

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
May 8, 2014

Kathi Meyer, Yampa Valley Housing Authority Board President, called the regular monthly meeting of the Yampa Valley Housing Authority to order at 12:10 p.m.

Board members present included: Catherine Carson, Rich Lowe, Kristi Brown, John Spezia, Johnny Sawyer and Doug Monger. Board members Scott Myler, Trish Sullivan and Patrick Welsh were absent.

Others present included: Jason Peasley, Yampa Valley Housing Authority Executive Director. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: FIRST SUPPLEMENTAL BUDGET AMENDMENT

Jason reviewed that at the April YVHA meeting the Board had authorized the expenditure of up to \$45,000 for costs associated with completing the loan with Alpine Bank. He said that the supplemental budget will allow the appropriation of those funds. He said that there may be an opportunity to wrap some of the fees, such as the loan production fees, into the loan if necessary. The appropriation will allow the Board to pay for these costs out-of-pocket. Jason stated that the commercial appraisal, being done by Laurie Elliot, will cost \$7,500 and will be completed in June. If a good loan to value ratio is confirmed through the appraisal, the production of loan documents will commence. In response to a question from Catherine, Jason said that the application to the Water and Power Authority will be made next month. The grant hearing will be held in late August. Assuming the grant application is successful, Alpine Bank will then close on the loan. Jason said that refinancing the existing loan is worth doing and should be pursued in any case. Kathi stated that the term letter with the bank contains a contingency on YVHA being awarded the grant from the Water and Power Authority. Catherine noted that if something does not go as planned in this process, YVHA would only have paid the \$7,500 for the appraisal.

MOTION

Kristi moved to approve Resolution 2014-003: 2014 1st Supplemental Budget. John seconded the motion.

The motion carried unanimously.

EN RE: STRATEGIC TOPIC – FOX CREEK VILLAGE DEED RESTRICTION RELEASE POLICY

Jason stated that the goal of the discussion was to develop a policy under which owners of Fox Creek Village condos could be released from the deed restrictions on their units. He reviewed that there are two types of deed restrictions at Fox Creek: those restricted to buyers making 120% of AMI, which received fee waivers and market subsidies; and those restricted to buyers making 80% of AMI, which received fee waivers, market subsidies and were funded in part by a grant from the Division of Housing. The grant stipulates that the deed restrictions on the twenty 80% units must remain in place for 50 years or the \$250,000 grant must be repaid. He said that YVHA has more autonomy regarding the ten 120% units. Jason stressed the importance of ensuring that the policy for releasing deed restrictions is fair and treats those in similar situations in a similar fashion. He noted that the deed restriction on one 120% unit had been lost through foreclosure, and one had been released at the last meeting. Two of the deed restrictions on the 80% units have been lost to foreclosure or short sale.

Catherine offered that it would be fair to separate the 120% units from the 80% units, particularly because of the cost involved with the 80% units. She suggested that deed restrictions have worked well in other communities through the recession because the units were priced low initially and had caps on the appreciation. She noted that wage growth in low income jobs has remained flat. Catherine suggested that the Fox Creek units were not priced low enough, and asked if it would be appropriate to use money from the DPA program fund toward maintaining the deed restrictions.

Rich stated that he had developed a list of possible criteria for a policy under which deed restrictions could be released. These criteria include:

- A job changed that requires relocation out of Routt County
- A change in marital status that will lead to relocation out of Routt County
- A significant family or medical issue
- The length of time a unit has been on the market
- 120% units only
- The owner must be a subsequent (not original) owner

Catherine added that the seller must also not be making money on the unit. Jason said that the criterion regarding marital status might not be possible due to regulations regarding fair housing. Kathi offered that a miscellaneous catch-all could be included instead, which would allow for "other extraordinary circumstances" that would have to be proven to the Board, and handled on a case-by-case basis. Kristi suggested that it would be better to use criteria such as the unit being on the market for a year and requiring that it be sold within 6 months, rather than attempting to enumerate the possible circumstances that would lead to the sale. She added that it is important for people to recognize the risk of purchasing a home. Rich expressed concern that requiring a unit to be marketed for a year would make the need for an immediate move difficult. Jason offered that the unit could be rented for a year while it is on the market.

