

**YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING**  
**June 12, 2014**

Kathi Meyer, Yampa Valley Housing Authority Board President, called the regular monthly meeting of the Yampa Valley Housing Authority to order at 12:00 p.m.

Board members present included: Catherine Carson, Rich Lowe, Scott Myller, John Spezia, and Doug Monger. Board members Kristi Brown, Johnny Sawyer, 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: LOAN AGREEMENT WITH THE CITY OF STEAMBOAT SPRINGS**

Jason reviewed that the Board had reached an agreement with Alpine Bank regarding a term letter for the refinancing of YVHA's loan with Wells Fargo. Jason said that since that agreement was reached he had met with representatives from the City to discuss the renegotiation of the loan with the City of Steamboat Springs. The City wants to ensure the loan is paid, with interest. Under the existing note, the loan began accruing 3% interest in 2012 and YVHA is scheduled to begin making payments on the principle in September of 2015 with an initial payment of \$50,000. Jason reviewed the schedule of subsequent payments, but noted that with the first \$50,000 payment YVHA would be \$15,000 upside down. He added that the Wells Fargo note has a balloon payment due in three years.

In response to a request from Doug, Jason reviewed the history of the loan from the City. He stated that YVHA and the City bought Fish Creek Mobile Home Park to ensure that it would not be purchased for up-scale redevelopment, eliminating its stock of affordable housing. Scott added that the River Walk developer had purchased the City-owned rights-of-way within the former mobile home park property. The proceeds from that sale (minus the cost of a railroad crossing and payments to the displaced residents) were used to fund the loan to YVHA towards the purchase of Fish Creek Mobile Home Park. Kathi noted that the loan was not made with taxpayer funds. The Wells Fargo loan covered the remainder of the purchase price.

Jason reviewed that the overall plan for refinancing had been to extend the terms on the loan, get equal amortization on the debts and reduce the interest rate in order to allow the payments to be cash flowed by rents from the mobile home park. He stated that the Alpine Bank loan will be at 4% for 25 years. Kathi added that with the loan restructuring and the financing from the Water & Power Authority, the payments will be reduced and the infrastructure project can be completed.

Rich recalled that in a meeting several years ago Deb Hinsvark, who was then Finance Director, and former City Manager John Roberts, had recommended that the YVHA loan be forgiven. Scott said that the current City Council does not want to give up that money. There was a general discussion of City Council's position on the issue. Jason noted that the deal to finance the infrastructure project is fairly tight, with little room for additional payments. If the debts are not restructured, YVHA will default. Kathi noted that in the worst case scenario, the City will be left with the problem.

Kathi said that the presentation to City Council had raised many questions. The next meeting with City Council has been postponed to allow those questions to be answered. Kathi stated that at a meeting with representatives from Alpine Bank, the City, the Water & Power Authority and YVHA, Bob Weiss had emphasized that all parties need to understand the remedies open to them in the event of a default. She noted that if the City does not go along, that could be enough to derail the plan. Scott asked if YVHA would be willing to pay the total accrued interest back to the City at the end, if that is needed for City Council to approve the restructuring. Catherine said that the only way the City loan will be repaid is if this deal goes through.

John asked what other issues were raised by City Council. Jason said that Tony Connell had asked what would happen if a flood wipes out the mobile home park and rents cannot be collected. Jason said that there is a \$500,000 insurance policy to cover rent interruption, but that he needs to look at the policy more closely to know what it covers. He said that there was also a question regarding overruns in the cost of the infrastructure project. Scott suggested that the 10% contingency could be increased to 20%. Jason said he is currently working out the total cost estimate of the project with the Water & Power Authority. He said that the project will be funded through two loans: one for the water and another for the sewer. One of these two can have a 30-year term. This would allow for additional costs to be incorporated into the loan. Doug noted that the cost estimate for the Water & Power Authority must comply with the Davis-Bacon Act regarding wage determination.

Jason offered that the next presentation to City Council must include a good explanation of the situation, of how the current plan was developed and how critical the infrastructure project is. Catherine suggested that City Council should also be aware of the 68 families living at Fish Creek, and that no move toward resident ownership can begin until the infrastructure is replaced. Kathi also noted that the survey completed by the state demographer revealed that the average income of a family in Fish Creek Mobile Home Park is \$30,000 or roughly 50% of AMI. Rich added that City Council should be reminded of the original source of the money. Doug said that he could understand the City wanting to be repaid, but added that it is important that the money be used for affordable housing in some way and not simply go into the general fund. He offered that it is money that is being held on behalf of the citizens, as it is the proceeds from the sale of public land. Rich added that it is important to get the debt refinanced while interest rates remain low.

