

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
January 11, 2018

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, Roger Ashton, Cole Hewitt, Sheila Henderson, Kathi Meyer, Doug Monger, John St. Pierre, Trish Sullivan, John Spezia, Craig Malchow, Luke Carrier, and Dillon Fulcher (via phone). Mike Beyer was absent.

Others present included: Jason Peasley, Yampa Valley Housing Authority Executive Director; Alyssa Cartmill, YVHA Executive Assistant; Scott Yeates, SWDG; Matt Gillam and Pat Beatty, OPG; and various members of the public. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

Hayden Town Manager Matt Mendisco asked if the YVHA Board had determined if the DPA program could be expanded to allow applicants from throughout the County. Jason said that there had been some internal discussion of this issue, but that additional research into the YVHA by-laws and the financial ability of the program to accommodate expansion would be needed prior to a Board decision.

Ms. Diane Brower stated her concern regarding the lack of for-purchase affordable housing units in Steamboat Springs. She stated that although rental units are very important, the needs of teachers, social workers, firemen, nurses, etc. cannot be met with rental units. These people aspire to own their own homes and without affordable opportunities, we will lose this crucial segment of the community. Without these people living in the community, Steamboat will become like a company town. Ms. Brower asked the YVHA Board to develop a plan, with a timeline, for developing for-purchase units for this important segment of our community. Catherine noted that the RFP for development partners put out by YVHA was very broad, and did include the for-purchase option. She said that no proposals of this type were received.

EN RE: BOARD MEMBER COMMENT

Doug said that he had proposed the re-arrangement of the agenda to get through the housekeeping items first.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of the December 14, 2017 minutes
- b. Review and approval of balance write-offs for November 2017
- c. Review and approval of the check register for November 2017
- d. Review and approval of the leave report for November 2017
- e. Review and approval of financial statements for November 2017

MOTION

Doug moved to approve the consent agenda, as presented. Kathi seconded. **The motion carried unanimously.**

EN RE: STAFF REPORTS

Jason asked if there were any questions regarding the staff reports, as presented in the meeting materials. Catherine asked about the discussions with USDA. Jason said that a Hillside Village budget related issues had been resolved, and that he and Kathi continue to work with the USDA on the capital expenditure problem from

2017. He said that they expect the matter to be finalized in the next 2 – 4 weeks. An approved budget should be available in the next few days.

John Spezia asked if the changes to the tax code re: Section 8 vouchers would affect Hillside Village. Jason said that Hillside has nothing to do with Section 8.

EN RE: RESOLUTION 2018-001: SUNSHINE RESOLUTION

Roger reviewed the Sunshine Law resolution regarding the posting places for meeting notices for 2018 in accordance with C.R.S. § 24-6-402.

MOTION

Kathi moved to approve Resolution 2018-001 as presented. Catherine seconded. **The motion carried unanimously.**

EN RE: DEVELOPMENT PARTNER PRESENTATIONS

Jason reviewed the RFP for development partners that had been sent out in November. He stated that although the scope of the RFP was very wide, it had solicited only three responses: the two being presented today, and one from the Michaels organization that was fairly generic and had been eliminated from consideration by the Development Committee. Jason reviewed the matrix that had been developed to help score the proposals according to pre-determined criteria. He noted that the proposals had included information that was confidential, so the materials included in the public meeting materials is somewhat vague. He said that some of that information could be discussed in executive session, if needed. Doug stated that while he recognizes the need for confidentiality, there is also a need for transparency because the potential projects would be funded with tax dollars. The public must be able to examine the criteria used in the YVHA decision-making-process. Roger agreed, but added that it would be inappropriate to discuss information in the public forum that might hinder the ability of YVHA or its partners to negotiate for the best deal possible.

Overland Property Group

Mr. Matt Gillam stated that they want to be as transparent as possible, noting that much of the information becomes open to the public once a proposal is submitted to CHFA, but that until that time they would be competing with other developers for the LIHTCs. Mr. Gillam made a presentation (see the Power Point slides) through which he reviewed the OPG developments and emphasized the experience OPG had gained in the local market through the development of the Reserves. He reviewed the proposed project, noting its similarities and differences from the Reserves project. He highlighted that the current proposal includes 48 units targeted at the 60% - 120% of AMI market. It also includes 12 one-bedroom units. Mr. Gillam presented sample floor plans and stated that the total value of the proposal would be \$26 million – much of which would enter the local economy through sub-contractors. He said that OPG had been very happy with McPherson, the construction firm used to build the Reserves. He noted that McPherson will soon be opening an office in Steamboat.

Mr. Gillam said that although they do not yet have contracts for the purchase of land, they have submitted letters of intent. The properties being considered are confidential, but OPG would consult with YVHA on the final decision regarding which property to pursue. He reviewed the proposed development timeline, with construction scheduled to commence in April or May of 2019. He stated that the development proposal is confidential and could be reviewed in executive session. Mr. Gillam stated that the proposal is timed to allow for application for 9% LIHTC in June. He said that OPG has a good feel for the LIHTC market and is confident in its ability to command the highest price in tax credits. He stated that OPG would assume the same risks and obligations as it did with the Reserves. He reviewed the YVHA contribution and said that the organization could expect to recoup its full investment in four years.

Luke asked what would happen to the proposal if CHFA does not award the 9% tax credits. Mr. Gillam stated that there are alternatives that could make the proposal work, but that this is their best proposal. He noted that the addition of the 60% - 120% of AMI units would be a very positive element of the project in the CHFA evaluation. Cole asked about the market for LIHTCs. Mr. Gillam stated that the passage of tax reform has stabilized the market.

