YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
October 11, 2012

Rich Lowe, 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: Catherine Carson, Kathi Meyer, Trish Sullivan, Scott Myller, and Kristi Brown.

Others present: Doug Monger, County Commissioner; Tina Kyprios, Jim Barrows, and Tim Corrigan, County Commissioner candidates; Tom Leeson, Leesona Consulting, Inc., and Jason Peasley, finalist for the position of Yampa Valley Housing Authority Executive Director. Dee Bolton recorded the meeting and prepared the minutes.

EN RE: CHANGE IN THE ORDER OF THIS DAY'S AGENDA

Rich stated that the executive session, Agenda Item 7, would be moved to be the last item on the agenda.

EN RE: MEETING WITH THE COUNTY COMMISSIONER CANDIDATES

Rich welcomed those present. He stated that the Housing Authority Board's Strategic Planning Committee generally set the following month's Housing Authority Board meeting agenda. The Committee had invited the County Commissioner candidates to this day's Housing Authority meeting so as to familiarize them with the Housing Authority's mission and activities and to answer questions regarding the Housing Authority. He said that every year the Housing Authority Board presented its annual report at a joint meeting of the Steamboat Springs City Council and the County Commissioners, per the Intergovernmental Agreement among the three entities. He would summarize that presentation for the candidates.

Rich said that the Housing Authority's mission was to support the local economy, community, and businesses of the Yampa Valley by implementing appropriate housing solutions for local workers and other qualified residents and their families. The focus was on businesses whose employees worked in the Housing Authority's jurisdiction, which was essentially the boundaries of the Steamboat Springs Fire District, or those who lived outside Steamboat Springs but worked within that District. 'Appropriate housing solutions' meant the provision of various programs that reflected the needs of the community at any given time; for example, a down-payment loan program was in place that helped prospective home buyers qualify for mortgages with commercial lenders. That program had been very successful: Its total portfolio was approximately $600,000 in loans, and it had experienced no write-offs since its inception. The Housing Authority's Multi-jurisdictional Housing Plan had also been updated last summer [in 2012 or 2011?]. The Housing Authority owned and managed two main facilities, Hillside Village Apartments, a USDA project, and Fish Creek Mobile Home Park, which, combined, served 123 households. Maintaining and improving those facilities had been a focal aspect of the Housing Authority. Approximately $60,000 in capital improvements had been made at Hillside Village; a plan to upgrade the water and sewer system at Fish Creek Mobile Home Park, which will cost approximately $1 million, would hopefully be initiated in 2013. Funding for that project was currently being sought. The last two years the Housing

Authority had received clean audits. The Housing Authority was involved in the creation of Fox Creek Village, a successful condo project. With the proceeds from that project, in 2006, the Housing Authority had purchased 10.7 acres at the intersection of County Road 129 and US Highway 40 with the intent to replicate a mixed housing development similar to West End Village. With the market crash, the Housing Authority still held that property, on which approximately $2 million was owed, and on which the value had dropped to $1.5 million. The Housing Authority was negotiating with the lender to extend the term of that loan to alleviate the Housing Authority's cash flow.

Rich said that recently the Housing Authority had conducted an extensive search for a new Executive Director. The position had been advertised; twenty applications had been received; a Selection Committee had narrowed that number to eight candidates who were interviewed and from which two finalists were selected. On October 12, 2012, an announcement to the newspaper would post that Jason Peasley had been selected as the Housing Authority's Executive Director. That choice would be finalized in a special meeting of the Board two weeks after the statutory posting notice period.

Rich solicited questions from the Commissioner candidates.

Mr. Corrigan asked whether the 123 households served included owners as well as renters. Rich said those households were all renters who lived at either Hillside Village or Fish Creek Mobile Home Park. He explained that the Housing Authority owned the Fish Creek property, and people rented the lots. He added that the Housing Authority also managed the deed-restriction program at West End Village and Fox Creek Village and worked with the City to ensure that those as well as other complexes' deed-restricted properties were retained, which had become a challenge during the economic downturn. Catherine said that the intent and an ongoing goal was to render Fish Creek a resident-owned community, but the cost to upgrade the existing infrastructure was prohibitive to residents, 60% of whom lived below the poverty level. Kathi added that the Hillside units were either one- or two-bedroom units. The gross rent was $600 for a one-bedroom and $650 for a two-bedroom unit, but approximately 40 of the 55 units were USDA-subsidized, based on an individual household's income.

