

Gunnison Valley Regional Housing Authority

Regular Board Meeting Minutes

April 10, 2019

202 E. Georgia Avenue, Gunnison, CO

1. Call to Order

Carlos Velado called the meeting to order at 3:00 pm.

Members Present

Chris Haver, Crested Butte Representative

Jim Schmidt (Secretary) Crested Butte Elected

Carlos Velado (Chair) Mt. Crested Butte, Representative

Matt Feier (Treasurer) Member-at-Large

Scott Cox, Gunnison County Representative

Jim Gelwicks, City of Gunnison Elected

Members Absent

John Messner, Gunnison County Elected

Staff Present

Jennifer Kermode, Executive Director

Michael Yerman, CB ComDev Director

Roland Mason, Gunnison County Elected

Public Present

Darin Higgins, Gunnison Valley Housing Foundation

Jim Starr, Gunnison Valley Housing Foundation

2. Public Comment

There were no public comments.

3. Consent Agenda

Jim G. moved to approve the Consent Agenda with the March 27, 2019 Minutes removed for minor amendments. Jim S. seconded. The motion passed unanimously.

Jim G. moved to approve the March 27, 2019 minutes be approved subject to minor amendments as discussed. Matt Feier noted that the APA financials don't include the budget numbers. Jennifer explained that the budget is getting entered into Quick Books now that the audited financial adjustments have been made. Matt then seconded Jim G.'s motion. The motion passed unanimously.

4. Administrative Items

a. Member Updates

- Mt. Crested Butte - Carlos noted that the Mayor, Todd Barnes, who was also a member of the GVRHA Board of Directors recently resigned his mayoral

position. Councilwoman Janet Farmer was appointed to the Mayor position, and the Council is now seeking to fill her vacant council seat. They are hoping to have that position filled and expect to have the GVRHA seat filled for the May meeting.

- City of Gunnison – Jim G. noted that they are working with John Stock and High Mountain Concepts on the Lazy K project and trying to figure out how to get around the approximate \$200,000 infrastructure cost so it is not absorbed by the project. At the April 9 Council meeting, Council approved a \$10,000 donation to the Long Lake project that the Crested Butte Land Trust and the Gunnison Valley Housing Foundation (GVHF) are working on; Council also approved a request from the GVRHA for building permit fee waivers of \$22,001 for the GardenWalk project. Jim S. asked if the GardenWalk developers would be asking more entities for financial contributions. Jennifer explained that they probably would not be approaching other entities. Jim G. stated that the City would not be waiving tap fees.
- Crested Butte – Jim S. noted that Council approved the sales contracts for the duplex units; the closings for the RE1J units will happen later this summer. The first reading for the three vacant lots sales also happened. The formal annexation process for the Slate River parcel is beginning. Michael noted that at the high end, about 60 units could be developed in three buildings, parking and snow storage will be an issue.
- County – Roland noted that John may have some updates on the current legislative bills. The quality and appeal of the Stallion Park units was discussed; the County may retain one unit and sell the rest. After receiving confirmation from Matthew Birnie, the cost to build Stallion Park came in at \$183/sf, not including land cost or cost of staff time to do design, entitlement and review processes. Roland noted that he's building market-rate homes right next door to Stallion Park at approximately \$225/sf (using firewalls vs. fire suppression systems).

b. Regional Housing Plan

Carlos reminded the Board that the Housing Plan has been in front of the Board several times before this meeting and that it is to be updated annually. Jennifer noted that the blue type in the Plan are the revisions and additions the Board asked Willa to make at the February meeting. Also, it's expected to update the Plan in the first quarter of each year. Matt had identified some formatting and punctuation corrections that needed to be made; he stated he is comfortable adopting it as written with those corrections being made. Matt then moved to adopt the Plan with those corrections, Jim S. seconded with the realization that it will change over time. Jim G. has no objection to it passing but wishes it were strong in advocacy of support for a potential future ballot question in the next two years, and thus would like to abstain from voting to adopt it; his personal comment is that there is a real need for money to come forward for our housing needs and would like to see it go further. Jim S. recommended noting that the Board has two vacant seats for the City of Gunnison and the Town of Mt. Crested Butte. The motion passed as made with Jim G. abstaining.

