

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING

June 8, 2017

Roger Ashton, Yampa Valley Housing Authority Board President, called the meeting of the Yampa Valley Housing Authority to order at 12:00 p.m.

Board members present included: Catherine Carson, Mike Beyer, Roger Ashton, Cole Hewitt, Doug Monger, John St. Pierre, John Spezia, Sheila Henderson, Kathi Meyer, Trish Sullivan and Luke Carrier. Dillon Fulcher joined the meeting in progress.

Others present included: Bob Weiss, YVHA attorney; Jason Peasley, Yampa Valley Housing Authority Executive Director; B Torres, YVHA Executive Assistant; Tom Ross, *Steamboat Pilot & Today*; and Diane Brower. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: BOARD MEMBER COMMENT

Mike asked if there had been any progress on the issues regarding Fish Creek Mobile Home Park raised at the last meeting by Byrne Powers. Jason said that an Existing Assets Committee meeting would be scheduled for next week.

In response to a question from John Spezia, Kathi said that Brynn Grey developers had postponed their presentation to City Council. The City has proposed July 11th as a potential date for the rescheduled presentation.

Catherine announced that raffle tickets are available for the Rotary and United Way golf tournament.

EN RE: RESOLUTION 2017-003 – SUPPLEMENTAL BUDGET AMENDMENT

Jason reviewed the resolution that would authorize a supplemental budget amendment to cover the costs associated with replacement of the roofs at Hillside Village, as recommended by the Existing Assets Committee, and \$70,000 to cover the full costs of demolition of the old mobile home on Lot #57 of Fish Creek Mobile Home Park and the cost to purchase a new unit to place on this lot. The majority of the costs associated with the mobile home project would be recouped when the unit is sold.

Doug suggested that these items should have been separated into two separate resolutions, given that the items pertain to separate sets of books. Doug also asked about the impact on the reserves in the Fish Creek Enterprise Fund. Jason said that the reserves would not be affected, as there is a significant amount of cash flow and the reserve obligations have been met. He said that there could be an impact on the debt coverage ratio, but because the cost would be offset by revenue in the same calendar year, that should not be problem.

Kathi asked if the USDA had approved the roof project at Hillside. Jason said that they are currently reviewing it. Regarding the trailer project, Kathi asked about the process of determining the proper unit to purchase. She noted that the unit should be one that will be easy to purchase by the public once it has been placed. She also suggested that prior to the purchase, the details of how the project would be completed and marketed should be reviewed by the Existing Asset or Executive Committee. Jason said that staff is contacting several suppliers.

In response to a question from John St. Pierre, Jason said that Revelation Roofing of the Rockies is properly insured.

Doug suggested that the money to purchase the unit be taken from the Development Fund rather than the Fish Creek Fund. Jason said that the demolition and removal expense (\$20,000) would be borne by the Enterprise Fund, and suggested that the purchase of the new unit could be taken out of the Fish Creek operating fund to be paid back when the unit is sold. He acknowledged that there was some risk. He stated that the target price for the new unit is based on the location and size of the unit. He added that YVHA would look for as efficient a unit as possible. Catherine agreed that the pro forma for the project should be reviewed by the Executive Committee, and offered that this process could be the model for future replacement of older units in the park. Jason reviewed the difficulties that the owners of the unit on Lot #7 had encountered in placing their unit. He offered that YVHA had learned a lot from that process and would be able to complete the process on Lot #57 more efficiently than if it were done privately.

MOTION

Kathi moved to approve Resolution 2017-003, the first supplemental 2017 budget appropriations to defray expenditures in excess of amounts budgeted. The supplemental budget covers \$177,300 to replace the roofs on all five buildings at Hillside Village Apartments; \$20,000 to cover costs of demolition, removal and abatement on Fish Creek Mobile Home Park Lot #57; and, subject to review of the Executive Committee, an amount not to exceed \$50,000 to purchase and install a new mobile home unit. Kathi specified that the \$50,000 for the new mobile home should be taken out of the Development Fund.

John Spezia seconded the motion.

The motion carried unanimously.

