

MINUTES

**Grand Junction Housing Authority
October Board of Commissioners' Meeting**

**October 28, 2019 5:00 pm
8 Foresight Circle**

Call to Order

The GJHA Board of Commissioners' meeting was called to order at 5:09 p.m. by John Howe, Board Chair. Attendance was taken by roll call with the following present:

<u>Commissioners:</u>	John Howe, Chair Ivan Geer, Vice Chair Chris Launer Tami Beard	<u>GJHA Staff:</u>	Jody Kole, CEO Krista Ubersox, HR Director Suzy Keith, Asset Manager Jill Norris, General Counsel Jane Hart, Executive Assistant
<u>Guests:</u>	None		

Properties Update

Suzy Keith stated that in accordance with Colorado statute, a property owner is required to test a rental unit when there is known or suspected methamphetamine (meth) contamination. Suzy then described the events, beginning with suspicions by housing authority maintenance personnel based on items seen within certain units and unusual tenant behaviors, which lead to GJHA hiring Grand River Environmental to perform meth testing on units at Ratekin Tower Apartments where meth use was suspected.

When an apartment tests positive for methamphetamine, adjacent areas are tested, and testing continues outward through hallways and common areas until no further positive results are found. Each unit door will be tested with interior testing to follow up in units with positive doors. For instances in which the source of meth contamination within a unit is unclear, personal items are tested to help determine if the current tenant had caused the contamination or if it was more likely contaminated by a previous tenant.

GJHA has been following the recommendations of Colorado Department of Public Health and Environment (CDPHE,) Mesa County Public Health, and Grand River Environmental. Plastic has been placed on hallway walls to protect staff and tenants until remediation can begin. All testing will be complete for the Ratekin Tower Apartments building by next week. As of today, 13 of 62 units tested have tested positive. Results for the remaining 45 units are expected by next week.

Staff has been holding tenant meetings at Ratekin Tower Apartments to keep residents updated and will continue to communicate openly as work there progresses. Hotel rooms have been reserved for tenants whose units require work.

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All tenants on a floor will have to be relocated when their floor is being remediated.

After remediation work is complete, Grand River Environmental will re-test for any remaining contamination to ensure the properties are clean before tenants move back in.

Tips from law enforcement, Mesa County Department of Human Services, and GJHA staff prompted testing at other GJHA properties. All suspected units, aside from those at Ratekin, have been tested and those found to be contaminated have been properly posted by Mesa County Public Health. Three affected properties, Linden Pointe, Village Park, and Arbor Vista are tax credit properties. When Chris Launer asked about potential liability to investors, Jody Kole said that tax credit units in need of work will be a priority and ideally not be out of service at year end.

Jill Norris continued the conversation, stating that several tenants whose units tested positive have been issued notices to quit, although most have not vacated within the allotted three-day time frame. Statute prohibits them from removing personal property, and notices have been posted to that effect, but some tenants have not been cooperative. Some have tried to sell the contaminated property, and some have torn the notices down. GJHA has worked with public health organizations to proceed in accordance with State and local laws and regulations. To Chris Launer's question, Jill Norris stated that if tenants do not pay to remediate their own property, a remediation company will be required to dispose of it without liability to the tenant.

GJHA staff has had conversations with three remediation companies, has received one proposal, and is awaiting two others. In some cases, light cleaning, washing walls and replacing ceiling tiles is expected to suffice. At least three heavily damaged units will require the drywall be removed and replaced.

Claims have been filed with the insurance company and damages will be covered under the smoke, fire, and vandalism provision. It has not yet been determined how many separate claims will be needed, with each separate claim being subject to a separate deductible. The cost of testing may be covered along with lost revenue, lost rents, relocation expenses for tenants, remediation costs, and re-testing.

Chris Launer asked if the leases allow for ease in eviction. Jill Norris answered that they do, with a preponderance of evidence standard, and testing personal property is key to making that determination. Substantial lease violations require a 3-day notice be given to the tenants. There were two of these eviction cases at

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Village Park, three at Courtyard Apartments, one at Linden Pointe, and six at Ratekin Tower Apartments. GJHA will be able to get judgements for damages but will not likely be able to collect on them.

Chris Launer then asked if there is any indication of where these particular tenants are coming from. Jody Kole replied that in some cases tenants have said the meth users were guests invited to stay in the units. There also appears to be a higher percentage of meth violations among those working with Mesa County Department of Human Services through the Family Stability Program. Suzy Keith added that the problem crosses a spectrum of ages, from 18 to 60 years old, and gender. At this time, no VASH (veteran) voucher holders have been associated with contaminated units.

All violators are being reported to law enforcement. Recently, a local drug task force officer told Suzy that individuals caught with smaller amounts of the drug will only be charged with a misdemeanor, rather than felony, beginning in March of 2020. At some point the board will need to have a deeper discussion on this issue as the insurance companies will be revising exclusions to force property owners to purchase pollution policies with high deductibles or risk being dropped from coverage. Drug screening cannot legally be done during the lease up process so more frequent unit inspections may be needed, however, any inspections require 24-hour notice be given to the tenant. Field tests can be used to swab units for residue during inspection, but the state will not accept results as conclusive without follow up of a certified tester. Meanwhile, GJHA is working to increase employee awareness and educate staff on what signs may indicate the use or presence of meth. Jody added that the current tenant selection plan has provisions about prior drug use and Suzy explained that convictions for homicide or for meth, no matter how long ago, can exclude an applicant from being rented to.

