

Date	September 10, 2014
Members Present	Eric Blackhurst, Jack Dinsmoor, Sandy Good, Matthew Heiser
Member Absent	CJ Jensen
Staff Present	Rita Kurelja, Sam Betters, Erin Tice
Guests Present	Christian Collinet, Paul Fishman, Rebecca Urquhart

The September 10, 2014 meeting of the Estes Park Housing Authority Board of Commissioners was called to order by Eric Blackhurst at 8:30 am in Room 203 of the Municipal Building of the Town of Estes Park.

### **PUBLIC COMMENTS**

Rebecca Urquhart, Estes Park resident, commented on the possibility of taking advantage of flood related grants; these funds only here for a short time. With the lack of housing for seasonal workers – may be an opportunity to use the grants to purchase one of the lodges for sale for seasonal housing; happy to help with grant/research; spoke with Blackhurst last week. Urquhart would like to investigate these opportunities. Additionally, the vacation rental housing market has exploded with 450 currently registered vacation rentals. Urquhart and her husband have done extensive research finding that families are moving out of town because upset that there are so many and they feel they are living next to a hotel; trying to work with Town to create a zoning district and would like the Housing Authority to think about supporting this issue.

### **APPROVAL OF MINUTES**

**Minutes of the August 13, 2014 meeting were approved as submitted with no objections by Eric Blackhurst.**

### **FINANCIALS:**

EPHA 2015 preliminary budget; contingent upon Town approval. Highlights include:

- Overall reduction of 5.6% in Town of Estes Park grant request, from \$105,983 to \$100,000
- Town to begin charging for network connection; includes support, \$4000 per box/per year
- Rents: Talons Pointe 0-3% increase; other properties TBD
- Estimated Management Fees: Cleave Street \$6500, Talons Pointe \$28,026, The Pines \$17,396
- Budgeted for The Pines Cash Flow and Talons Pointe Partnership Management Fee: \$35,000 for Talons Pointe; \$5000 for The Pines. Occurs in 2014, realized in 2015
- Maintenance Fee Income: Hourly rate small increase in Dan's rate from \$54 to \$55
- Admin Fees from Rentals: partially covers staff time - \$6500 for Talons Pointe; \$4500 Cleave Street; \$11000 The Pines
- Expenses:
  - Salaries: Budgeted for some 3% increases and some positions to be adjusted as positions are scoped. Increasing Tice position to bring into line with Industry and Town
  - Estimating a 25% increase in health insurance rates
  - Added Section 8 Inspection fees
  - Lot 4 debt service; reduced to 3 months as lot will be paid off as it will be sold early 2015
  - Audit: increase to \$6000.

### **COMPLEX AND DEVELOPMENT UPDATES**

#### **A. Talons Pointe**

1. Occupancy and delinquency: Three vacancies at the end of August; \$3563 in vacancy loss. One unit has been filled and working with households for the other units. Delinquency is high at \$3943 all from vacated tenants; one household making payments. Vacancy loss for the year still very low.
2. 2015 Preliminary Budget (which will go to John Hancock October 1<sup>st</sup>):

Highlights:

- 0-3% Rent increase
- Estimating increases in all utilities

- Budget is fairly stable year after year
  - Auditor has been given a one year extension
3. Change in General Partner: John Hancock is reviewing now and intends to finalize by end of September. LHA will exit the partnership; will incur some legal fees for both John Hancock and LHA; Total should not exceed \$10,000. At year 15 John Hancock will exit the deal and EPHA will solely own Talons Pointe. John Hancock has been pleased with financials of the project. Have some funds for special projects before end of year; concrete stairs and/or drip system to be addressed.

#### B. Vista Ridge

1. Sales Update: Collinet: on track to close last unit at Vista Ridge on Monday. Saturday yard sale to get rid of some things had been there for model. EPHA had a few items there, now stored at Talons Pointe. Proceeds come to us; next meeting will look at suggestions of where we want to allocate the proceeds. A resale affordable unit coming on the market soon.

#### C. The Pines

1. The Pines Sales: Collinet reported that model unit has been shown a couple times in the last week. Received quite well; three units for sale in building 2 (two resales and our model); will be active on MLS (only upper level unit on market). Kurelja was asked to bring a request to the board regarding unit 2-1. Owner asking if the EPHA board would like to purchase unit for the amount of the loan. Board emphasizes with the situation however suggests that owner keep on the market and rent unit. Can revisit in a year if situation has not changed. If owner willing to pay for management services, EPHA could rent it for her. Kurelja to see if owner is interested in that idea.
2. Pines Rentals
- a. Occupancy Delinquency: end of August one vacancy which is our model unit. Vacancy loss \$1176 (2 market rate units turned during beginning of August). Zero delinquency.
  - b. Exterior painting begins Monday on all buildings and fence. Beartrax projected 7 week time frame for completion.

#### D. Cleave Street

1. Occupancy and delinquency: End of August no vacancy; zero vacancy loss and zero delinquency. YTD vacancy loss \$460 (budgeted \$4600). Looking into painting hallways in Cleave Street after January 1, 2015; no smoking policy will go into effect.