Roland asked about if there is any discussion about updating the Housing Needs Assessment (HNA) since its data is aging; Jennifer noted the Plan does recommend updating (versus completing a new assessment) the HNA in 2020 – 2021. Roland wants us to have as current information as possible for the public to view; Chris stated that the intent of this living document is to put ‘sticky notes’ in it throughout the years with updated information /data and thoughts on how to make it as strong and usable as possible.

Carlos directed Jennifer to send the final Housing Plan to the Board with the corrected formatting and punctuation.

c. GVRHA Funding Options

Via phone, Andrew Atchley, Development Specialist with Colorado Division of Housing (DOH) provided information to the Board on programs available through the DOH for development: Colorado Housing Investment Fund (CHIF) loan set-aside and the CHIF loan pool:

- The Loan Guaranty program is not used frequently by the DOH; the CHIF loan pool has restrictions to special needs populations. Interest rates range from 1 – 3%.
- The Housing Development Grants program is more frequently used as gap funding, which can be used for infrastructure, but this may not be the best mechanism to get infrastructure paid for. An affordability component must be present in a project, mixed income projects are fundable. DOH funds must be directed towards the affordable units; for rentals the AMI cap is 60%, for for-sale the cap is 80% AMI. In rural areas the maximum/unit grant amount can go up to \$12,500 on a case-by-case basis.
- Other funding and technical assistance resources could be available through DOH at their discretion subject to program fit for project needs. They have new construction, acquisition and acquisition-rehab loans, down payment assistance and rehabilitation loan programs. These programs are not available to the public as an end-user but through a housing authority.
- Staff at GVRHA has access to the down payment assistance program in partnership with the Delta Housing Authority.

Via phone, Terry Barnard, Development Specialist with Colorado Housing Finance Authority (CHFA) provided information to the Board on programs available through CHFA:

- Capital Magnet Fund – a Community Development Finance Institution (CDFI) fund for rental housing, homeownership or economic development. CHFA has about \$600K remaining in this pool designated for areas of economic distress.
- SiMPLe Loan – CHFA is typically a permanent lender only for loans between \$1 - \$3M. Terms are: 35 yr amortization and term at 5% with 1% origination fee and 2% forward rate-lock during construction term. No HUD involvement so all underwriting is done in house, making it a truly ‘simple’ loan program. Good fit for smaller projects with 9% LIHTC, or even non-LIHTC if funding stack allows.

- Risk-Share – FHA insurance program for loans over \$4M; risk is split 50/50 between CHFA and HUD, which allows CHFA to do the underwriting and HUD just provides the insurance (speeds up the process vs. HUD taking all the risk).
- CHFA4U – tailored for larger deals over 100 units; uses Private Activity Bonds with 4% tax credits, so generally not used outside of the Front Range.
- Housing Opportunity Fund – flexible set-aside fund from net operating income each year; can be a direct loan under \$1M, 30 years, 5%, can buy interest rate down on their perm financing or other ideas. This could be the only source CHFA has for mobile home park acquisition – they are currently experimenting with this by buying a participation with what will become a Resident Owned Community (ROC) in Longmont.

Via phone, Trinidad Rodriguez (Trini), Managing Director of Public Finance with DA Davidson, financial management firm in Denver, informed the Board about the use of bond revenues to fund affordable housing projects:

