

Estes Park Housing Authority
Minutes of The Board of Commissioners Meeting
April 8, 2020 via Teleconference Call

Staff Present: Naomi Hawf, Scott Moulton, Nancy McLemore

Members Present: Eric Blackhurst, Phil Frank, Pete Smith, Julie Abel, Bill Pinkham

Guests Present: Rita Kurelja, Sam Betters

1. **Call to Order:** Eric Blackhurst called the Estes Park Housing Authority Board of Commissioners meeting to order at 8:40 am on April 8, 2020.
2. **Public Comment:** None.
3. **Reading and Approval of Meeting Minutes for March 11, 2020 and March 30, 2020:** Minutes stand approved as submitted.
4. **Peak View Update:** Rita Kurelja, Sam Betters and Naomi Hawf reporting (Information included in Board packet) Introduction provided by Hawf. The development team continues to work toward the schedule outlined for the project. Through the start of June, the Board will have opportunity to adjust our path as needed due to COVID19. Three proposals for permanent lending were received; Bank of Colorado, ANB, and First Bank. The development team explored alternative funding options in anticipation of the Town not able to provide funding due to the impact of COVID19. Proposals for subordinate funding were received from both Impact Development Fund and from CHFA. Betters provided an overview and a comparison analysis.
 - a) Funding Update Overview: Betters Reporting.
 1. Permanent lending proposals: Of the three proposals, ANB and First Bank want to maintain a 70% loan to value (LTV) whereas Bank of Colorado (BOC) extended to 75% LTV. This became the differentiating factor between the three. BOC's proposal has the potential to provide more loan proceeds, including factoring in the Pines refinance. While their rate is slightly higher, the ability for EPHA to borrow more against the Pines proves to be a real advantage.
 - i. Prepayment penalty: ANB and First Bank is based on 1% of the unpaid balance. BOC penalty is calculated on the difference between the cost of funds at the time you originate the loan and the cost of funds at the time you want to end it. The benefit today is that EPHA would be borrowing in one of the lowest interest rate environments we have seen to date which lowers the risk of having a large prepayment penalty.
 2. Subordinate funding proposals: Received proposals from the Impact Development Fund and from CHFA. Impact Development Fund proposal came in at 7% for a term of 7 years but is offering \$800,000. CHFA's proposal was for lower amount; it also offered a lower interest rate. With BOC offering a higher LTV it requires less from a subordinate lender. CHFA's proposal will be a good fit.
 3. Constraints in putting the deal together: CHFA requires overall debt service coverage ratio from all debt could not to go over the 1:15:1 and all loans could not exceed 90% loan to value. The Peak View project would be at 83% with using a \$425,000 CHFA loan and \$5.7 million dollar loan from Bank of Colorado. Included in these numbers is paying off the land balance.
 4. Group discussed condominium-izing: Saunders-Heath would be uninterested if we wanted to explore this inside of 7 years, due to liability concerns. EPHA will be able to continue some front-end work for this to be a future possibility, such as establishing separate utilities where possible.
 - b) Impacts to the Pines: Kurelja reporting. Historically the rents at the Pines have been kept low which has served well until needing to add debt to this project.

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1. Rent analysis: the rent AMI level mix is currently 4 units at 30%, 5 at 40%, 12 at 50%, and 3 at 60%. This will need to be adjusted to 10 units at 50% and 5 units at 60%. The proposal targets those two 60% units be those that support Section 8 voucher holders. This way, there will be no impact to the tenant because the amount the tenant pays is calculated on 30% of their income going toward rent while HUD pays the rest, regardless of where rent is set. The Housing Authority is under no jurisdiction to keep rents under a certain level. The maximums set forth by CHFA offer a good guideline for setting rents. Kurelja suggested setting rent for the 60% units at \$850 which is less than CHFA maximum.
2. Amended Pines Operating Budget: (Amended budget and highlights of changes included in Board packet) Kurelja stated an amended Pines budget will be needed since the current budget does not allow for any debt. Kurelja provided an overview of the changes with explanations of how the changes provide the space needed to support a \$600,000 debt. Using the Bank of Colorado terms will allow for good debt coverage as well as cash flow to the property.