John Spezia asked what it would take to add a for-purchase element to the proposal. Mr. Gillam stated that the current proposal would not be a good fit for for-purchase units, as the entire financial model would have to be restructured. Mr. Beatty added that the design of the project would also change. Mr. Gillam said that OPG does see the potential for for-purchase units in this market, but that the current rental-based proposal is the best option for putting units on the ground quickly.

Catherine asked what would happen to the pro forma if OPG were unable to get the proposed rents on the 60% - 120% of AMI targeted units. Mr. Gillam said the difference would be made up in the cash flow of the project. Mr. Beatty reviewed the operating deficit guarantee, which would be the same as in the Reserves agreement. He added that the rates asked would be based on thorough research. John Spezia noted the discrepancy in the percentage of income that would be paid by tenants at the 60% level and those at the 120% level. He asked about the possibility of a sliding scale or tiered rent approach. Mr. Gillam said that there would be an agreement between OPG and YVHA regarding the 60% - 120% of AMI units that would allow for some flexibility in rent structure.

Doug asked how the units would be distributed. Mr. Gillam stated that the units for different income levels would be distributed throughout the project in such a way that there would be no way of knowing which units were occupied by tenants of which AMI level. Mr. Beatty said that the units themselves would not be designated for a given income level, but could move around provided that the overall mix remains within the target ranges. He said that the 60% - 120% units would be separated out into a single building to take best advantage of the LIHTC rules, but that these units would be indistinguishable from the others.

SW Development Group

Mr. Scott Yeates of SWDG stated that his firm is Denver-based and Colorado focused. He reviewed the projects he had done, representing a mixture of 4% and 9% LIHTC rental projects and for-purchase units, each unique and designed for a specific market. He said that the majority of his projects are high-density and are redevelopment or rehabilitation projects, designed to be well-integrated into the surrounding community. Mr. Yeates emphasized the component of community outreach and partnerships with local communities and organizations.

Mr. Yeates presented his concept for the re-development of the Alpiner, which is currently being used for seasonal housing. The project would provide 34 small centrally-located work force housing units with a communal kitchen and shared laundry. The units would include kitchenettes. He reviewed his strategy to control costs, provide units quickly (2019) and present a creative utilization of 4% LIHTCs to CHFA that would pave the way for future consideration of 9% credits.

In response to a question from Catherine, Mr. Yeates stated that the existing laundry room would accommodate 12 – 15 stackable washer/dryer sets, providing about a 3:1 ratio of washers to tenants. Regarding utility costs, he reviewed the measures that would be taken to maximize energy efficiency without opening up the exterior walls. He also discussed options for the outdoor areas, including a potential picnic area. Mr. Yeates noted that the downtown location provides easy access to many outdoor amenities.

John Spezia asked what would happen to the current seasonal occupants. Mr. Yeates said that that was yet to be determined, but that SWDG would work with them on options. Regarding rents, he said all the units would be targeted at 60% of AMI with monthly rents of \$760. The units are each approximately 360 sq. ft. in size.

In response to a question from Luke, Mr. Yeates reviewed his service on the CHFA advisory board, which ended last year. Craig asked about the unexpected costs of redevelopment. Mr. Yeates said that SWDG would carry a 10% contingency to cover unanticipated costs, and would guarantee the coverage.

In response to a question regarding parking capacity, Mr. Yeates said he wasn't sure. Regarding the 4% LIHTCs, he said that these are non-competitive if all criteria for the project are met.

Public Comment

A member of the audience asked if either of the projects would be feasible without the LIHTCs. Mr. Gillam said that to do the project proposed by ODG, an upfront cash contribution of 30% would be needed. Regarding the possibility of future conversion to for-sale units, Mr. Gillam said that the 9% LIHTCs would lock the project into a 35-year commitment to rentals targeted at specific income ranges. After that period, other options would be possible, including conversion to ownership units. He noted, however, that the Colorado rules regarding condominium conversion are complex. Mr. Yeates stated that the Alpiner project would probably never be suitable for ownership units. He noted that there are no federal or state subsidies for for-purchase units.

EN RE: EXECUTIVE SESSION

MOTION

Kathi moved to enter executive session, in compliance with C.R.S. 24-6-402 (4) (a) regarding the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest; except that no executive session shall be held for the purpose of concealing the fact that a member of the local public body has a personal interest in such purchase, acquisition, lease, transfer, or sale and C.R.S. 24-6-402 (4) (e) determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators – Development Partner Negotiations.

Doug seconded the motion. **The motion carried unanimously.**

No minutes were taken during the executive session.

MOTION

Sheila moved to come out of executive session. Catherine seconded the motion. **The motion carried unanimously.**

MOTION

Catherine moved to continue negotiations with both OPG and SW DG to further the opportunities for healthy living in our community. She added that a negotiating team of Kathi, Cole and Jason be designated to handle all negotiations and to report back to the YVHA Board regarding those negotiations.

John Spezia seconded the motion. Under discussion, Doug and Roger thanked both parties for their proposals.

The motion carried unanimously.

EN RE: OTHER BUSINESS

Craig stated that his term on the YVHA Board would end in March and that he would be unable to attend the February and March meetings. He noted the growth of the organization and the progress that had been made during his tenure on the Board, but said that his personal and professional commitments had changed such that he

would not be renewing his position on the YVHA Board. Roger thanked him for his service. There was a discussion of the process for finding a replacement for Craig on the YVHA Board.

EN RE: ADJOURNMENT

MOTION

Cole moved to adjourn the regular meeting of the Housing Authority at 2:40 p.m. Kathi seconded; the motion carried unanimously.

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



Sarah Katherman, Minute Taker



Roger Ashton, President