John Spezia suggested that a policy should be devised that would allow the deed restriction to be maintained, rather than lost to foreclosure. He suggested that YVHA could take over the unit and rent it for a year to meet the mortgage and then reevaluate the possibility of a sale after one year. He offered that owner and YVHA would essentially break even and the deed restriction would remain in place. Rich noted that the applicant last month had said renting her unit would not pay the mortgage and the HOA fees.

Kathi clarified that the policy for the release from deed restrictions would apply only to the eight 120% units that still have deed restrictions. Jason noted that for the deed restrictions to be removed from the 80% units either the YVHA or the owner would have to repay the grant funding. He suggested that it might be easier to limit the policy to the 120% units. The Board agreed.

There was a discussion of the price the applicant last month had paid for her unit, what the original price of the unit was, and what she had asked in attempting to sell the unit. Catherine suggested that the price she paid was not sustainable based on wage stagnation. She offered that there needs to be home-buyer education to ensure people are not buying homes they can't afford.

County Commissioner Monger joined the meeting.

Kristi reviewed the proposal to limit the release policy to the 120% units, require that the units be for sale for a year and require that they be sold within 6 months. Kathi added that requiring an extraordinary circumstance making the sale necessary had also been discussed. Rich reviewed the other criteria that had been mentioned.

Kathi suggested handling the requests on a case-by-case basis, with Rich's criteria listed in the policy as examples of possible extraordinary circumstances. Catherine added that the seller should not be able to make a profit on the unit once the deed restriction is lifted. Kathi stated that the Board would have the ability to reject the request if the unit had been on the market for an unreasonable amount of money. Each request would be handled on a case-by-case basis.

John Spezia suggested that YVHA consider the rental subsidy option to retain the deed restriction. Doug and Kathi stated that it would be inappropriate for YVHA to be involved in renting a unit for a property owner. Catherine offered that the YVHA should add to the policy that the Board will continue to look at all possible options for retaining the deed restrictions. Jason offered that YVHA could petition the City to use the DPA funds to buy units out of foreclosure, reinstate the deed restriction and then resell the units. Kristi said that owners should not be allowed to go through this process without it being somewhat difficult for them. She said they must be willing to offer the unit at a true market price. She added that rather than get too deeply into the personal choices and circumstances of people's lives, it would be best to focus on the price and time restrictions. Catherine stated that the policy should state that those requirements must be met, but that the Board will also evaluate each extraordinary circumstance on a case-by-case basis.

Jason recapped that the Board agrees that the unit must be marketed for a year at a fair market price (for a unit with the deed restriction), that it must sell within 6 months of the deed restriction being lifted, and that there must be an extraordinary circumstance that necessitates the sale, to be reviewed and approved by the Board. Catherine suggested adding a statement that the Board will look at current market conditions and consider other conditions in its case-by-case review. Kathi stated that the Board should provide direction to Jason that will enable him to draft a policy for the Board's consideration.

Kristi noted that the applicant whose deed restriction was released last month did not meet these criteria because she had not marketed the unit at a deed restricted price. Rich stated that the seller must be able to make a little profit on the unit in order to move up. Jason offered that the issue is whether the unit is being marketed in good faith and at a reasonable price. John suggested that the applicant be required to work with the Board in an effort to retain the deed restrictions.

Jason stated that the Board also needs to consider the current policy regarding renting the units. He said that he had discussed this with the Fox Creek HOA, which is waiting to see what YVHA does regarding changes to the deed restrictions.

John Spezia suggested that YVHA should require applicants for deed restriction release to provide documentation of their financial circumstances. The Board agreed to add this, along with a statement that YVHA will work with people to maintain the deed restriction, to the criteria included in a policy to be drafted by Jason for review by the Board.

In a straw poll the Board agreed 6 – 1 to allow the HOA to create criteria under which rentals would be allowed and to manage the rentals. Catherine suggested that renters should be limited to those who meet the requirements of the deed restrictions. Jason said this could be suggested to the HOA. Kathi offered that the Board should stay out of it if it is not going to manage the units. Jason said that approximately 1/3 of the units are being rented at this time. Jason noted that a 120% unit recently went on the market and went under contract in under two weeks for \$185,000 - \$190,000.