Mr. Barrows asked what happened to a deed-restricted property in a short sale. Kathi said that some deed-restricted units did not have a price cap; others were capped at 3%. The variation depended on whether significant government subsidies had been provided. In a short sale, the new buyer would have to qualify, and the deed restriction remained in effect. However, in a foreclosure, the deed restriction was lost, which was the case nationally since most lenders would not otherwise buy a deed-restricted loan. Rich stated that part of the Housing Authority's mission was to protect deed-restricted properties, but that was a challenge in an unpredictable and complex economy. Commissioner Monger stated that the purpose of a deed restriction was to protect prices in a rising market but not a declining one. He noted that deed restrictions were imposed to grant preferential zoning to a development. Kathi commented that deed restrictions also entitled developers to State, federal, and local grants.

Mr. Barrows asked whether entire projects were deed-restricted. Rich replied that many complexes had a smattering of deed-restricted units. Kathi said that two different deed – restricted programs applied at Fox Creek Village, but all of the units had some type of deed restriction. West End Village was an example of a combination of deed-restricted and freemarket units. In a rising market, a deed-restriction had an impact on value; in a falling market, a deed restriction probably had no impact on value.

Mr. Corrigan asked whether the Housing Authority would be able to survive if the County's annual $88,000 contribution were withdrawn. Rich responded that it would not be able to survive. The Housing Authority had discussed that issue extensively because the City's and the County's contributions were on an annual basis and could be withdrawn at any time. Kathi noted that if that occurred, the remaining contributor—or someone—would be in the housing business, which neither governmental entity wanted. Scott stated that he considered the City's contribution to be well spent.

Catherine explained that the data from surveys indicated that the major need in the community at present was for affordable rental units since a large percentage of residents were paying more than 30% of their income on housing, which exacerbated their inability to save or pay other living expenses, which in turn affected Lift-Up, the County Human Services Department, and other social service organizations.

Rich said that the Housing Authority received $88,000 from the County and $80,000 from the City. Hillside was funded through a USDA loan, and the Housing Authority charged approximately $30,000 per year for a management fee. The remainder had to be reinvested in the complex, which was the source of funding for the improvements made there. Fish Creek was financed through a traditional loan and a non-interest-bearing loan from the City. Also, a $30,000 management fee was charged that partially funded the Housing Authority Director's salary and a resident manager position. Given those costs, plus the Elk River Village debt, the majority of the Housing Authority's working capital was consumed, which was the reason refinancing of that property was essential. Neither the City nor the County was responsible for the Housing Authority's debts, which was a clear stipulation in the Intergovernmental Agreement with the City and the County.

Mr. Corrigan asked whether the need for Housing Authority services had increased or decreased during the economic downturn. Catherine stated that the need for affordable rentals had increased; the down-payment loan program was more active in 2011 than it had been in 2012, and the Housing Authority's home-buyer education program had been more active in previous years than it had been in 2012.

Mr. Corrigan asked, if the Housing Authority could do it all over again, would it focus more on rentals than it had. Kristi said that the primary way in which the Housing Authority had acquired affordable housing was to build then sell and pay off loans. To build and retain rental housing was an expensive long-term goal that had not been possible to date. She explained that the only time to buy a deed-restricted unit was if the sale-price gap were significant, and there was no gap in the current market. Purchase of a deed-restricted unit had worked when the market was on the rise, but it was not working currently. Kathi added that 300 people were on the waiting list for Fox Creek units, all of which had sold quickly. She said that rather than be only in the rental or for-sale market, the community needs had to be assessed and constantly readjusted, which was the reason that the Housing Authority maintained a current prospect profile database, which informed the Housing Authority's decisions as well as developers' and local government entities'.

Ms. Kyprios asked the current rental capacity. Rich said that essentially it was at 100%; Hillside Village usually had a waiting list; Fish Creek was full.

Ms. Kyprios asked about the down-payment loan program. Rich said that generally prospective buyers had already been approved by a conventional lender for a traditional loan. If the property were subsequently sold, the seller had to repay the Housing Authority for its loan to that buyer.

