YAMPA VALLEY HOUSING AUTHORITY

DEVELOPMENT TEAM MEETING MINUTES

SEPTEMBER 1, 2026

3:00PM

Team members present included: Lou Tortora, Scott Yeats, Kathi Meyer, Mark Halvorson, Bob Schneider, Elizabeth Hinchman, Emily Katzman, Elliot Lawrence, Laraine Martin and Sarah Newman. Minutes are prepared using AI with formatting edits for ADA compliance by Sarah Newman.

Key Topics Discussed:

1. YVHA DEVELOPMENT APPROACH

- The Board of Directors is scheduled to discuss YVHA's approach to development projects at the October meeting. The goal of the discussion is for the board to provide direction, so staff know the guardrails within which to execute and fulfill the development-focused mission of YVHA.

- The Development Team previewed the discussion, starting with a conversation on YVHA's development goals. There was acknowledgement that the goals are often conflicting and competing, and most projects will not deliver on all four goals. Periodically evaluating the priority order of YVHA's development goals is important. The current prioritization is: 1. Providing units that meet the need; 2. Reducing risk; 3. Project control, often in the form of providing asset management, property management, or sales; 4. Return on Investment.

- The group unanimously agreed that providing units that meet the need should remain YVHA's top priority and return on investment should remain its last development priority. The discussion focused on different types of risk and the tradeoffs between reducing risk and control.

2. HILLSIDE VILLAGE

- Following the Board's decision not to proceed with a 4% + State AHTC application in August, staff have been continuing design, scope and cost estimate refinement exercises to further refine the project budget and reduce project unknowns.

- Current due diligence efforts include: upcoming selective demolition of a vacant unit and additional asbestos testing.

- Redevelopment is off the table because the USDA 515 loan cannot be repaid until 2037.

- A preliminary 9% LIHTC model looks feasible, and the application is due in February 2027 (about a 6-month window).

- The team discussed the Hillside Village proforma, which utilizes 9% LIHTC.

- **Pro forma notes:**

    - Rents are underwritten at about 40% AMI, against a 60% AMI maximum. An estimated $20M guarantee is significant for a project with such thin margins. Mitigation suggestions include:

        - Set aside additional reserves, such as YVHA's earned developer fee from The Cottonwoods

        - Phase the work

        - Hire a good owner's rep

    - Even with rehab, operating expenses should reflect a need for ongoing maintenance.

- **Next steps:**

    - Staff will ask LIHTC lenders about liquidity and asset covenants, including any impact on Slate Creek property or other YVHA assets.

    - Bring the ownership structure question (YVHA as owner w/owner's rep vs. fee developer) to the board in October, followed by Development Approach discussion.

3. USFS HILLTOP PROJECT

- The lease is under review by the Washington Office, comments anticipated this fall.

- Staff recently had a conversation with the local district to discussion housing needs. Depending on how those needs change and how the prioritization of units is structured, a new appraisal may be needed.

- The city housing subcommittee meets 9/23 for a preliminary discussion on the subsidy needs to hit the project's affordability targets.

    - Grant for predevelopment costs

    - Cash-flow-contingent loan

    - Possible moral obligation on the bonds

- Servitas pre-development agreement:

    - Legal team's term sheet was too favorable to Servitas, so staff is working with them to revise.

- Key areas of disagreement: who funds predevelopment (Servitas originally proposed to), "general conditions" (overhead), and appropriate compensation in various termination scenarios.

- Staff continues other due diligence research.