Going forward, building and replacement materials in GJHA properties, such as LVP (luxury vinyl planking) flooring, plastic coated cabinets, and other non-porous materials will be considered because they are easier to clean.

Jody Kole said that staff will know more about the financial impacts and what insurance will cover, along with how to cover remaining expenses, and will share this at the next board meeting. Jody went on to state that staff has done outstanding work in communicating with tenants and service providers.

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Modification of GJHA Bylaws

Jill Norris introduced a resolution to modify the GJHA bylaws and explained this request is in line with the recent change of GJHA's fiscal year to a calendar year. Whereas past annual meetings were held in January to review financial years ending in September, year-end financials will now be available in May of each year. Therefore, staff recommends future Annual Meetings be held in May.

Ivan Geer made a motion to approve *Resolution 2019-10-01 to Modify Bylaws to change the month of the GJHA Annual meeting*. Chris Launer seconded the motion which passed with all in favor, none opposed.

Foresight Land Acquisition

Jill Norris referred to the memo provided with the Board Package regarding the 2517 Foresight land acquisition. Jill stated that two appraisals and valuation by Mesa County indicated a value equal to or greater than the purchase price. A loan commitment has been received from Bank of Colorado with a closing scheduled for 10:00 a.m. tomorrow. Jill reviewed loan terms for the group and stated the survey and a phase 1 environmental study came back with no issues. There is an irrigation overflow pipe that will be inspected by the Property Owners Association, to make sure it is working properly, as soon as irrigation water is turned off for the season.

Chris Launer moved to approve *Resolution 2019-10-02 Ratifying Contract and Authorizing Purchase and Loan for Foresight Land Acquisition*. The motion passed with a second by Tami Beard and unanimous vote.

Development Update

2814 Patterson

GJHA will receive tax credits from Colorado Housing and Finance Authority (CHFA). This allocation brings GJHA's record to seven awards out of seven applications. Jody Kole noted that during the 2814 presentation, the awards committee found some levity when a picture was shared showing where Scott Aker's house is located from a view of The Highlands. Jody included that picture in the Board Meeting folders.

Request for proposals for debt and equity partners have been put out with a response deadline of November 15, 2019. The Board will receive recommendations for development along with letters of intent at the December 9,

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2019 Board Meeting. Jody Kole stated this information may not be available to take to the Finance Committee prior to the December Board Meeting.

In response to Board questions Jody Kole stated it is too early to know what the price on the tax credits will be. Every penny in tax credits will be equal to roughly \$130K. GJHA will go to the State Housing Board on November 12, with a favorable recommendation from staff, to ask for \$15k per door or \$900,000. HOME funds are expected to be attached to 5 of the units but will not impose Davis Bacon wages.

Tami Beard, Chris Launer, and other Board Members congratulated Jody Kole and her staff on the good work they have done in getting these developments rolling.

Highlands 2

GJHA staff is currently preparing to submit a Placed in Service application to CHFA. This has a November 1 deadline, and will be submitted with deed restrictions. Expenses through all vendors will be included with a cost certification from Novogradac to demonstrate to Wells Fargo that everything has been done according to the partnership agreements. Conversion to permanent financing with Bank of Colorado will follow.

Linden Pointe

Linden Pointe's 15-year transition will be discussed in future meetings.

Other Business, if any

- Krista Ubersox announced that GJHA will be posting for a Chief Financial Officer by mid-November with a goal of hiring by the end of January. An external firm will not be used at first, while approximately a dozen other platforms will be used including Indeed, Linked-in and several industry specific organization job boards. Krista asked board members to let people know of this vacancy which would ideally bring candidates with governmental and tax credit experience. Krista is working with a videographer to create a recruitment video to post to the GJHA website featuring Grand Valley footage and describing the kind of organization the housing authority is.

The need to pay more than has been paid in the past is anticipated, and the organization will have further work to do on its entire compensation structure with another market study planned for 2020.

- Jody Kole told the Board she will be sending out photos and asking for votes on a company door decorating contest via email. The winners will be

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announced on Halloween morning during the United Way workplace campaign kick-off.

- Chris Launer asked if there is any news on new Board member. Jody Kole said a selection has been made, which will go to City Council for approval.
- Chris Launer also asked if there is any new information that can be shared regarding potential land acquisition. There is none at this time. Ivan Geer asked if land banking grants are available for this purpose and Jody Kole responded that these grants are not due on the market until the second quarter of next year.
- Jody Kole mentioned that Downtown Suites, at 1st Street and Rood, is on the market and Catholic Outreach is working on a contract to purchase it. Jody also noted a national trend in which investment corporations are buying single family residential properties and renting them to individuals who cannot afford to buy. Generally, these rents are set high, which does not allow tenants an opportunity to save enough money to make a purchase of their own.

Adjournment

With no further business, the meeting was adjourned at 6:16 p.m. with a motion by Ivan Geer, second by Tami Beard, and unanimous vote.

All Board Packet documents and documents distributed
during the Board Meeting are retained in the file