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Governor Jared Polis

Federico Pena – Chair, Colorado Emergency Council for Economic Stabilization and Growth

Brad Feld – Chair, Colorado Emergency Council for Economic Stabilization and Growth

Sirs,

Thank you for reaching out to the Colorado Association of REALTORS® (CAR) in your efforts to create meaningful opportunities for growth and recovery in an economy and society that has been historically impacted by Covid-19. Governor Polis has repeatedly recognized the importance of real estate to Colorado's economy and housing as a necessary component to the lives of all Coloradans. We couldn't agree more that access to housing, commercial workspaces and retail space as well as the sustainability of safe, vibrant, inclusive neighborhoods are imperative to the recovery of businesses and the wellness of individual citizens across the state.

Our 26,000-plus REALTOR® members across the state are ingrained in the communities in which they serve. As such, we are committed to helping find and implement solutions that provide financial education for individuals, financial stability for families, and long-term support for the consumer economy. CAR has always been a major proponent and active participant in the collaborative efforts between the business community, nonprofits, and state and local government leadership designed to improve the lives of Coloradans. As such, our enclosed Recovery Taskforce Ideas encompass seven "big ideas" – Rent to Own Sweat Equity, Creative Use of Commercial Space, Homebuyer Payment/Savings Accounts, Rental Extensions, Federal Government Support of Mortgage Servicers, a State Fund to Distribute Rental Payments, and Tax Credit Co-Ops – each of which utilize the strength, knowledge, compassion, and business leadership of all sectors, as well as the support of individuals in their own communities.

Our hope is that the Colorado Emergency Council for Economic Stabilization and Growth is successful in instilling a sense of unified Colorado pride and provides Coloradans the opportunity to pay it forward and flourish in a post COVID-19 world. We look forward to and welcome the opportunity to be a part of the solutions you all are leading for our state. #DoingMyPartCO

Thank you for your thoughtful consideration,

Elizabeth Peetz

Vice President of Government Affairs
Colorado Association of REALTORS®



RECOVERY TASKFORCE IDEAS – REAL ESTATE

COLORADO ASSOCIATION OF REALTORS

1) RENT TO OWN SWEAT EQUITY BIG IDEA

a. Goals:

- i. Use what has been learned during the Covid-19 pandemic to build up communities for a stronger future
- ii. Create beautiful, inclusive, vibrant neighborhoods
- iii. Instill sense of unified Colorado pride and give Coloradans the opportunity to pay it forward

b. Problem: As a Country and state, we have not faced such a collectively challenging time since maybe World War II when we consider the worldwide impact and all-encompassing effects on American lives. Big problems deserve a **big idea** response. So how do we tackle this type of response within the borders of our state, our counties, cities, and neighborhoods in a way that would help our society come out even stronger?

c. Proposal: There are many models out there that give citizens an opportunity to work to build a more stable future for themselves such as Habitat for Humanity or rent to own equity models. There is potential to elevate these models to involve our citizens in the rebuilding of public and open spaces (in alignment with social distancing precautions) that is a symbiotic and shared approach to achieve “community good” with cooperation from public, private, and non-profit sectors. Many of our citizens are struggling with job losses, furloughs, or reduction in workforce to meet business operation or budgetary constraints. Everyone benefits when we invest in community spaces; it increases health outcomes, improves property values, and creates a better quality of life. The idea works like this: we look at what projects are on hold, in the permitting process, or live in the dreams of city planners. Citizens that live in these areas get the opportunity to invest in their future. By participating in local neighborhood or public space improvement projects, Coloradans could get access to funding or maybe low interest loans with financial literacy classes.

What if you could make extra money for your family or your business operations by sharing your time and labor to help build a community garden, put in a new bike path, paint the old structure that is fading, plant sustainable and green landscapes that improve our climate, etc.

It would require many individuals and organizations to work together in conjunction with a national volunteer day, neighborworks, or smart growth organizations. City planners, Habitat for Humanity, Department of Local Affairs contractors, and other types of professionals could organize these plans into bite-size pieces that average citizens can help complete under the direction of talented specialists who can also donate their time.

Potential partners could include:

Habitat for Humanity, Colorado Health Foundation, DOLA, Conservation Colorado, CAMPC, AGC, Colorado Association of REALTORS, CAHB and other industry affiliate groups like mortgage lenders, financial/banks, insurance industry, etc, Smart Growth America, DUG, cities and

municipalities that want to participate, Bike Colorado, Utility providers, builders and developers, and individual donors, chambers of commerce, economic development organizations or businesses donors that are doing well such as Amazon or Walmart, etc.

2) CREATIVE USE OF COMMERCIAL SPACE

a. Goals:

- i. Respect social distancing as we return to work
- ii. Support multiple industries simultaneously

b. Problem: Commercial office spaces need to be redesigned to allow for 6 feet of distancing in offices and with telecommuting shifts large amenity spaces need to accommodate less people at the office that are more spaced apart.

c. Proposal: Rethink how we use the spaces (large kitchens, common rooms, spare conference rooms or offices) by undertaking one or more of the following:

- i. Subscription services or employee benefit for employees to access: a) fitness class on-demand that is offered by a local gym or local franchise such as Transform or Orange Theory, b) cooking class demos or take-home boxes to cook with your family and friends from a local restaurant or chef, c) financial literacy wellness classes offered by a local business, d) personal coaching, local grocery store fresh produce, instructions and/or seeds and plants to start your own victory garden
- ii. All of these would either be offered as a break room amenity through a computer, or be set up physically to make use of the spare office space that is used to create physical distancing for employees