EN RE: ELECTION TRAINING FOR POSSIBLE BALLOT MEASURE

Bob Weiss reviewed the state statute pertaining to multi-jurisdictional housing authorities, which allows the organization to sponsor a ballot measure for a tax increase. TABOR states that a measure to increase taxes must be placed on the ballot for a regular election. He said that the statute states that no housing authority money may be used to urge or oppose passage of an election required under the statute. Bob reviewed the IGA between the City and County that created the YVHA, noting that there is nothing in the IGA that would require YVHA to obtain approval of a ballot measure from the City or the County. He then reviewed the Fair Campaign Practices Act that specifies that no public or authority money or resources may be used in support or opposition to a ballot measure after the calling of the election. This applies to all materials, expenses and staff time. Bob stated that money can be used to produce and disseminate factual summaries and education regarding the measure. Individual board members and employees can express their personal opinions about the measure, provided that staff is not doing so during working hours. There was a discussion of how this would apply to Jason and B. Careful records of the use of staff time should be kept. Members of the authority and employees are allowed to answer factual questions regarding the ballot question. Bob advised against spending any money on the issue once a decision has been made to put a question on the ballot. This would include the use of the office, the copier, etc. The authority, as well as the City and the County, can pass resolutions in favor of the measure, provided that there is no extraordinary distribution or publicity of the resolution(s).

Prior to deciding whether to place a question on the ballot, the authority may seek feedback and conduct research regarding the matter. Once a decision is made to go to a ballot, the spending rules kick in. The last day for certifying a ballot for the next election is September 8, 2017. Bob stated that the normal rules regarding the formation of a citizens' association to support the measure apply. YVHA members and employees can participate in this group. In response to a question from Catherine, Bob said that he would find out if corporations are allowed to make contributions toward ballot initiatives and whether 501(c)3 organizations can endorse them.

Doug asked about the notice of intent. Catherine said that the date of intent is in July, but this is subject to a waiver. Doug said that a letter of intent could be filed, even if a decision is made later not to place a question on the ballot. Kathi reviewed the rules regarding estimating and covering the cost of the election. Catherine noted that there will be no statewide questions this year, so the cost will be somewhat higher than usual. She estimated that it would cost \$8,000 - \$10,000.

Bob left the meeting.

EN RE: WORKING TEAM RECOMMENDATIONS

▪ Development Committee

Kathi cited the memo dated June 5, 2017 included in the packet. She said that the Sierra View lots are on the market, but so far there has been no interest. She said that nothing can be decided by the owners of a couple of the lots being considered until corporate transactions are completed. One City-owned property is accessed through YVMC property, and YVMC is in the process of joining the U of C system. Another property being considered for a seasonal housing project is owned by a company that is in the middle of a merger/acquisition.

Kathi noted that the development plan included in the packet outlines the goal of starting one project each year, with the understanding that each project would take two to four years to complete. Jason reviewed the plan that would establish a pipeline of new seasonal and entry level housing units interspersed between low-income tax credit projects. He noted that the aggressive plan is in response to the Steering Committee report that called for taking significant action. All of the projects would be public/private partnerships. Jason acknowledged that the limiting factor is land, and the need for patient property owners. Jason said that rather than acquiring property in advance, YVHA would need to have a purchase option on land that could close when a development deal is finalized.

In response to a question from John Spezia, Jason said that CHFA has indicated that the tax credit element of the plan is ambitious but do-able, provided that there is local financial support, which makes the tax credits more valuable. He reviewed the local entitlements and tax exemptions that YVHA could provide. Jason offered that if a funding stream is secured, the projects could begin as soon as next year with new units to be available in 2019 under the best case scenario. Jason noted that the Brynn Grey developers are proposing to donate land to YVHA if their project goes through.

