

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING

August 8, 2019

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, Cole Hewitt, Roger Ashton, Tim Corrigan, Sheila Henderson, Chris Slota, Trish Sullivan, Kathi Meyer, Mark Scully and Luke Carrier. Rachel Van Eck, Dick Banks and Mike Beyer were absent.

Others present included: Jason Peasley, YVHA Executive Director; Alyssa Cartmill, YVHA Executive Assistant; Ward Van Scoyk (YVHA attorney); Bob Schneider (Development Team member); Kimball Krangle (Gorman and Company); and Eleanor Hasenbeck (*Steamboat Pilot & Today*). Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: BOARD MEMBER COMMENT

Roger announced that Cole had received a Navigator Award as the Young Professional of the Year.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of the July 11, 2019 minutes
- b. Review and approval of balance write-offs for June 2019
- c. Review and approval of the check register for June 2019
- d. Review and approval of the leave report for June 2019
- e. Review and approval of financial statements for June 2019

MOTION

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

EN RE: STAFF REPORTS

Jason stated that the Alpenglow project had officially closed on Friday. He noted that all construction activity on the project thus far had been fronted by OPG to ensure that they did not miss the construction window. He expressed his appreciation for their taking on that risk.

Jason said that the Sheraton had rejected the terms of the purchase/sale agreement approved last month. They intend to place the property with a private broker. Kathi noted that YVHA had paid for the appraisal, the Phase I Environmental Assessment and the soils report. She suggested that the owner might be interested in purchasing these reports, which would allow YVHA to recoup some of the costs. Catherine stated that it might still be worth considering purchase of the property. Mark said that re-engagement after the Sheraton has tested the market would be a better strategy.

Jason said that the YVHA office would be closed next week while he and Alyssa are in Dallas to train for the conversion to Real Page. Jason reviewed the dates of his family trip planned for mid-September – the first week in October.

EN RE: EXECUTIVE SESSION

MOTION

Kathi moved to enter executive session at 12:30 p.m. 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) regarding a Workforce Housing Project with Gorman and Company.

Tim seconded the motion.

Under discussion, Roger proposed including Ward and Bob Schneider, a Development Team member, in the executive session. This proposal was accepted. **The motion carried unanimously.**

No minutes were taken.

The YVHA Board exited executive session at 1:40 p.m. No decisions were made.

PUBLIC COMMENT

Ms. Eleanor Hasenbeck, representing the editorial board of the *Steamboat Pilot*, expressed concern with Section 7 of the LOI. She stated that the language in this section could apply to press interviews with representatives of YVHA, a public body funded by public dollars. In the interest of transparency, she urged the YVHA Board to clarify Section 7 to ensure open communication between YVHA and the public, via the press.

Seeing no further comment, Roger closed public comment.

Jason reviewed the items discussed in the executive session. He stated that YVHA is concerned with the lien priority, in the interest of protecting the deed restriction (Section 3a). He stated that YVHA wants to be in first position or to identify other remedies that would allow YVHA to enforce/preserve the deed restriction in the unlikely event of a foreclosure.

Jason said that there was also concern regarding the determination of rents over time, even if the average AMI of tenants remains within the required range (Section 3b). He asked if the utilities would be included in the rent. He noted that under the terms of the LOI the rents could diverge from maximum rents set by the CFHA/HUD AMI charts.

Jason said that the third item discussed was the Right of First Refusal (Section 6). He asked if it would be possible to extend the ROFR beyond 15 years.

Kimball stated that she was fine with modifying Section 7 to allow open communication between the press and representatives of YVHA.

With regard to the lien priority, Kimball offered that the concern was with the phrase "is contemplated." She said that this phrase could be stricken. She said that lenders and investors have not expressed concern with deed restrictions at this time, but that could change. She said that a perpetual deed restriction and YVHA in first position would be the deal presented, but that lender/investor appetite would have to be taken into consideration. She

stated that she understands that without the perpetual deed restriction and YVHA in first position, YVHA would not be part of the deal.