EN RE: SUGGESTED CHANGES TO THE DPA LOAN PROGRAM

Jason reported that the Loan Committee had discussed making changes to the DPA program with Jeff Chapman, a mortgage broker, to increase the utilization of the program. He reviewed that the proposed changes include a streamlined process that would allow for an email approval within 24 hours of applications that meet all program requirements. Loan applications that do not meet all the requirements will continue to be reviewed by the Loan Committee. The Committee also voted to reduce the YVHA origination fee from \$225 to \$100. This will cover YVHA's costs. Jason offered that these changes would make a great program more attractive for clients and more predictable for lenders. Regarding additional fees, Jason said that Funding Partners, the underwriter, collects a fee of \$350 from all its clients – almost all of which are low-income. Kathi added that Funding Partners also handles all the paper work when a property is sold. Kristi recalled that the Board had decided to remove "assistance" from the name of the program. The program should properly be referred to as the "Down Payment Loan" program. The Board expressed general support for the changes, although Kathi estimated that at least half of the applications would require full Loan Committee review.

MOTION

Rich moved to approve the recommended changes to the DPL program, as described in the staff report. Kristi seconded the motion.

The motion carried unanimously.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of April 10, 2014 minutes
- b. Review and approval of March 2014 financial statements

Catherine requested the removal of the minutes from the consent agenda.

Catherine requested that "local" be added to her comment on page 4. Kristi corrected the first ¶ of page 7 to state that a donation would be made to "a memorial fund in the son's name."

MOTION

Rich moved to approve the April 10, 2014 meeting minutes, as amended. Kristi seconded; **the motion carried unanimously.**

MOTION

Kristi moved to approve the March 2014 financial statements. Catherine seconded; **the motion carried unanimously.**

EN RE: STAFF REPORT

Fish Creek Mobile Home Park

Jason noted Kate's letter regarding accounts receivable at Fish Creek. He said she is really doing a great job. Catherine asked that Jason commend Kate on behalf of the Board.

Jason reported that the appraisal is underway for the Alpine Bank loan. The restructuring of the note with the City is close to completion and is on City Council agendas for May 20th and June 3rd. The application to the Water and Power Authority will be submitted soon thereafter.

Rich suggested that the Board request that Scott lobby City Council in advance of the hearings to ensure that everyone understands the situation and is on board with the restructuring. Kathi noted that the restructuring has already been approved by the City Manager and the Finance Director.

In response to a question from Doug, Jason said that the Board had given him authority to make the application to the Water and Power Authority. Doug suggested that the Board, in fulfilling its fiduciary responsibility, should review the application prior to its submittal to ensure that it includes all the pertinent information. Kristi offered that the Fish Creek Committee could handle this. Jason reported that the results of the income survey ensure 0% financing for the project and make it eligible for principle forgiveness. In response to a question from Catherine, Jason estimated that 30% - 40% of the residents at Fish Creek are Spanish speaking.

Hillside Village

Jason reported that the wait lists for the one bedroom and two bedroom units contain about eight people each. He explained that they are required to advertise the facility each year, even though there are no units available. In response to a question from Kristi, Jason explained the revolving rental assistance program at Hillside Village. The program applies to 36 of the 55 units and goes to those paying the highest percentage of their income. The initial rent paid when someone moves in is based on a sliding scale. Jason added that there is a "note rate" and a "basic rate" that is a range well below actual market rate for a comparable unit.

Down Payment Loan Program

Jason said one loan had been approved, but had not been used.

EN RE: UPCOMING COMMITTEE MEETINGS

Jason reported that the City is hosting an all-day meeting on June 13th as a kick-off for the discussion of the City housing policy. He asked the Board to reach out to members of the business community, the hospital and other interested groups to ask them to attend. He reviewed the format for the meeting, which will include speakers and workshops. He said he would distribute the flyer for the program as soon as it is available. Jason encouraged Board members to attend, if possible.

Regarding future discussions, Jason suggested that the options for the Elk River Village property should be explored and evaluated in preparation for the YVHA budget discussion. The strategic topic for the next meeting will be a continuation of the Fox Creek Village deed restriction release policy. Another upcoming topic of discussion will be bringing the Sierra View loan into TABOR compliance.

EN RE: ADJOURNMENT

Kristi moved to adjourn the regular meeting of the Housing Authority. Catherine seconded; the motion carried unanimously. The meeting was adjourned at 1:55 p.m.

No further business coming before the Board, same adjourned sine die.


Sarah Katherman, Minute Taker


Kathi Meyer, President