Mr. Barrows asked whether the Board was familiar with the Vail situation in which, when a second affordable housing project was built, those who had purchased units in the first project were offered the opportunity to transfer into the new project. Kathi explained that the Housing Authority was formed in 2004; Fox Creek Village, built in 2006, was its first project. The Elk River Village project was to be a mix of housing types that would allow those living elsewhere in two-bedroom units to move into a three-bedroom unit at Elk River, for example. But that option had not been realized, although it was still a goal of the Housing Authority. Rich reiterated that the mission of the Housing Authority was to support affordable housing for the community's employers' employees. Catherine said that Summit County had a real estate transfer fee as well as a sales tax. Having sustainable funding allowed a housing entity to plan and execute various options. Kristi said that the Housing Authority was not an entitlement organization; rather, it functioned on a business mentality: A certain number of people were needed to live and work in the community, to teach in the schools, work in the hospitals, operate the fire station, etc. The Housing Authority wanted to ensure that those people had access to affordable homes so that the town could function as a real community, and people did not have to drive from Craig every day to work in Steamboat. Kathi noted that the term 'workforce housing' encapsulated the Housing Authority's goal. Catherine added that often a business stayed in a community if it provided adequate housing at a reasonable cost.

Mr. Corrigan commented that in essence, the Housing Authority was funded by taxpayer dollars. He asked whether a tax could be levied to support affordable housing. Kathi said that the tax question was complicated because the State allowed a sales tax or a property tax, either of which would have to be approved by the voters. In addition, the Housing Authority could have an impact fee. Mr. Corrigan said that if funding for the Housing Authority could come from a mill levy, that would be more practical than depending on the City and the County. Kathi said that the Housing Authority several times had considered a ballot issue, but polls and informal surveys had indicated that such a vote would be unsuccessful. Voters have said that they want affordable housing, but they were not willing to tax themselves for it. Rich said that in 2006-2007, a firm had been hired to conduct a feasibility study, and even when the housing market was at its height, the result of the study was resoundingly negative that a ballot issue would pass. Catherine added that as a result of those surveys and studies, the Housing Authority had determined that a goal would be to educate the community as to the Housing Authority's activities since it had helped many families. Mr. Corrigan said that South Routt would be a 'tough sell', even though it was important to have workers living in the same community in which they worked. Commissioner Monger noted that when the Housing Authority was being established, both Hayden and South Routt had been offered the opportunity to participate, and both communities had declined.

Kathi asked that each of the candidates state their views on affordable housing and where the Housing Authority should go.

Mr. Corrigan said that he had not spent much time considering the issue, but the perception was that taxpayers should not have to provide the funds for lower-cost housing when large corporations, such as Ski Corp., were paying their employees less than market wages. He realized that employees were competing with second homeowners who could afford higher prices so he was becoming more sympathetic toward affordable housing. He noted that South Routt had a lot of affordable housing; he wished more resources could be spent on transportation.

Mr. Barrows agreed with Mr. Corrigan's comment about the general perception in the community. He said that when he was growing up, the attitude was that those who came to the community and intended to stay, found a way to do that. As a business owner, he had paid higher wages to ensure retention of his workforce. He stated that people such as dry cleaners and people who worked at Walmart were 'under the radar': They were providing services throughout the Valley, but he was not cognizant that they existed. Since they were out there, housing them was a need. He asserted that Stagecoach was an affordable area of the County. He said that his dilemma was whether to take care of those invisible underground people who were renting, but he thought that accommodating them was a necessity that he had not known about.

Ms. Kyprios stated that the community was a resort community. Where she had come from, a half-hour commute was ideal; a one-to-two-hour commute was common. She understood the value of workers who provided services being able to live in the same community in which they worked. If rentals were at 100% capacity, she understood the value and the need for affordable rentals, particularly to have diversity in the community. But the community was not intended to serve employers. If workers could be found who already lived here, that would be great. But if bringing new people to the area were necessary, then clearly housing had to be addressed. Since affordable housing was complicated, education was key, but so was the structure of the Housing Authority's debt. She thought that the down-payment loan program was great, but at present the focus should be on rentals. A way to structure it would be to get businesses in the area that would pay the rent.

Mr. Barrows asked about the conflict between the Housing Authority and existing businesses. Catherine said that the Housing Authority was looking for opportunities to partner with for-profit developers and other area employers. She said that years ago, a conflict between developers and the City existed, but the Housing Authority had worked hard to overcome that. One of the goals of the Housing Authority's database was to provide information to local developers.

Scott asked for further explanation about that conflict because he was unaware of any conflict, and he thought that the Housing Authority was providing a unique product. Mr. Barrows said that Whistler Village had been a conflict. Scott stated that that project was in conflict with City policy, not the Housing Authority.

