

YAMPA VALLEY HOUSING AUTHORITY BOARD MEETING
February 8, 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, Mike Beyer and Luke Carrier. Dillon Fulcher joined the meeting in progress. Craig Malchow was absent.

Others present included: Jason Peasley, Yampa Valley Housing Authority Executive Director; Alyssa Cartmill, YVHA Executive Assistant; Ward Van Scoyk (YVHA attorney) and Bob Snyder. Sarah Katherman recorded the meeting and prepared the minutes.

EN RE: PUBLIC COMMENT

There was no public comment.

EN RE: BOARD MEMBER COMMENT

Kathi reported that City Council had voted 4 – 3 on the first reading to suspend the Inclusionary Zoning Ordinance for another 6 months. She said that during that period Planning Director Tyler Gibbs is expected to recommend changes, incentives and/or restrictions to the inclusionary zoning model. John Spezia noted that the incentives may include strategies to make affordable for-sale housing more attractive to developers. He noted that the for-sales element of the housing market is particularly difficult to address. John said that the second reading would be on February 27th and suggested that the YVHA develop a statement and present its position in favor of incentives for for-sale entry level housing at that meeting. Kathi clarified that the recommendations requested by City Council from Tyler were not exclusive to for-purchase units.

Jason offered that following the second reading, assuming the moratorium is extended by City Council, YVHA will have six months to work on the project with City staff and determine the types of incentives it prefers. Catherine suggested that YVHA should inform City Council of its intent, in accordance with the YVHA Strategic Plan, to form a committee to develop a policy regarding incentives. Jason said YVHA could submit a letter ahead of the February 27th vote.

EN RE: CONSENT AGENDA

The following items were presented on the consent agenda:

- a. Review and approval of the January 11, 2018 minutes
- b. Review and approval of balance write-offs for December 2017
- c. Review and approval of the check register for December 2017
- d. Review and approval of the leave report for December 2017
- e. Review and approval of financial statements for December 2017

Doug asked why the \$400 from 2012 was being written-off now, and how YVHA could ensure that this sort of item was dealt with promptly moving forward. Jason stated that staff turn-over and other circumstances had led to problems with the financial statements in 2012. He said that staff continues to discover irregularities from that time period, but lacks the documentation to justify collection so long after the fact. Catherine noted that better internal controls are now in place to prevent these sorts of problems.

MOTION

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

EN RE: STAFF REPORTS

Jason said that the Hillside Village budget had been approved by the USDA, and that they continue to work with the USDA regarding the use of reserves for the roof replacement project.

Cole asked about Jason's appointment to the CHFA Tax Credit Advisory Group, given that YVHA would be applying for LIHTCs this year. Jason explained that the advisory group makes recommendations for changes to the future Qualified Allocation Plan (QAP). The QAP under which YVHA would be applying is set. This is how CHFA creates a wall between the Advisory Group and applicants. Jason noted that all members of the Advisory Group are connected to the CHFA program, which is how they know what improvements are needed. He said that his objective in would be to increase access to the program for mountain communities.

EN RE: RESOLUTION 2018-002: AUTHORIZING SUBORDINATIONS TO PERMANENT FINANCING AT THE RESERVES AT STEAMBOAT SPRINGS

Ward reviewed that as part of the approval of the Reserves project, YVHA committed to a permanent financing loan with CHFA in the amount of \$2,000,000. The project is now in the process of closing on the permanent financing, which requires the subordination of both the \$800,000 loan YVHA made to the partnership and the Right of First Refusal (ROFR) to purchase the project. Ward noted that by subordinating both, YVHA's position would be in jeopardy in the unlikely event that CHFA were to foreclose on the project. He noted that YVHA has committed to signing this document. He recommended that YVHA approve the resolution.

In response to a question from John St. Pierre, Jason reviewed how the LIHTC financing was structured. The entire debt on the project is \$2,800,000. The partnership is the borrower. \$800,000 is owed to YVHA. The rents on the Reserves units cover the operations, maintenance, debt service and reserve account contributions. Jason noted that LIHTC projects are designed to be self-sufficient. If there is ever an operational deficit, OPG is responsible for covering the difference.

MOTION

Catherine moved to approve Resolution 2018-002 as presented, and to approve the loan subordination draft, the ROFR subordination draft and the CHFA loan commitment. Trish seconded. **The motion carried unanimously.**

EN RE: FOX CREEK VILLAGE DEED RESTRICTIONS

Jason reported that USDA stopped lending on Fox Creek units, which is significant because USDA offers the most favorable financing for the targeted population. He said that the USDA had concerns regarding the finances of the HOA. Jason noted that the HOA has been reluctant to increase rates due to the impact of doing so on the affordability formula included in the deed restriction. Jason reviewed the formula and noted that the downward pressure on principal payments is resulting in a loss of value for owners. Jason said that the special subcommittee of the board formed to work on this recommends that YVHA eliminate the 30% front-end DTI limit to expand the pool of potential qualified buyers. This will also allow the Fox Creek HOA to raise its dues.

