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

LOCAL
Larimer County
CDOT Proposes Freight Plan: CDOT's Regional Director, Johnny Olson, has suggested a novel approach to moving trucks out of Larimer County's urban centers. His idea is to reroute freight traffic off US 287 and onto I-25. In exchange, CDOT would give control of US 287 (from Colo. 119 to Colo. 14) to the local governments. This would give the locals more decision-making power, but they would also have to pay for its maintenance. Olson says a six-month feasibility study will consider the idea, during which public input will be taken.

Loveland
Grace Gardens Gets Affordable Housing Designation: The City Council approved a resolution giving Grace Gardens an affordable housing designation, which locks in development fees for five years. Grace Gardens will be built by three developers -- Habitat for Humanity, Aspen Homes and the Loveland Housing Authority. It will feature approximately 206 units for residents making between 30 and 120 percent of the Area Median Income (AMI). The current AMI for a family of four is $78,000. It is anticipated home construction will begin in 2020 if the developers can overcome the project's $1 million budget deficit.

PRPA Resource Diversification Policy Approved: The City Council discussed the proposed Platte River Power Authority (PRPA) resource diversification policy for the second time and approved it on a 7-1 vote, with Dave Clark opposed. The policy has been controversial because it moves PRPA toward the use of 100 percent non-carbon fuels by 2030. City Manager Steve Adams said the estimated cost to implement the policy is $3 billion.

The cost implications for consumers has been an issue for business groups and some elected officials. The Loveland City Council approved the policy only after learning of nine technological advancements intended to make the transition feasible, for example, including better battery storage, improved grid management systems and the creation of an organized regional market for non-carbon resources.

Note: PRPA's Board of Directors unanimously approved the policy on December 5.

New Development Code Approved: After a two-and-a-half year process, the City of Loveland now has a new Unified Development Code (UDC). The code incorporates the existing zoning, annexation and subdivision codes into a single development code. It is characterized by a simplified t approval process, with a sketch plat

replacing the preliminary subdivision plat, which required engineered plans and was costly to developers because the plans had to be resubmitted every time there was a change. Land use approval procedures are also simplified, with administrative approval for use-by-right and limited use applications. Public notice requirements, which used to add cost and added little value to the review process, were modified to require smaller notification areas (150, 300 or 500 feet, depending on the application).

The UDC will allow innovations in land uses, such as micro homes, cluster development, mixed use, walkable neighborhoods, and smaller lot sizes for single family detached dwellings. It includes modernized standards for commercial and multi-family housing. Design standards are clear, yet flexible, affording developers the ability to adjust designs based on site conditions and market demands.

The UDC can be reviewed here: http://online.encodeplus.com/regs/loveland-cov2/. The final approval of the ordinance occurred on November 6 and it became effective on November 20.

REGION

North I-25 Receives Grant: Colorado Senators Cory Gardner and Michael Bennet announced that the North Front Range Transportation & Air Quality Council has been awarded a $20 million Better Utilizing Investments to Leverage Development (BUILD) grant from the Department of Transportation (DOT) for its North I-25 Segment 6 improvement project.

"Thanks to the tireless efforts of Northern Colorado communities, this $20 million for North I-25 will build on past TIGER grants to decrease congestion in one of the state's busiest corridors," said Senator Bennet**.** The $20 million BUILD grant will help with widening a segment of North I-25 between SH 402 and SH 56/Little Thompson Bridge through the addition of an express tolled lane in each direction. CDOT has estimated that in 2040, the I-25 Corridor will see a 60 percent increase in daily vehicle traffic.

COLORADO ASSOCIATION OF REALTORS®

CAR Chief Lobbyist Predicts a Rough Session: Liz Peetz, CAR's Vice President for Public Policy, says "real estate is at risk" given the new makeup of the Colorado General Assembly. CAR will be proactive during the 2019 session, which begins on January 4.

Peetz said CAR is considering running several bills, including a bill to revise the first-time homebuyer saving account legislation it ran previously. The idea is to expand it to include employers, who could offer it as a benefit or match. In addition, a bill to revise the Homestead Exemption for seniors could allow them to use those

savings to downsize, which would free up properties which would have a positive market effect.