The recommendation from the team is to work exclusively with the Bank of Colorado for permanent financing on Peak View and refinance on the Pines. Additionally, pursue CHFA for subordinate financing for Peak View; keeping the lines of communication open with the Town in the event there are any opportunities for the Town to continue to participate either with fee waivers or in a future time. Based on the assumptions that the numbers of Saunders-Heath holds up, that the appraisal comes through based on at least the cost of the project, then we have sufficient resources between EPHA, the Bank of Colorado, and CHFA to close the deal.

c) Motion needed regarding pursuing financing and appraisal:

1. Hawf requested the Board to make a motion for the development team to pursue the Bank of Colorado for Peak View as the permanent lender and the lender on the Pines refinance. Frank is abstaining from voting due to presently working at the Bank of Colorado.
 - i. Motion made by Abel; seconded by Smith. By roll call vote, all were in favor. The motion passes with one abstention.
2. Hawf requested the Board to make a motion to pursue CHFA as the subordinate lender.
 - i. Motion made by Smith; seconded by Pinkham. By roll call vote, all were in favor. Motion passes unanimously.
3. Hawf requested the Board to make a motion to pursue CHFA as the subordinate lender.
 - i. Motion made by Smith; seconded by Pinkham. By roll call vote, all were in favor. Motion passes unanimously.
4. Hawf requested the Board make a motion to approve the Pines amended budget and to move forward with the proposed rents as discussed.
 - i. Motion made by Abel; seconded by Smith. By roll call vote, all were in favor. Motion passes unanimously.
5. Action Item: Hawf will pursue asking the Town for waivers on tap fees and permits.

5. **Complex and Development Updates:** Moulton reporting (Included in Board packet)

a) Overview of property updates:

1. Peak View – 3 Vacancies, \$4,410 vacancy loss, \$1,350 delinquencies; this will be last month we will be reporting on Peak View.
2. Cleave – 1 Vacancy, \$533 vacancy loss, \$0 in delinquencies
3. Talons Pointe – 1 Vacancy, \$2,070 Vacancy loss, \$1,834 in delinquencies
4. Lone Tree – 3 Vacancies, \$3,316 Vacancy loss, \$3,439 in delinquencies
5. Falcon Ridge – 2 Vacancies, \$1,032 Vacancy loss, \$5,909 in delinquencies
6. Pines – 0 Vacancy, \$0 Vacancy loss, \$225 delinquencies which represents a HAP discrepancy

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- b) COVID19 Impacts (Delinquencies and Requests): Moulton provided background information regarding the survey issued to gain knowledge of direct impact on our residents. 70% of the responses received have indicated from partial impact to complete loss of income due to COVID19. In terms of rent deferment, there are \$31,000 of combined requests for April and May with an estimated exposure of \$34,000 per month. Moulton and Hawf anticipate the impact from COVID19 to be 3 months at a minimum with a potential total exposure of \$100,000.
 - 1. Hawf offered additional information gathered from conversations centered on affordable housing. Currently, that there is nothing at the federal level available in the way of housing. However, a proposed CARES 2.0 Act looks closer at LIHTC and new market tax programs, and the advocating of more HOME funds, emergency rental assistance and the like. But the next time congress meets on this topic will be April 20th so there will be no additional action before then. It is currently unknown whether or not EPHA could apply for the Paycheck Protection Program because we are quasi-government. Explored the possibility of gaining housing assistance of \$25,000 through the Community Relief Fund which has not yet been approved.
- 6. **Reports, Updates, and Other Miscellaneous Items**
 - a) Unit Turnover Report: Moulton reporting (Included in Board packet)
 - 1. Cleave – 1 turnover, 159 days from move-out to move-in
 - 2. Lone Tree – 1 turnover, 25 days from move-out to move-in
 - 3. Talons Pointe – 2 turnovers, 213 and 194 days respectively, from move-out to move-in
 - 4. Falcon Ridge – 0 turnovers
- 7. **Old Business**
 - a) 2019 Audit – John Cutler & Tracie Thompson – postponed; moved to the May Meeting. Blackhurst suggested they submit a written report in lieu of having an in-person presentation.
 - b) Board Member Vacancy Update – Hawf to get a letter to the Town this week on the nominations. Blackhurst suggested it be submitted today prior to the Town’s agenda.
 - c) Workforce Housing Strategic Plan Update – paused
 - d) Agreement with YMCA – paused
- 8. **Executive Director Report**
- 9. **Adjourn** – Meeting was Adjourned at 10:17am

Minutes submitted by Nancy McLemore on April 10, 2020.