#### E. Falcon Ridge

##### 1. Development Updates:

- Entitlement Process:
    - a. New submittal on September 9<sup>th</sup>
    - b. Planning Commission review on October 21<sup>st</sup>
  - New site design:
    - a. Had additional meeting with neighbors on August 28<sup>th</sup>
    - b. Design meeting September 15<sup>th</sup> at Aller Lingle Massey offices
  - Funding
    - a. Will be requesting additional tax credits for 3 units
  - Building Committee
    - a. Heiser and Dinsmoor
  - Legal: Not yet determined whether or not we will have legal representation for Planning Commission meeting.
  - Predevelopment expenses: To date \$216,337.32 coming out of reserves; will be reimbursed when the partnership is closed
- b) Aller Lingle Massey contract amendment, additional \$23,000 for redesign and revisions.  
 c) Cornerstone Engineering contract amendment, additional \$19,800 for redesign for entitlement.

**Motion to amend Aller Lingle Massey contract for an additional \$23,000 and Cornerstone Engineering contract for an additional \$19,800 made by Jack Dinsmoor; Sandy Good seconds the motion; passes unanimously.**

2. Sam Betters, Executive Director Loveland Housing Authority (LHA):
  - a) Co-Developer Agreement: Sam Betters presented a Co-developer agreement. LHA is committed to working with the EPHA to deliver the best project possible. This Co Developer agreement spells out that relationship. Once we enter into an agreement with the investor a development services agreement will be developed. Key highlights: names EPHA and LHA as co-developers and co-guarantors; LHA to remain a guarantor through stabilization 90 days (after constructions complete – 3 months of continuous occupancy meeting debt service ratio), estimated to be mid 2016 – then EPHA would be sole guarantor. As co-developer LHA would:
    1. See completion of construction
    2. Guarantee any financial expenses/offsets (would be required to infuse money if necessary).
    3. Tax credit to investor and only rent to those qualify for section 42. Will act as the lead agency in development process. LHA to be contact for the Investor. LHA cannot make any financial or design changes without EPHA approval. LHA adds value to the deal with experience, balance sheet and reputation. Fees that we propose: Anticipated \$1.3 million in development fees; LHA to receive the first \$200,000 of fee. LHA asks that we then split 58/42 (LHA). Split could be negotiable as Heiser and Kurelja suggest 50/50 split. Blackhurst and Dinsmoor agreeable to 58/42 split. Some fee to be deferred.

**Motion to approve Co-developer Agreement and give Kurelja authority to sign made by Jack Dinsmoor; Sandy Good seconded the motion; passes unanimously.**

- b) Project economics/Budget: Dohn Construction contractor, EPHA as management, Architect Aller Lingle Massey. Investor and lenders yet to be determined. Estimates: \$7.8 million construction cost : \$13 million overall/\$2 million first mortgage, interest rate about 5.77%. Rate on construction loan excellent 2.61% . Disaster relief funds will be put into project. First mortgage \$2,000,000; DOH \$1,800,000 original grant turning into loan, terms being negotiated. Land costs \$1.3 million based on most recent appraisal of property. Federal home loan grant still not yet decided. Have to follow CHFA underwriting including a 7% vacancy loss. From cash flow we pay asset management fee to investor; fee to partnership, management fee LHA/EPHA. Outstanding debt, \$3.80 million (first mortgage and DOH loan). Final payout of funds through cash flow to be determined. Challenge comes at end of 15 year compliance period how we finance at that point. EPHA to maintain affordable housing and receive some cash for the next deal. EPHA acting as a lender for partnership. Following our mission by providing housing.
- c) Division of Housing Loan. Terms still to be determined.
- d) Timeline: Drawings to be complete around the end/beginning of the year; construction time frame 9 months, occupancy fall 2015. Finalize partnership early 2015.

#### **REPORTS, UPDATES AND OTHER MISCELLANEOUS ITEMS**

- A. Unit Turnover Report: Tice reported Talons Pointe had one move in and three vacancies during August. One unit with a lot of damage; maintenance hours high. Two market rate units at The Pines turned; both leased up within a couple weeks.

#### **OLD BUSINESS**

- A. October meeting : Meeting moved to October 15<sup>th</sup> in the Town Board Room
- B. Any additional old business: none

#### **EXECUTIVE DIRECTOR REPORT**

- Mid-year reviews were completed in August.
- Tice and Kurelja out of office Thursday and Friday for a Section 8 training and workshop through Colorado Mountain Housing Coalition.
- Housing NOW conference week of October 6<sup>th</sup> -10<sup>th</sup>.

**ADJOURN INTO EXECUTIVE SESSION 10:18 am**

**Motion to enter into Executive Session for the purposes of:**

- A. Determining positions relative to matters that may be subject to negotiations, and/or instructing negotiators under C.R.S. Section 24-6-402(4)(e)
- B. To discuss the purchase, acquisitions, lease, transfer, or sale of real, personal, or other property interest under C.R.S. Section 24-6-402(4)(a)

**Made by Matthew Heiser; Sandy Good seconds the motion; passes unanimously.**

Reconvene into regular session 10:48 am

**Motion to provide Kurelja the authority to negotiate and sign agreements regarding tax credit and other financing as needed made by Jack Dinsmoor; Sandy Good seconds the motion; passes unanimously.**

**ANY ADDITIONAL BUSINESS**

**There being no further business, Eric Blackhurst adjourned the meeting at 10:49 a.m.**

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Erin Tice  
Housing Operations Manager