What has RPAC Done for Me Lately?

2015 CAR Legislative Update

- **Construction Defects Reform - SB 177**
  
  In Colorado, we are trying to find a way forward for more attainably-priced condos to be built. To do that we need reform that reduces the frequency and magnitude of law suits and provides legitimately aggrieved unit owners with quicker options to resolve disputes. Colorado’s economy is dependent on a strong housing market that includes diverse and attainable options. Despite strong demand, communities across Colorado face a growing shortage of one of the most critical options - owner-occupied, multi-family housing. Today, condos represent just 3.1 percent of new housing starts, compared to nearly 23 percent in 2007. Because of this, would-be first-time homebuyers have significantly fewer options and are increasingly being forced into the skyrocketing rental market. The lack of owner-occupied, multi-family options also leaves behind seniors who are looking to downsize from single-family homes.

  Senate Bill 177 would have:
  
  - Made mediation and arbitration the preferred method of dispute resolution of construction issues
  - Required all homeowners in a HOA to receive a notice including the estimated costs to the association and individual homeowners of entering into litigation, the nature of the proposed litigation and relief sought, and the expected impact on home values both included and not included in the litigation
  - Required a majority vote via written consent of all association homeowners before legal action can go forward

  CAR is a member of the Homeownership Opportunity Alliance (HOA), a coalition of local elected officials, affordable housing advocates and business groups throughout the state that is looking for reasonable reform to help relieve our condo and townhome market.

  Unfortunately, we were unsuccessful this year passing SB 177, and the coalition already is discussing solutions for next session. We have already seen the City of Littleton pass an ordinance regarding Construction Defects since the legislature adjourned, joining Lakewood, Lone Tree and Parker as municipalities acting in the vacuum left by the legislature’s inaction. And, the Colorado Court of Appeals has now held that HOAs cannot remove the arbitration clause without the consent of the builder. Hopefully this will spur the conversation in the right direction to get affordably priced condos and townhomes built in Colorado again.

- **CAR Sponsored Legislation - Wildfire Tax Deduction to Tax Credit**

  HB 1260 was originally modeled after HB14-1009 which was recommended by the Wildfire Matters Review Committee. The bill would have eliminated the wildfire mitigation income tax deduction and created a wildfire mitigation state income tax credit. This year’s iteration would have allowed for a tax credit of 25% of the costs of mitigation, up to $2500. The credit was able to be carried over for five years.

  CAR worked very diligently with the sponsors and committee chairs to find a reasonable compromise to help reduce the bill's fiscal impact. With an amendment, the bill increased the deduction to 100% of costs, still capped at $2500. This lowered the fiscal note to 1/10 the impact of the introduced bill. Unfortunately, this bill died in the Senate Appropriations Committee. We are still committed to educating homeowners on how to properly mitigate their properties, the benefits to doing so, and the ability to utilize the current Wildfire Mitigation Tax Deduction of 50% of costs up to $2500.

  CAR believes HB-1260 was a targeted and reasonable policy solution that would have provided resources for homeowners to better prepare for and mitigate wildfire risks. Policy proposals that are focused on incentivizing activities that reduce the risk of wildfire are more likely to have a long term impact. Providing financial
incentives such as tax credits to help property owners properly prepare are the best means by which to mitigate the risk and are critical to changing property owner behavior over the long term.

- **HOA Manager Licensing**
  In 2013, Community Association Manager Licensing was adopted and is set to begin July 1, 2015. While in rulemaking, some of the language of the original bill dictated onerous requirements on what constituted the need for licensure, including requiring the CEO and managing broker of a property management company, among others, to obtain licensure.

  Being an unintended consequence of the prior legislation, this bill sought to remove the licensing requirement of CEOs, managing brokers, and support staff of property management companies. We saw this as an onerous process that would add costly and unnecessary regulations to smaller HOAs. The structure is now modeled after the “Designated Manager” model within the Division of Real Estate, having one person designated as the licensed manager who oversees the work of others participating in management activities.

  In addition, it clarified what responsibilities and jobs would necessitate licensure. Simply conducting, for compensation, any ministerial, clerical, or maintenance functions for an HOA no longer require licensure. We are pleased with the outcome of this bill because it will reduce the costs of licensure for small HOAs. Though the property management companies would be paying the costs of this, inevitably it would have been passed along to HOA residents in the form of dues, and this keeps the regulation of HOA managers in place without creating an overly onerous and expensive process.