- For affordable rental housing, proceeds from bonds backed by property tax revenues are used to fit into a larger financing program for projects that get built with the bond proceeds – combine with LIHTC equity, hard debt and deferred developer fees.
- If we issued a “revenue bond” (issued by a housing authority that is repaid by property tax revenues collected by the County subject to an annual appropriation agreement that the County will pay these revenues to the housing authority) has a unique characteristic that it does not require voter approval for the indebtedness, only for the property tax increase (according to DA Davidson’s legal opinions). The annual appropriation addresses TABOR limitations on continuing debt.
- Revenue bonds can be issued based on a mil levy amount so we could take advantage of future increases in valuation without challenging TABOR but would require that we designate it as an Enterprise fund and we would be subject to Enterprise fund parameters.
- Trini will prepare examples of different ways that bonds can be issued – single issue and multiple-tranche issuances. Fixed costs are recurring on each issuance of tranching bonds. Can take advantage of increased revenues if debt question is tied to a mill levy increase (vs. a dollar amount) through multiple issuances; a single issuance of the entire revenue amount does not allow for that. Both strategies are being used which provides flexibility in a taxable financing issuance (example for a single issuance: some used when issued as part of a financing stack for a current project, some used for land-banking for future developments). Restrictions on who is served by the bond funds will depend on referred measure language (same as with property tax question). Bond investors don’t care what we do with the money, they’re investing based on their assessment of property valuations during the term of the bond having a high likelihood of sufficiency for repayment of the bond debt.
- Debt service coverage (DSC) for bond debt is typically 1.1 x coverage. If sales taxes were the revenue stream to repay the debt, the bond market might be relatively indifferent. Traditionally, that would require a 1.25 DSC and credit rating may be less than property tax revenue, interest rate may be slightly higher, but this should not give us pause relative to what we put on the referred measure. A look at our taxable sales in 2017 indicates a sales tax increase would

be about a .3% sales tax to service the bonds (to generate ~ \$12.27M). A 5-year look-back on sales tax revenues is generally used when structuring the bond deal with the investors.

- A con to single issuance is that we would be paying interest on the entire amount of the bond issuance, however, we're generating the tax revenue to repay it. A mitigating factor is that we have locked in the interest rate vs. multiple tranches and changes in interest rates. We can invest unallocated bond funds according to our public entity investment parameters. A unique benefit of taxable bonds is that we can generate earnings on invested funds above the rate that our property tax revenues are generating.
- Any examples of revenues ratcheted down during recessions where revenues are insufficient to repay the debt? To insulate against that, ask to increase the mill levy to cover the repayment. We can also decide to set our own DSC at a higher rate than the investors to create a cushion for such an event.
- We can bond on just a portion of a mill levy increase, but there is a point of diminishing returns due to upfront costs of bond issuance.

5. Other Business

- A short discussion of the results of the Telluride referred measures from November 2018 ensued and possible meanings.
- A discussion on the cost of building affordable housing occurred, the cost of bonding for the contractor adds a great deal to the cost of a project. Roland suggested if the GVRHA had a project manager on board it could have better control, provide significant cost savings in pushing performance and finding cost-savings in materials and labor. The sheer savings could cover the cost of this position. The GVHF noted that they have helped previous projects by paying for bonding fees (Anthracite).
- Jennifer asked the Board to provide suggestions on what the next area of focus they would like to see in the coming months.
 - Michael would like to see what options are available for down payment assistance.
 - Jim S. would like information from the Tourism and Prosperity Partnership (TAPP) and how they could assist us in a campaign similar to what Magellan Strategies proposed. Jennifer noted that TAPP's volunteering to assist with a communication plan for the GVRHA is more related to their offer to help the One Valley Leadership Council let the public know what is happening with its successes in addressing the OVPP strategies in the four areas of OVPP focus. Roland indicated that they may be a good resource for us to direct promotion of the GVRHA in general and not for a referred measure. Roland suggested bringing in how we could address the senior community.
- Just in case a Grievance and Appeals Committee may be needed for the upcoming Block 76 lottery, Jennifer would like a commitment from three Board members to possibly serve on June 12 and June 26. Matt, Jim S. and Carlos volunteered.
- To accommodate Carlos' schedule for the May 8th meeting, we will move the meeting to 1:00 – 3:00 on the 8th.

The next meeting will be May 10th in Gunnison.

6. Adjourn

The meeting was adjourned at 5:06 pm.

Minutes prepared by:

Jennifer Kermode, Executive Director

Approved on _____



Carlos Velado, President