CAR is also working on bills to ensure title companies have liability related to deed forms, rather than REALTORS. Peetz added the remote notary issue will be back in 2019. She is working with legislators and the new Attorney General and Secretary of State. She added that the National Association of REALTORS® wants every state to pass remote notary legislation and explained that CAR was able to add a motion at the NAR Board of Directors meeting in November to ensure such legislation protects private consumer data.

STATE

Peetz to Serve on LIFT Board: CAR's Vice President for Public Policy, Liz Peetz, has joined the Board of Directors for LIFT (Leaders Innovating For Tomorrow). LIFT was created by Senator Cheri Jahn, who received a grant from Vital for Colorado to start the organization. Its goal is to identify business people to run for office at the local and state level, beginning with municipal elections in November 2019. LIFT will provide training and support for candidates and will also ensure business leaders have a connection to local elected officials.

In an article published in the Denver Business Journal on December 5, Jahn said, "I want to talk about issues. I want people in there who run businesses and understand what it's like to operate businesses." "I really don't care what party they're in. I want moderate people who understand businesses." *Note: LIFT could provide valuable service to local REALTOR® associations, who will hopefully be involved in efforts to find and groom candidates for the 2019 municipal elections.*

NATION

Flood Insurance Passes: On December 6 the House and Senate passed a two-week extension of the National Flood Insurance Program (NFIP) narrowly avoiding a lapse in coverage. The NFIP is being extended as part of the Continuing Resolution (CR) to avoid a partial shutdown of the federal government. This CR will move the funding deadline for the seven remaining fiscal 2019 spending bills to Dec. 21. Now that NFIP has been re-connected to the budget, a longer extension is likely to be a part of a long-term funding agreement potentially through September of next year.

BCFP Hosts Industry on QM Rule: The Bureau of Consumer Financial Protection (BCFP) hosted the first of several industry meetings this week examining the Ability-to-Repay/Qualified Mortgage Rule (ATR/QM) in anticipation of their five-year assessment of the rule, due in early 2019. The discussion largely focused on how to address the QM patch, set to sunset when the conservatorship ends and no later than January 10, 2021, and flexibility with Appendix Q standards, debt-to-income ratio calculations, and points and fees calculations. There was general consensus around the importance of such issue standards, but with reasonable considerations to adjust for varying factors.

A great part of the discussion also highlighted the need for flexibility for creditors when it comes to self-employed income, which includes a large majority of NAR's members and is increasing due to the rise in gig economy workers. Such flexibility, such as through residual income testing, would ensure that Appendix Q underwriting guidelines are not inadvertently leaving these borrowers with fewer options than salaried employees. NAR will continue to advocate for and support changes to the rule that ensure broad mortgage liquidity and availability.

Proposed Increase to Residential Appraisal Threshold: Recently the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively "the Agencies") released a proposed rule that would increase the current threshold for residential real estate transactions requiring an appraisal to $400,000. The current threshold is $250,000. In lieu of an appraisal, an evaluation would be required that is consistent with safe and sound banking practices. This rule would only affect Federally Related Transactions overseen by the Agencies. Residential real estate transactions covered by the Fair Housing Administration, the U.S. Department of Veterans Affairs, the U.S. Department of Agriculture, Fannie Mae, and Freddie Mac would still be subject to those entities' appraisal requirements.

Housing Finance Reform: On November 14, 2018, NAR legislative staff met with House Financial Services Committee Chairman Jeb Hensarling (R-TX) to discuss his recent housing finance reform discussion draft called the "Bipartisan Housing Finance Reform Act of 2018," which is cosponsored by Rep. John Delaney (D-MD).

The proposal directs Ginnie Mae to guarantee mortgage-backed securities (MBS) that are backed by loans with various credit enhancements. In addition to borrowers having more skin in the game, additional credit enhancements must come from Federal Housing Finance Agency (FHFA)-approved private credit enhancers (PCEs). Once appropriate credit enhancements have been made, Ginnie Mae-approved issuers will then be allowed to issue government-backed securities through its platform.

NAR supports many components of 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, NAR provided suggestions to the Chairman 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 the Chairman to create a mortgage market that provides access to affordable mortgage credit for all creditworthy Americans, while ensuring taxpayers are properly protected.