▪ Funding Committee

Catherine referred to the materials in the packet regarding the various funding options that had been considered. She stated that the goal was to identify a funding source that is measurable, accountable and sustainable. She stated that the committee also understands that the amount of money must be large enough to accomplish the goals of the development plan, but small enough to be acceptable to the community. Catherine added that the funding should also come from the entire community and not just from new development, and that there should be a logical connection between the source of the funds and the outcomes. Catherine said that securing the funding mechanism is up to YVHA. She offered that going to the voters would provide an opportunity to ensure that the community is committed to this investment. She added that the funding source must be able to produce results in the short, medium and long terms.

Catherine said that based on these priorities, the Funding Committee has identified a small property tax as the best option. A 1 mill property tax (an increase of 2% over existing taxes) would generate \$800,000 - \$900,000 annually and would cost the owners of a \$500,000 residential property an additional \$36/year. The tax on a \$500,000 commercial property would cost approximately \$145/year. Catherine noted that commercial properties generate the need for workforce housing and would benefit most from it. She said that the Funding Committee

recommends continuing the discussion of the property tax with the community to determine the feasibility of this option in conjunction with the development plan.

In response to a question from Trish, Jason confirmed that the property tax and development plan had been presented to the Steering Committee on Monday. He reviewed the proposal to take these recommendations out into the community over the next 60 days, making presentations to as many groups as possible prior to the YVHA decision regarding the ballot measure. Jason reported on his meeting with the Chamber Resort Association Board, which was overwhelmingly positive. He reviewed that the breakdown of the proposed tax burden, based on current valuations within the YVHA district, would be 1/3 commercial, 1/3 local residential and 1/3 second homeowners. He noted that there is a strong nexus between those paying the most and those who need the housing the most. Doug asked about a possible sunset on the tax and stressed the need for the measure to be de-Bruce and TABOR-exempt.

Jason reviewed the presentation he would make at the public outreach meetings (included in the packet). He reviewed the schedule of upcoming meetings, beginning with City Council next week. He said that public sessions would also be planned, not only to assess support for the program, but to help assess the type of housing projects the public wants.

There was a discussion of the jobs the building projects would generate and whether the new housing would alleviate the current needs or simply bring in new people in need of housing. John St. Pierre expressed concern that the Reserves had generated a great deal of waste through multiple levels of sub-contractors. Sheila said that the Integrated Community clients that worked on the project, as well as those who have moved in to the Reserves have all lived in the community for a long time.

Mike expressed concern with the proposed 10-year sunset of the proposed mill levy. He also expressed concern with the aggressiveness of the development plan. He cited the risk of under delivering on what is promised. Doug offered that the sunset provision provides accountability by allowing voters the opportunity to assess the value of the program and renew it or not based on performance. Jason offered that if the plan did not seem overly aggressive, it would not be enough to address the need. Roger stated that the YVHA would be making a progress report to the community every year. He emphasized the support expressed at the Chamber meeting this morning.

Doug stated that while he supports the community outreach meetings, he feels that it is up to the YVHA to decide whether to ask the voters to approve the tax increase. He said he would like to see a timeline of when that decision will be made. He asked what public feedback would change the opinion of the Board regarding the ballot measure. Jason offered that there is no political will to reinstate the Inclusionary Zoning ordinance. He noted that the property tax would eliminate the need for this unpopular ordinance. He acknowledged that some dedication of newly annexed land might be appropriate, however. Jason proposed that the decision regarding the ballot measure would be made at the August YVHA meeting or at a special meeting prior to the filing deadline.

- **Legacy Issues Committee**

Dillon reviewed the Legacy Committee's recommendations, included in the meeting materials. Regarding the appreciation cap of 6% stated in the recommendations, Dillon said that this number is based on average appreciation data over a 40+ year period, as supplied by the national Association of Realtors. He reviewed the statement of purpose that drove the decision making process. The community interest includes both direct and indirect subsidies. The community return on investment includes having a sufficient inventory of deed restricted units available for the local work force. Dillon said that the committee decided against trying to recoup a portion of the appreciation from future sales because of the difficulty of administration. He added that buyout options were considered for the affordability measures, but not for the residency and employment restrictions.