In response to a question from John, Jason reviewed the timeline for the infrastructure project. The meeting with the Water & Power Authority is scheduled for mid-August. At that meeting it will be decided if the water component of the project will be awarded principle forgiveness. Assuming that the funding through the Water & Power Authority is approved, the loan with the City is extended and the appraisal indicates an appropriate property value, the loan with Alpine Bank would then close. Jason said that an application would be made to the Water & Power Authority in September for the waste water portion of the project, with the decision regarding the funding and potential principle forgiveness to be made at the December hearing. According to this schedule, all the funding for the project would be in place by year end, and the project would go out to bid in January or February. The bid would be awarded in early spring, with construction to begin in May.

Doug suggested that if the principle forgiveness is granted, the same rent rates should continue to be charged, with the savings to be dedicated toward an affordable housing fund that could be used to repay the loan with the City. Jason said that he had met with Kim Weber, who had suggested that any excess cash flow at Fish Creek could be used to begin paying off the loan. Kathi noted that the management fee has been reduced to almost nothing. Catherine added that the money saved could also be used for other projects that could improve the park. Jason stated that an agreement with the City must be finalized in July in preparation for the Water & Power Authority in August. He asked if the Board was okay with adding on the accrued interest at the end of the payback period if that is necessary to reach an agreement. The Board agreed with this strategy.

#### **MOTION**

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Rich moved to approve and authorize the YVHA President to sign a renegotiated loan agreement with the City of Steamboat Springs for the Fish Creek Mobile Home Park, including the payment of the accrued 3% interest, if this is necessary to reach an agreement. Doug seconded. **The motion carried 6 – 0.**

### **EN RE: FUTURE COUNTY CONTRIBUTIONS & LONG-TERM FINANCIAL OUTLOOK**

Doug reviewed that when the YVHA was created, the County and City agreed to contribute matching funds for an Energy Impact Grant, with the understanding that the financial commitment was for three years, beginning in 2004. He said that the BCC has been discussing where the annual contribution to YVHA lies in the prioritization of expenditures, and whether it should be reduced. He noted that the County continues to contribute \$88,000 from its general fund while the City contributes money collected from the fee-in-lieu of affordable housing program, which has now been suspended. Doug stated that the County's contribution was likely to be reduced by some percentage each year. He said that the BCC does not see much return on its investment, which is being used to fund the Elk River Village property and YVHA staff. He said the County continues to support affordable housing, among other priorities.

Catherine offered that ensuring the financial security of Fish Creek and the ongoing success of Hillside Village provide a good return on investment. She agreed that a sustainable funding source for the YVHA should be identified for the future. Scott offered that once the Fish Creek project is complete, YVHA must address the development fund and the Elk River Village property. Scott asked why the County has not imposed an impact fee on very large houses. Doug said that an evaluation of the nexus indicated that the revenue generated from any impact fee, including one for roads, would not justify the cost of administering the fee. Rich suggested that the affordable housing issue is more of a City concern than a County concern. Doug said that the BCC would feel better about its contribution if the City were also contributing from its general fund. There was a discussion of the potential for a ballot issue to fund affordable housing. Catherine stated that voters would need to know exactly where the money would go. Catherine suggested that developing rental units on the Elk River Village property should be reconsidered. Doug said that he would not support YVHA developing projects on its own in the future.

Jason stated that the organization needs to consider how to become sustainable into the future through an evaluation of current and potential revenue sources and ongoing costs. He offered that in three years YVHA should be in a position to ask for only a small contribution from the City and County. Some hard decisions will need to be made to get the organization into that position. Doug agreed that the YVHA should not be vulnerable to changing political whims, as it is now. Rich suggested that it might be appropriate for the organization to be subsumed by the City. There was a discussion of the total outstanding debt of the organization, with Elk River Village presenting the biggest problem. Kathi stated that a decision regarding the Elk River Village property would have to be made prior to the next budget discussions. Jason noted that once the money is appropriated in the budget year, that entire amount goes to bank. A decision must be made prior to the appropriation.