Luke stated that the front-end DTI ratio is limited to the housing, whereas the back-end ratio could be significantly larger. He stated that the DPA program only looks at the back-end ratio. He offered that YVHA should not be qualifying people to borrow; that decision should be left to the lender.

In response to a question from Luke, Alyssa said that USDA had made its decision based on some misinformation, so USDA lending on Fox Creek should resume soon. Luke described the two divisions of USDA

lending, direct and guaranteed (third party) lending. He said that if a development is denied for a direct loan, then those units are disqualified for all types of USDA lending.

Jason said that the recommendation of the subcommittee is intended to address this problem before it affects too many Fox Creek owners. He stated that the income and asset caps, the primary residency requirement, local employment requirement, rental restriction, and an appreciation cap on the 80% of AMI units would all remain in place.

Catherine expressed concern with eliminating the DTI entirely. She said she could support moving toward a back-end ratio only. She said that without some DTI restriction YVHA could be setting buyers up to be paying more than 38% of their income on housing. Cole said that changing to a back-end ratio would not solve the problem because the HOA really needs to increase its fees to address rising costs. He said that the proposal would increase the number of potential qualified buyers, and might slightly relieve the downward pressure on prices.

Roger noted that the Legacy Committee had dropped the 30% DTI in its development of a blue ribbon deed restriction. He offered that doing so at Fox Creek would move the deed restriction on this property closer to the blue ribbon deed restriction. Mike agreed, and offered the YVHA should be looking into all its deed restrictions and moving toward this goal. He noted that this situation has highlighted one of the problems with restrictions on for-sale units.

MOTION

Cole moved to amend the Fox Creek Deed Restriction to eliminate the 30% DTI restriction. Luke seconded the motion. **The motion carried 11 – 1, with Catherine dissenting.**

EN RE: FINANCIAL POLICIES AND PROCEDURES

Jason said that the document included in the meeting materials represents the suggestions for policies and procedures developed over the past several months by the Finance Committee. He noted that there was a lot of consideration given to setting the levels of expenditures that can be authorized or contracted, the bidding policy and the investment policy. Jason noted that the goal is to document the policies so that there is consistency in operations.

Mike asked about the thresholds for purchasing/contracting and how the amount levels were set. Jason noted that the YVHA bylaws state that any purchase over \$500,000 requires 2/3 board approval. He also noted that the roof replacement project at Hillside (approximately \$175,000) was approved at the committee level, and that all of these expenditures would have been discussed as part of the budget approval process. Anything outside the budget would have to go through a supplemental budget approval by the Board. Jason said that the recommendations regarding improvements to the bidding process recommended by Mike should be added to the document.

Doug stated his support for the policy statement. He recommended adding a statement that reserves the right of the YVHA Board to reject any or all bids. There was consensus for this addition. John St. Pierre offered that any purchase over \$10,000 should be subject to a bidding process. Doug said he would be okay with a comparison of quotes. The Board agreed. Doug expressed concern with the possibility of being challenged for preference to particular parties and stated that transparency is very important, particularly because YVHA is supported by tax funding.

Roger stated that these policies and procedures would be subject to regular review and could evolve, as needed.

MOTION

Katherine moved to approve the proposed Financial Policies and Procedures, as included in the meeting materials, with the addition of a statement reserving the right of YVHA to reject any or all bids. Sheila seconded the motion. **The motion carried unanimously.**

EN RE: EXECUTIVE SESSION

MOTION

Kathi moved to enter executive session, in compliance with C.R.S. 24-6-402 (4), as presented on the meeting agenda. Sheila seconded the motion. **The motion carried unanimously.**

No minutes were taken during the executive session.

MOTION

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

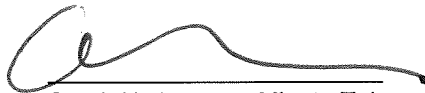
No decisions were made, actions taken or resolutions passed in executive session.

EN RE: ADJOURNMENT

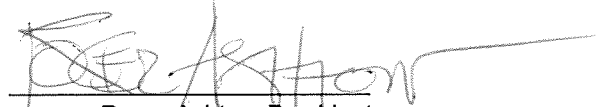
MOTION

Cole moved to adjourn the regular meeting of the Housing Authority at 2:05 p.m. Sheila seconded; the motion carried unanimously.

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



Sarah Katherman, Minute Taker



Roger Ashton, President