Commissioner Monger said that he appreciated the work that the Housing Authority had done and the passion of its Board members. He noted that one of the County Commissioners elected would have to serve on the Housing Authority Board. He believed that the County's investment in the Housing Authority had been returned 100-fold simply by moving forward on projects on which the County would have neither the time nor the expertise. A leader needed to demonstrate to the community that affordable housing was a community problem, even though the public did not support funding it even during the best of economic times. He confirmed that the attitude was that those non-supportive residents had made it so those who were struggling had to make it, too. He said that the purchase of the Elk River property followed by the downturn of the economy had been sad, especially so soon after the success of the Fox Creek project. At the time the property was purchased, a great demand for affordable housing had existed. He believed that if people wanted to live in Steamboat, there should be a way for that to happen; they should not be relegated to other communities if they did not want to live in those communities. The County believed in keeping people living close to where they worked unless they wanted to live elsewhere. He appreciated that the Housing Authority offered both rental and single-family housing options. He stated that some people would always be renters, but others would prefer to own a home. If that latter population could be assisted but not subsidized, everything possible should be done to accommodate that objective. He said that education was important, but employers needed to know that affordable wages had to be paid to attract and retain workers. The same was true of childcare: Without adequate salaries, workers could not afford childcare. The First Impressions program was addressing that issue, and the same applied to the Housing Authority: the goal was to avoid people falling through the cracks.

Kristi commented that paying people a higher wage trickled down: Customers then had to be charged higher prices, and the cost of everything in town increased. She stated that local business owners were not making huge profits.

To conclude the discussion, Rich said that someone once had said that an endless supply of young people would continue to come to Steamboat Springs, leave, and more would come. He thought that that statement was rather cynical. He had a nephew who was married, had two children, and was an attorney who had relocated to Aspen but had to leave because his family could not afford to live there. That household was exactly the type that the Housing Authority was meant to serve to maintain a balance in the community.

Mr. Barrows said that many residents in the Stagecoach area were there because it was a desirable place to live. He thought that the Housing Authority in the future should consider opportunities that would support that population. Kathi said that loans had been made to residents of Stagecoach who worked in Steamboat; working in Steamboat, within the Housing Authority's jurisdiction, made those people eligible for down-payment loans. Rich added that Hayden and residents of other places in the County had also received such assistance.

Rich thanked the Commissioner candidates for their comments.

Ms. Kyprios, Mr. Barrows, and Mr. Corrigan exited the meeting at this time.

EN RE: PUBLIC COMMENT

Rich called for public comment. None was forthcoming. Rich closed public comment.

EN RE: PRESENTATION OF THE HOUSING AUHORITY'S 2013 BUDGET

Catherine reviewed the Housing Authority's 2013 budget, which had been previously reviewed by the Finance Committee. She noted that two additional hearings regarding the budget would occur; this day's presentation provided the opportunity for Board members to ask questions. She said that on Page 1, the final salary for the Executive Director position would have to be established, and that the resident manager at Fish Creek was leaving, and a new salary or arrangement would be necessary. She recommended that someone be hired to do accounting and bookkeeping tasks since no current Fish Creek resident had the necessary skill set to perform those tasks. Kathi added that John Eastman's contract amount needed to be added to the Administrative Expenses. She stated that monthly stipends for all employees should be the same. Those stipends had not been increased for the past several years. She also said that whether to budget for a raise for employees should be considered. By consensus, the Board agreed that the stipends should be increased $50 per month, for a total of $350 for all employees.

On Page 2, Catherine suggested that the liability insurance coverage be reviewed and an increase considered. Kathi added that premiums were increasing, and the current coverage was the minimum required by the IGA. Rich was concerned about the insurance cap and the low amount budgeted for legal fees. Kathi pointed out that Hillside Village had a separate line item for legal fees so the legal fees suggested would be for the organization and would come from the General Fund. By consensus, the legal fees budget was increased to $5,000. Kristi asked about the line item for computer maintenance, which was higher than the amount budgeted for 2012. Catherine explained that the item was over budget since the computer had crashed. The amount to budget for 2013 would be further considered. Trish noted that the Miscellaneous Income line item had been significantly less than budgeted for the past few years. By consensus, that line item would be reduced. Rich said that an upgrade to the Casselle program should be investigated and possibly budgeted.