John Spezia expressed concern that buyers would be allowed to own other properties. Catherine expressed concern with the appreciation cap of 6%, which she offered might be attractive to investors. Kathi noted that the restrictions must be easy to evaluate and must be loose enough that finding a potential buyer is not too difficult. Jason agreed that the goal was simplicity. Dillon stated that the objective is to ensure that the owners live here and work here full-time. Mike added that the Legacy Committee focused on who it wanted to restrict from owning the units rather than on what segment of the population it wanted to own the units. Regarding retirees, Dillon suggested that retirees could be eligible provided they had lived and worked in the community for 5 of the 6 years prior to retirement. Location neutral employment was determined to be acceptable.

Dillon reviewed the affordability options that had been considered and rejected, including an AMI cap and debt ratios. There was an extensive discussion of the pros and cons of appreciation caps. Jason noted that the entire purpose of appreciation caps is to ensure that the units remain affordable to those who can meet the other restrictions. The question is what amount of appreciation should be allowed. Cole noted that including an appreciation cap would limit the owners' ability to borrow on equity for maintenance and home improvement. He added that an appreciation cap could also delay the turnover of the property. He said that if there is a large enough inventory of deed restricted units to form a separate market, prices would be determined by local wages. Catherine argued that by not restricting appreciation, the first owner will benefit when they sell because the initial price is artificially low, leaving no room for subsequent owners to earn a profit. Jason said that when full-time residency and employment is required, the question is whether enough supply can be developed to create a separate market. Without sufficient supply, the appreciation cap is the preferred method of keeping the units from reaching maximum appreciation at first resale due to excess demand. Dillon called for a straw poll regarding whether to include an appreciation cap. The YVHA Board voted 6 to 5 not to include a cap.

Dillon said that compliance would be based on an affidavit system with annual certification. A small fee would be charged at initial qualification. Dillon said that enforcement would be complaint-based and would be accompanied by a schedule of fines. The only provision for hardship would be to allow the unit to be rented for up to one year. The one year in five rental allowance currently in place in some deed restrictions would no longer be used moving forward. Dillon noted that without the appreciation cap, there would be no buyout option. Jason stated that YVHA would need to defend the decision not to include an affordability measure. Catherine offered that the close decision should be acknowledged.

Jason said that any new for sale units developed by the YVHA would be subject to this deed restriction. All units developed using low income tax credits would be rental units. Doug offered that the deed restriction could also be modified to suit a specific property. Mike agreed that it would make sense to evaluate the model "blue ribbon" deed restriction and adjust it based on the concessions or subsidies granted by the City for a project. Roger suggested that the minority position could be included in the final write-up of the model deed restriction. It was decided that this minority position could include an appreciation cap of 3% - 6%.

Jason said that he would be updating City Council next week on the funding mechanism proposal, the development plan and the deed restriction, in addition to the presentation previously discussed.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of the May 11, 2017 minutes
- b. Review and approval of balance write-offs for April 2017
- c. Review and approval of the April 2017 check register
- d. Review and approval of the leave report for April 2017
- e. Review and approval of April 2017 financial statements

MOTION

Kathi moved to approve the consent agenda, as presented. Cole seconded the motion.

Under discussion, John St. Pierre asked about an expense of \$3600 for powder coating. Jason said that this was for stair railings at Hillside Village.

The motion carried unanimously.

EN RE: STAFF REPORTS

Jason stated that the Reserves would be 100% occupied by next week. He said that the official grand opening to which state leaders would be invited, has not yet been scheduled. It could happen in September. He said when the lease for each unit is finalized the tax credits applied to that unit are delivered. Stabilization is determined when the 100% of the units have been leased for one month. At that point the remainder of the development fee will be paid. Jason reviewed the wait list process.

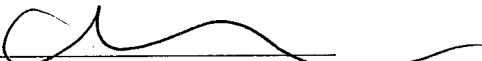
Jason said he was planning a vacation for July/August for about two weeks.

EN RE: ADJOURNMENT

MOTION

Kathi moved to adjourn the regular meeting of the Housing Authority. Catherine seconded; the motion carried unanimously. The meeting was adjourned at 2:50 p.m.

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


Sarah Katherman, Minute Taker


Roger Ashton, President