

**Logan County Commissioners Work Session
October 30, 2018**

Present: Byron Pelton, Dave Donaldson, Alan Samber, Rob Quint, Valerie Richards, Lindsey Reeves, Peggy Michaels, Brad Hofmeister, Carly Johansson, Dave Maier, Bill Herrboldt, Jeff Rice, and Jennifer Crow.

Chairman Pelton called the meeting to order at 8:30 a.m.

Commissioner McBride was attending the VALE Conference.

REVIEW OF BUSINESS MEETING AGENDA - The Board reviewed the Business Meeting Agenda for the October 30, 2018.

The meeting recessed at 8:39 a.m. and reconvened at 9:30 a.m.

APPROVAL OF MINUTES FROM PREVIOUS SESSION - Commissioner Donaldson moved to approve the minutes of the October 23, 2018 work session as written. Commissioner Pelton seconded and the motion carried.

REVIEW DEPARTMENT OF HUMAN SERVICES (DHS) SCHEDULE OF BILLS - Valerie Richards met with the Board to review the DHS schedule of bills dated October 30, 2018. The Board approved all bills as presented.

REVIEW LOGAN COUNTY SCHEDULE OF BILLS - Lindsey Reeves met with the Board to review the Logan County schedule of bills dated October 30, 2018. The Board approved all bills as presented.

FIRST MEETING IN JANUARY, 2019 - The Board had set January 8, 2019 as the first business meeting of the month and year. However, that is the day that the new commissioner will be sworn in. The Board agreed to set January 2, 2019 as the first meeting of the year. The Planning and Zoning Office will need to be notified to re-advertise for the hearings on the schedule.

COURTHOUSE LIGHTING NOVEMBER 23 - Bryan Tappy who is Santa for Coco With Santa will be available to light the Courthouse on November 23. The Board agreed that arrangement will be acceptable. The lighting ceremony will take place at 5:30 p.m.

OVERLAND TRAIL APARTMENTS TAX EXEMPTION - Carly Johansson and Dave Maier, representing Overland Trail Apartments, Bill Herrboldt of Sterling Housing Authority, and Logan County Assessor Peggy Michaels, and Brad Hofmeister, Valuation Analyst for the Logan County Assessor's Office, met with the Board concerning the question whether the Overland Trail Apartments qualify for 100% tax exemption.

Brad Hofmeister explained that one tenth of one percent ownership of the property has been given to the Sterling Housing Authority. Overland Trail Apartments feels that the project should be 100% tax exempt according to state statutes. The Assessor's Office needs clarification whether the entire property should be exempt or a portion of it.

Carly Johansson stated that they feel that 100% of the units are affordable. When the property was purchased out of bankruptcy in 2013, they started working with the Colorado Division of Housing to receive a grant and loan to do major capital improvements for the property. Through that program, the Colorado Division of Housing issues a beneficiary and use covenant. This document stipulates various income levels for households served. The incomes vary, from 30% of the Area Median Income (AMI) which is considered extremely low income, all the way to 120% of the AMI which they consider moderate income. They consider 100% of the property is providing affordable units to varying income levels.

The company has worked closely with the Colorado Division of Housing to understand needs of community as far as rents charged for units. They wanted to make sure to accommodate that in providing housing that would accommodate a moderate income household as well. In this particular program, HUD does allow up to 120% of the AMI. It still does limit the equity and limit the amount that can be charged for rent. This project being a limited equity development, does have a tight operating budget. The property had been exempt in the past. If they can retain the property tax exemption within their operating budget it does not “filter back to the organization” (Community Resources and Housing Development Corporation), it stays in project and goes into operating reserves for the project and goes towards replacement reserves for the project to enable major capital improvements for the project.

The company is trying to achieve a comfortable and maintainable operating budget to ensure that they are providing quality housing in Sterling.

The addresses of the properties are 1307 Platte Street and 1415 Platte Street. There are 48 total units, 16 units in two buildings at 1307 Platte Street in and 32 units in four buildings at 1415 Platte Street. Community Resources and Housing Development Corporation (CRHDC) is a 501c3 nonprofit corporation. The corporation purchased the property and set up the subsidiary organization Overland Trail LLC to manage the properties.

Alan Samber asked what involvement the Sterling Housing Authority has in management and or the recruitment of tenants. Ms. Johansson answered none, the housing authority has no liability and no responsibility for the management in any way. It is defined a special limited partner. The housing authority acquired the small membership interest in the LLC which was enabled by the State Statute that was adopted in 2016. This was done solely for the exemption. CRS 29-4-227 defines the tax exemption.

Alan Samber stated that part of the difficulty is that the statute does not define what low income housing is. The Division Of Housing feels that AMI of 80% or less is low income. There is no statutory guidance on the definition of low income.

Alan Samber’s understanding is that moderate income is different than low income. Ms. Johansson said it is her understanding that it is up to the housing authority and the organization that enter into the agreement to define low income.

The rents charged are at 50% AMI of the max that could be charged as defined by HUD for Logan County. That is Overland Trail’s decision to charge that amount, which is not according to the recorded income guidelines. Peggy Michaels asked if this is documented. Ms. Johansson stated that they could provide the rent roll for each tenant. There are no rent subsidies received by the project.

Rents being charged for 50 % AMI, 80 % AMI and 120% AMI households are all paying what a 50% AMI household would pay. This has been an internal management decision. The 30% AMI tenant is paying less. The annual occupancy rate is about 95%. Unit counts for 30%, 50%, 80% and 120% AMI households are maintained.

Brad Hofmeister asked what the benefit to the Sterling Housing Authority is for this agreement. Bill Herrboldt stated that the Sterling Housing Authority approached about the agreement and determined that this was a legitimate non-profit agency. Sterling Housing Authority wanted to keep the project for low income people because that is what project designed for.

Ms. Johansson stated that the agreement was entered into a year ago and asked if the tax exemption is approved is it retroactive for the tax exemption. Alan will read the statute again to determine if it can be applied retroactively if the Board approves the exemption.

COMMISSIONERS PROCEEDINGS SEPTEMBER, 2019 - The Board reviewed and approved the Commissioners Proceedings for September, 2019.

There being no further business to come before the Board, the meeting adjourned at 10:12 a.m.