Kimball said that the CFHA rent tables are derived from HUD, which would be used as the basis for initial maximum rents. She noted that the AMI tables do not always reflect local conditions, which may mean that to maintain occupancy, rents may remain stable or go down even if AMI increases. She reviewed the deed restriction on AMIs, but noted that operating expenses go up and that Gorman would need to retain the ability to raise rents even if CPI/AMI goes down or stays flat, if the market can bear the increase.

Catherine expressed concern that with the 2% increase the rents could become unaffordable over time and exceed the maximum rents for the established AMI. She offered that for its investment, YVHA needs to be able to control maximum rents. Kimball stated that Gorman needs flexibility for underwriting, either by increasing the average AMI to 120% or through the allowance for a 2% annual rent increase. Mark noted that the rents do not have to go up 2% annually, but they may. Regarding the utilities, Kimball said that they are not included in the rents to encourage conservation.

Cole asked about the mix of units at particular AMI levels. Kimball said that the unit mix would meet the fair housing standards. Referring to the extension of tax exempt status to units over 80% AMI, the YVHA Board agreed that they could support extending it to 100% AMI units, but not 120%.

Regarding the ROFR, Kimball stated that 15 years is the maximum allowable timeframe. She offered that she could add a provision such that after 15 years, if nothing has happened YVHA could present Gorman with an offer for the property, or that the ROFR could stay in place until there is an offer. Jason said that YVHA is looking for a purchase opportunity. Kimball said that she would work with Ward on the specific language.

Mark asked if Gorman charges for parking. Kimball stated that typically one space per unit is included, and there is a charge for additional spaces. Following discussion, Jason said that they could work out the particulars of the parking policy.

In response to a question from Catherine, Kimball said that Gorman would have the final say regarding rent increases, but that the property manager would be consulted. She stated that the property manager has the best understanding of the situation on site. Jason added that as property manager, YVHA would also be able to control the operating expenses that would influence rents.

MOTION

Mark moved to approve the Letter of Intent between YVHA and Gorman and Company, subject to final review of the document by Ward, Jason and the Development Team to ensure that the final LOI includes the following changes:

- 1) Strike "is contemplated to" from the last sentence of Section 3a;
- 2) Include a reference in Section 3a to fair housing standards for unit mix;
- 3) No change to Section 3b.
- 4) Remove the language from Section 2c regarding pursuing tax exemption for units up to 120% AMI;
- 5) Include mutually agreeable language regarding an opportunity for an ROFR in Section 6;
- 6) Amend Section 7 to allow transparency and open communication between YVHA and the press.

Tim seconded the motion.

Discussion

Catherine explained that she would be voting against the motion based on her opinion that for its investment of public funds, YVHA should not proceed without a guarantee of what the rents and overall cost of housing will be.

The motion carried 9 - 1.

EN RE: YVHA TAX EXEMPTION FOR UNITS UP TO 100% AMI

Jason stated that the tax exemption is a benefit that YVHA can offer to developments that it does not actually pay for. He said that providing the tax exemption does, however, impact the taxing entities, such as the County and the school districts. He said that the tax exemption was extended to units at the 60% of AMI level at the Reserves, but that YVHA does have unilateral authority to extend it as far as it wants. Jason offered that determining how far to extend the tax exemption is a balance between benefits to its developments and impacts on the community as a whole. He suggested that the discussion of extending the tax exemption to units up to 100% (or something below that level) would be deferred to the next agenda. He noted that the Gorman pro forma assumes that units up to 80% are tax exempt. Catherine asked Jason to find out if there could be a proportional or sliding exemption.

EN RE: HILLSIDE VILLAGE APARTMENTS, UNIT 211 REMODEL

Deferred to next meeting.

EN RE: ADJOURNMENT

The regular meeting of the Housing Authority was adjourned at 2:30 p.m.

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

Sarah Katherman, Minute Taker

Roger Ashton, President