On Page 3, Catherine said that the Principal and Interest figures would be adjusted for the Elk River property after negotiations with the bank had been finalized. On Page 4, under Hillside Village, Catherine felt that the Vacancy Loss had been under-budgeted. Kathi recommended that the percentage should be increased to 7%, which was within the range of 5-10% used in the multi-family loan underwriting industry. She noted that the Hillside budget had to be submitted separately to the USDA by October 31st so the Hillside and the Finance Committees should meet to discuss the Hillside budget. By consensus, the Board agreed that the two committees should have a joint meeting to finalize the Hillside Village budget. Catherine asked what the Miscellaneous Income was from; no one present was certain. Catherine asked why the USDA loan amount was inconsistent; no one knew that answer. On Page 5, Catherine and Kathi asserted that the Hillside administrative expenses were solid.

On Page 6, regarding Fish Creek, Catherine noted that the lot rents were solid through August. Kathi said that the lot rents had not been increased for the last few years yet expenses were increasing. She said that the lot leases allowed for an increase only once a year in July with a 60-day prior notice. She offered that the Board should consider a minimal increase of $5-to-$10 per month; a 3% increase would be $13 per month. By consensus, the Board agreed that the Fish Creek Committee should determine the amount of increase. Kathi noted that the sewer rates were increasing so that line item had been increased.

On Page 8, Catherine observed that a high figure had been budgeted for down-payment loans. Kathi noted that a public hearing to review the budget had to occur in November.

EN RE: CONSENT AGENDA

The following items were presented for approval and signing on the consent agenda:

1. The minutes of the Housing Authority Board meeting of September 13, 2012, and
2. The August, 2012 Financial Statements.

Rich asked whether anyone wished to remove for discussion any of the items on the consent agenda. Catherine requested that Items 1 and 2 be removed for further discussion.

ITEM 1, MINUTES

Catherine noted that on Page 4 of the minutes, in line 1 of the last paragraph, the word 'and' should be replaced with the word 'had'.

MOTION

Kristi moved to approve and authorize the President to sign the minutes of the Housing Authority Board meeting of September 13, 2012, as amended. Scott seconded; the motion carried unanimously.

ITEM 2, FINANCIAL STATEMENTS

Catherine said that the agenda stated that the April through August financial statements were to be considered for approval; the financial statements through July only were ready for approval this day. Also, the combined balance sheet report should be discarded; it was inaccurate. She recommended that only the financial reports through July 31,2012 should be approved this day.

MOTION

Catherine moved to approve the July 31, 2012 financial statement, which included the balance sheet and the income statement and excluded the combined financial report. Kristi seconded; the motion carried unanimously.

EN RE: COMMITTEE AND STAFF REPORTS

Rich said that the Search Committee had conducted an extensive process for a new Housing Authority Director. On October 12, 2012, an announcement would be sent to the newspaper that a director had been selected. The posting would run for two weeks, as statutorily required. He proposed that a brief special Board meeting occur on Tuesday, October 30th, at 12:00 p.m., to formally vote to approve Jason Peasley as the new Director. Jason's proposed start-date was November 5, 2012. Board members agreed with that date and time.

Rich asked that Kristi and Scott schedule a joint budget meeting with the Finance Committee and the Hillside Village Committee as far in advance of October 31st as possible. Also, the Fish Creek accounting situation had to be resolved since Blu had already moved. That meeting will take place on Tuesday, October 16th, between 2:00 and 4:00 p.m.

Rich stated that all other committee activities had been covered in other contexts.

EN RE: EXECUTIVE SESSION

Tom Leeson and Jason Peasley exited the meeting at this time.

MOTION

At 1:54 p.m., Kristi moved to enter executive session, pursuant to C. R. S. 24-6-402 (4)(a), to discuss the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest, and C. R. S. 24-6-402 (4)(e), to determine positions relative to matters that may be subject to negotiations; developing strategy for negotiations, and instructing negotiators regarding the Elk River Village property on Elk River Road. Scott seconded; the motion carried unanimously.

The executive session adjourned at 2:10 p.m. Rich stated that no formal actions or minutes were taken during the executive session, and only the Elk River property was discussed during executive session. No one objected to Rich's statements.

Rich stated that an offer had been made to purchase the Elk River property. The Board had to decide whether to accept that offer.

MOTION

Kathi moved to decline the offer to purchase the Elk River property.

Scott seconded.

Under discussion, Kristi suggested that the realtor be instructed to state to potential buyers that no offer that did not include total cash at closing would be accepted. Kathi noted that the Realtor's Listing Agreement expired at the end of October, 2012.

The motion carried unanimously.

EN RE: ADJOURNMENT

Rich declared the Housing Authority meeting adjourned at 2:13 p.m.

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

Diana J Bolton — Rich Lowe

Dee Bolton, Minute Taker — Rich Lowe, President