- **Colorado Project Wildfire**
  In September 2013, the Wildfire Insurance and Forest Health Task Force, convened by Governor Hickenlooper, issued a report outlining concerns and recommendations regarding how to best protect citizens who live in the Wildland-Urban Interface (WUI), and protect Colorado's landscape, which is a critical element of the State’s economic health. Unfortunately, the report also included a series of real estate-related recommendations that would impose new costs and requirements for real estate transactions and increase the costs associated with property transfers and ownership. Moreover, the task force findings created serious implications for the insurability and affordability of insurance in broad areas of the state. The suggested legislative measures would also put incredible pressure on REALTORS® and licensees and create another area of risk management that is not appropriate.

  The Colorado Association of REALTORS® conducted an analysis of the impact of the Governor’s Task Force recommendations and concluded that property owner education and monetary incentives to assist property owners with the costs of mitigating WUI risks create more appropriate, cost-effective and timely solutions than the more extreme measures the Task Force has recommended. Paperwork and disclosures do not solve the issues nor mitigate the risks of any catastrophic exposure. Colorado REALTORS® believe that by taking a proactive stance to educate and engage the consumer, we will have a far greater impact on minimizing damage and saving lives.

  PROJECT WILDFIRE is an initiative supporting local Board efforts, coordinated and largely funded by CAR through CARPAC monies, to reduce and/or prevent the destruction of land, property and lives by raising awareness and educating property owners statewide. In addition, this project speaks to the importance of both REALTOR® advocacy efforts and consumer outreach.

  [At this link](#) is the grant application for Project Wildfire. Funding is available to local Boards for newsletters, advertising, educational town hall gatherings, and local kickoff events to help educate homeowners on how to properly mitigate and protect their properties.

  For example, Summit Association has sent out newsletters to homeowners in the area explaining mitigation procedures, chipping programs, and local firefighting resources that they can utilize. The Gunnison Country, Mountain Metro, and Grand County Associations are reaching out to property owners as well. We would also
like to encourage you to work collaboratively with other stakeholders, such as Fire Departments, in your region to maximize exposure and outreach.

If you are interested in pursuing funding from this grant for your local Fire Mitigation efforts, please let us know what your plans are as soon as possible so we can begin the process. If you need assistance in getting started, please reach out so that we can share ideas.

For more information on Project Wildfire, please visit www.ColoradoREALTORS.com/ProjectWildfire or contact us at any time.

2015 Federal Update

- **REALTORS® Applaud CFPB’s Proposed Extension of TRID Implementation**
  National Association of Realtors® President Chris Polychron, executive broker with 1st Choice Realty in Hot Springs, Ark., released the following statement in response to the Consumer Financial Protection Bureau’s announcement of a proposed two-month delay for the implementation of the new Truth in Lending Act and Real Estate Settlement Procedures Act Integrated Disclosure, or TRID, regulation. Read more [here](#).

- **NAR hosts UAS Webinar with Hogan Lovells**
  NAR partnered with the Hogan Lovells Unmanned Aircraft Systems (UAS) Group to host a webinar on the regulatory and business hurdles to operating unmanned aircraft systems (drones). Attorneys Lisa Ellman and Pat Rizzi covered the legal and regulatory challenges facing the commercial use of UAS in real estate, and discussed how businesses can use UAS legally. For more information about UAS and NAR’s engagement on the issue, please visit [www.realtor.org/drones](http://www.realtor.org/drones).

  - Watch the recorded webcast
  - View the presentation slides

- **Supreme Court Affirms Insurance Premium Credit**
  On Thursday, June 25th, the Supreme Court ruled that Obamacare's insurance premium credits can go to eligible residents of any state, including those states that chose to use a federally-facilitated exchange. In a decision written by Chief Justice Roberts, the Court’s ruling in King v. Burwell preserves the premium credits for 6.4 million people in those states that have chosen not to establish a state exchange. The vote was 6-3. Roberts was joined by Justices Kennedy, Ginsburg, Breyer, Sotomayor and Kagan. Justices Scalia, Alito and Thomas dissented. To read more on this decision, click [here](#).

- **Register Now for REALTORS® Conference and Expo**
  Registration is now open for the REALTORS® Conference and Expo in San Diego, California November 11-16. For more information or to register, click [here](#).

- **NAR Launches Texting Platform**
  More than 50,000 REALTORS® from across the country have already signed up for REALTORS® Party Mobile Alerts - have you? Text REALTORS® to 30644 to sign up! You’ll be among the first to know about NAR Calls for Action and more! [Click here](#) for more information.

- **“GRAB THE APP”- Download the REALTOR® Action Center Mobile App**
  The REALTOR® Action Center mobile app is now available for download for the iPhone and DROID. Simply search for NAR Action Center in your respective app markets. This app is designed to help members Vote, Act and Invest on the go. It will help you increase your state and local Federal Call for Action participation rates, allow members a quick and efficient way to invest in RPAC, and provide you a way to track your REALTOR® Party activities and so much more.