3) HOMEBUYER PAYMENT/SAVINGS ACCOUNTS

a. Goals:

- i. Help people who are struggling to pay their rent or mortgage
- ii. Create financial stability and build long-term support for the consumer economy
- iii. Promote financial literacy through educational training

b. Problem: The federal government and many local governments have given people the ability to forbear their mortgage payment or asked law enforcement professionals and landlords with federally-backed mortgages to not move to evict those that cannot pay out of economic hardship due to Covid-19. However, when that period ends, we could see many folks hurting once those lump sum payments to become current.

c. Proposal: Legislation or policy that would give businesses and employers who offer to help their employees pay rent or pay their mortgage payments at the end of the lump sum period would receive a tax credit or deduction against a future year's taxes (short term within 5 years) for the investment they made in keeping people housed. We could have a stipulation that beneficiaries take an online, virtual or in-person financial literacy course to qualify so that we also look at preventing this from being a recurring challenge in the future. Previously REALTORS® partnered to offer the "It's Your Move" program to educate about financial literacy.

4) RENTAL EXTENSIONS

- a. Goals:
 - i. Prevent Evictions of tenants
 - ii. Protect property owners who also have housing costs
- b. Problem: Homeowners have the ability to renegotiate their loans with lenders to add any deferred payments to the end of their mortgage payment schedule, however renters do not have the same opportunity to do that in a rental lease agreement that is normally a set contracted period traditionally over the course of 1 year. If they could not make payments during Covid-19, how do we ensure that the property owner is paid the full amount under the contract but prevent further economic hardship of the renter?
- c. Proposal: Allow or offer property owners to consider rental lease extensions for finite short periods of time (short term 5-6 months) if they make partial payments for that rent that was deferred, or in the alternative allow tenants the opportunity to work in the office or garden as work for trade and give multi-family office staff PTO.

5) ENCOURAGE THE FEDERAL GOVERNMENT AND STATE GOVERNMENT TO TACKLE THE MORTGAGE SERVICER ISSUES

- a. Goals:
 - i. Stave off foreclosures in a precarious housing market
 - ii. Shore up homeowner financial well being
 - iii. Give more Coloradans avenues for building a prosperous future and individual security through wealth generation in homeownership and in keeping the assets they currently own.
- b. Problem: We could see Colorado face foreclosures if we don't find ways to shore up the fragile housing market during all the forbearances, re-finances, and temporary moratorium on rental payments, when we start returning to a normal operating market. See this resource for more information: <https://www.jchs.harvard.edu/blog/americas-housing-finance-system-in-the-pandemic-ten-stress-points-to-watch/>
- c. Potential ideas to address the problem:
 - i. Send a letter to Congress asking the U.S. Treasury to take measurable steps to address this problem with monetary policy
 - ii. The Bell Policy Center has been leading an effort to build financial empowerment. The project is focused on increasing access to safe and affordable credit, helping people avoid high-cost banking products, and building financial well-being. This effort includes current legislation, SB20-193, to implement a statewide Office of Financial Empowerment, which would serve as a coordinator of existing statewide programs and work with local communities to expand access to banking options.
<https://leg.colorado.gov/bills/sb20-193> Here's a little more about it:
<https://www.bellpolicy.org/2020/01/10/financial-empowerment-success/>
 1. Knowing that we are about to face, if not already facing a mortgage/financial crisis, potential partners might include: The Bell Policy Center and their statewide partners or with their national partner, CFE Fund, to focus on mortgage assistance, relief, rebuilding of credit to support all homeowners. Maybe there is a sweat equity component to it, but this feels like a solid structure that currently exists with statewide reach and scalability aspects.

6) CREATE A STATE FUND THAT WOULD DISTRIBUTE AND ACCEPT FUNDS FOR RENTAL PAYMENTS AND MORTGAGE PAYMENTS

- a. Goals:
 - i. Help people who are struggling to pay their rent or mortgage
 - ii. Create financial stability and build long-term support for the consumer economy
- b. Problem: Similar to homebuyer savings accounts, we need to find a way to ensure that those who were burdened by Covid-19 and faced economic hardship - which required them to take advantage of mortgage forbearance or could not pay their rent - have access to resources to help them repay these forbearances.
- c. Proposal: Create a fund like Help CO that would accept gifts, grants, and donations to help to pay their rent or mortgage. This fund could accept business help, donations from private citizens who want to pay it forward for others.

7) TAX CREDIT CO-OP

- a. Goals:
 - i. Identifying ways that we can re-use unused commercial space to help multiple sectors of the economy and different community needs
- b. Problem: Many Coloradans are either in dire need and at risk of losing their housing, while we face a persistent lack of supply in affordable housing. Simultaneously many commercial entities and businesses are facing difficult choices as they try to get back on their feet after the economic hardships of Covid-19 on the economy.
- c. Proposal: Create a tax credit CO-OP where commercial property owners can dedicate their vacant space to be used for conversions to homeless housing, habitat projects for multi-family housing, rent to own multi-family where those who cannot pay rent work as suggested in the recovery taskforce sweat equity idea. Others who can pay do so. It could also be used as incubation spaces for small businesses, for example rent free or rent reduced commercial spaces to help businesses get back on their feet if they could not afford as much space as they previously used or were a new business trying to start-up. The commercial members of the CO-OP would get tax credits (LIHTC) in exchange for the dedication of the property that they are offering. These LIHTC credits could be used or sold for future housing opportunities. By using a CO-OP structure the size or value of the tax credit could be high enough to attract large investor groups or entities. This might really help address immediate re-purposed space use needs and help focus on incomplete projects that would otherwise be delayed or cancelled.