### **EN RE: HABITAT FOR HUMANITY**

Kathi stated that she would be fine with having the discussion in the open forum, rather than in executive session, as listed on the agenda. She said that Rich would preside over this portion of the meeting, as she has a conflict of interest.

Rich asked Kathi to review the topic.

Kathi announced that the Board of the local chapter of Habitat for Humanity has decided to dissolve its organization. She reviewed the rules and regulations regarding how much housing must be produced by a chapter

in order to retain affiliation with Habitat for Humanity. She stated that the local organization cannot meet these requirements in this community, given the cost of land and the need to find qualified buyers at the 50% of AMI level. Kathi stated that the Habitat Board has chosen YVHA to be the recipient of all of the organization's assets and liabilities. She said that no public announcement of the dissolution has been made. She said the bulk of the net worth is in mortgages and taking them over would involve managing that portfolio. Kathi said that Habitat would be putting the lot it owns in Oak Creek on the market. She said that there is some cash in the saving accounts that would be used to finish up any outstanding items on the Riverside house and to make up any shortfall on the sale of the Oak Creek lot. In response to a question from John, Kathi clarified that the necessary volunteer workforce is not available in Oak Creek. She clarified that the organization uses the same bookkeeper (Sandy) as YVHA. She said that the ReStore operation generates approximately \$10,000 - \$15,000 net annually and has a very strong manager. This operation would either go out of business or be operated by YVHA under a new name.

Catherine offered that although it is unfortunate to be losing Habitat for Humanity in the community, the continuing activities do seem to fit well with the mission of YVHA and would provide it with a new source of funding. Kathi said the mortgages net about \$20,000 annually, for a total net revenue of about \$35,000 - \$40,000 per year. In response to a question from Jason, Kathi said that two of the mortgages have 29 years remaining and two have 25 years. John asked about the additional work for staff. Jason said that the additional work would not be substantial.

Kathi stated that Habitat for Humanity International recommends establishing a committee to review the assets and liabilities prior to drafting a letter of understanding covering the agreement. She said that she would feel comfortable issuing a press release stating that discussions are underway between the two organizations. She noted that the assets and liabilities should be assumed by a single entity with a like mission and that YVHA fits the description. Kathi suggested that the timing of the transfer might take 3 - 6 months.

In response to a question from Rich, the Board agreed in principle to the concept of assuming the assets of Habitat for Humanity. Rich suggested that the Finance Committee could review the documents in preparation for a letter of understanding. Kathi reviewed the member of Habitat Board of Directors. Catherine suggested that some of those people could join the YVHA Board. Kathi said that no strings will be attached to the funds, but said that she would like to continue some activities such as occasional homeowner education classes. Catherine thanked Habitat for Humanity for all they have done in the community and for offering YVHA this opportunity.

#### **EN RE: CONSENT AGENDA**

The following items were presented on the consent agenda:

- a. Review and approval of May 8, 2014 minutes
- b. Review and approval of April 2014 financial statements

#### **MOTION**

Catherine moved to approve the consent agenda. Rich seconded; **the motion carried unanimously.**

#### **EN RE: STAFF REPORT**

##### **Fish Creek Mobile Home Park**

Jason said that sand and sand bags were prepared, but not needed.

Catherine asked about the status of two units at Fish Creek. Jason said that he would check on the tenant of #23 and said that #31 is an "owner carry."

**Hillside Village**

Jason said that one unit is close to being ready for a new tenant.

**Down Payment Loan Program**

Jason said they have been working on advertising materials for the program.

**Other**

Jason noted that the Housing Forum will be held tomorrow at Centennial Hall. He said that future strategic topics of discussion will include the a report on the Housing Forum, developing a strategic plan for the future financing of the organization, the Elk River Village property and bringing Sierra View into conformance with TABOR.


**EN RE: UPCOMING COMMITTEE MEETINGS**

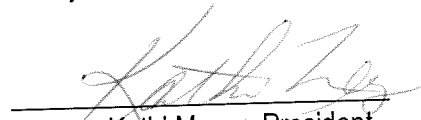
Kathi reviewed the upcoming meetings.

**EN RE: ADJOURNMENT**

Catherine moved to adjourn the regular meeting of the Housing Authority. Doug seconded; the motion carried unanimously. The meeting was adjourned at 2:15 p.m.

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

  
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Sarah Katherman, Minute Taker

  
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Kathi Meyer, President