return of single unit approval, also known as spot loans, for units in non-FHA approved properties
- Increased certification period from two to three years, plus a six-month grace period to submit re-certification materials
- Increased acceptable commercial space to 35 percent of total area
- Reduced requirement for owner-occupancy percentage exceptions

NAR President John Smaby made the following statement: "We are thrilled that Secretary Carson has taken this much-needed step to put the American Dream within reach for thousands of additional families. It goes without saying that condominiums are often the most affordable option for first-time homebuyers, small families and those in urban areas. This ruling, which culminates years of collaboration between HUD and NAR, will help reverse recent declines in condo sales and ensure the FHA is fulfilling its primary mission to the American people."

FHA Down Payment Assistance Changes Rescinded: As of August 14, 2019, the U.S. Department of Housing and Urban Development (HUD) has officially rescinded guidance related to clarifying documentation requirements for government entities that provide down payment assistance to Federal Housing Administration (FHA) borrowers, including requiring entities to prove the property in question was within the jurisdiction where the government entity has authority to provide assistance. Following the release of the guidance, affected entities filed an injunction against HUD. HUD suspended the guidance while the legal challenges made their way through the courts. With the rescission of the original guidance, contained in Mortgagee Letter 19-06, policy guidance for FHA's down-payment assistance program continues to be found in its Single-Family Housing Policy Handbook 4000.1 Section II.A.4.d. ii.