

MINUTES

Grand Junction Housing Authority
Board of Commissioners' Special Meeting

May 31, 2022 at 11:30 a.m.

1. Call to Order and Roll Call

The May 31, 2022 Special Meeting of GJHA's Board of Commissioners was called to order at 11:30 a.m. by Ivan Geer, Chair. Attendance was taken by roll call with the following present:

Board of Commissioners:

Ivan Geer, Chair
Rich Krohn, Vice Chair
Chuck McDaniel
Chris Launer
Tami Beard
John Howe
Bill Johnson

GJHA Staff:

Jody Kole, CEO
Jill Norris, General Counsel
Shelley Carpenter, Controller
Sheila Brubacher, Accounting Supervisor
Danette Buck, Asset Manager (Virtual)
Krista Ubersox, HR Director
Kevin Sperle, IT Supervisor (Virtual)

2. Consent Agenda

The Consent Agenda consisted of the following: Requested adoption of (1) Notes of March 29, 2022, Finance & Audit Committee Meeting; (2) Minutes of April 5, 2022 Regular Board Meeting; and (3) Resolution No. 2022-05-01 *Re-Appointing Angeline Roles, Shelley Grattan, and Bruce Penny to the Doors 2 Success Board.*

With a motion by Bill Johnson, a second by Chris Launer and a unanimous vote, the Consent Agenda was approved.

3. Finance Items – Shelly Carpenter, Controller

Shelley Carpenter advised the Board that the Colorado Division of Housing awarded GJHA the full grant of \$1,170,000 for the Walnut Park Capital Improvement Project.

Novogradac has provided a draft of the GJHA's Financial Statement Audit, and it is currently being reviewed by staff.

a. Cash and Cash Flow:

The cash balance is very strong right now due to some extraordinary items. As of April 30, 2022, the consolidated cash balance was \$5,905,404, which is an increase of \$1,729,103 over last year. This increase is due to the payment of the developer fee of \$520,000 for 2814 along with payment of the fees listed in the following chart to GJHA.

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Highlands to General Fund for 2021 GP Asset Management Fee	\$4,992
Highlands to General Fund for 2021 DOLA Loan (full amount applied to interest)	\$72,083
Highlands 2 to General Fund for 2021 GP Asset Management Fee	\$5,227
Highlands 2 to General Fund for 2021 Deferred Developer Fee and interest	\$54,404
Highlands 2 adjustment for 11/4/2020 Deferred developer fee and land loan	\$435,195
Arbor to General Fund for 2021 Deferred Developer Fee and interest	\$147,876
Village to General Fund for 2021 Deferred Developer Fee	\$11,820
Village to General Fund for accrued partnership admin fee	\$67,148
TOTAL	\$798,745

The Deferred Developer Fee for Village Park is paid in full

The current consolidated cash balance as of May 26, 2022 is \$9,412,173. This increase is mainly due to the proceeds of \$3,354,414 from the sale of Lincoln and Courtyard that closed on May 4, 2022. If you take out the extraordinary items, cash is holding steady in 2022.

As for the tax credit properties, all are in an overall strong position with two exceptions – Arbor Vista and The Highlands. Year to date, Arbor Vista’s cash balance has decreased from \$109,864 to \$6,333 as of April 30, 2022, mainly due to the payment of the Deferred Developer Fee. Arbor Vista had some extraordinary items that occurred in April 2022, such as paying quarterly inventory to the general fund; the rental payments received for April were several thousand dollars less than anticipated, with the outstanding balance sitting in accounts receivable. There were insufficient funds to pay the entire balance of Arbor Vista’s balance owed to the General Fund in March. Therefore, Arbor Vista paid a larger amount to the general fund in April, 2022 to cover the April and remaining March outstanding balances. Arbor Vista still has \$284,722 in its operating reserves account. GJHA has received approval from Enterprise to transfer \$43,000 from Arbor Vista’s replacement reserve account to the operating account. The replacement reserve transfer is for reserve items that were paid for in 2021. Therefore, Arbor Vista should see an increase in its cash balance next month.

The Highlands was impacted by the Asset Management Fees and interest on the DOLA loan paid to GJHA as the General Partner. This payment was approved by Novogradac. The cash balance has been increasing for The Highlands, but it is taking longer than expected.

The GJHA owned properties and programs have seen increased cash balances year-to-date. Ratekin Tower has decreased its deficit by \$25,000, so the deficit is now \$163,331.

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Ratekin Tower is demonstrating positive operational cash based on normal business conditions. Walnut Park has a very strong cash balance as result of decreased operating expenses year-to-date. Walnut Park's current cash balance is \$544,724. This balance will decrease by about \$140,000 for expenses related to the Walnut Park Capital Improvement Project. Nellie Bechtel has an increased cash balance mainly due to increased revenue. Crystal Brook's cash account continues to grow with a current balance of \$303,384. In the next Finance & Audit Committee meeting, there will be discussion regarding possible uses of Crystal Brook's funds, such as increasing the replacement reserves account. Linden Pointe's cash balance has increased to \$351,885 mainly due to the close out of the replacement reserve account and the insurance escrow account. Staff is working with Bank of Colorado to open a new replacement reserve account for Linden Pointe and when this account is opened, the cash balance will decrease by approximately \$104,583.

The Housing Choice Voucher program's cash balance increased by \$171,231, so the balance is now \$1,034,931.

b. Income and Expense

Income is either right at budget or slightly overbudget per property/program. The majority of the expenses for the GJHA properties as well as the tax credit properties are consistent or remaining under budget. Currently, maintenance is under budget, but this should adjust throughout the remainder of the year. Compensation is currently under budget due to staff vacancies and the utilization of temporary employees rather than full-time regular employees. There has also been savings in employee benefits, mainly health insurance, because the budget assumed all employees were taking the health insurance, which is not the case. GJHA's consolidated financial statements are positive to budget, the rental income is positive to budget, and the total consolidated expenses are positive to budget.

The tax credit properties are positive to budget except for 2814. 2814 is currently negative to budget for net operating income. 2814 is being monitored closely as it relates to expenses, comparison to budget, and if there is a need for budget revision.

There was discussion as to the difficulty staff is facing in getting voucher's out. Ms. Kole explained that HUD gives vouchers in several different categories, such as demographics. Vash vouchers rely on referrals from the VA. There are some foster and young people vouchers which require a referral from Mesa County Human Services as youth age out of the foster care system. Also, mainstream persons with disabilities must-have certain disabilities. The voucher supervisor has sent out letters to those on the waiting list and is focusing on lease up. There are individuals that have vouchers but are unable to find a

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place that will accept the voucher, or the rent exceeds what the voucher guidelines permit. Staff has been discussing using the surplus funds for administrative fees to fund a second deposit to encourage landlords to accept vouchers. This may be a future discussion, after staff has attempted to address the struggles to lease up voucher holders. Staff is meeting monthly to review the voucher portfolio. Temporary employees have been added and there is discussion about adding additional staff, since there is currently approximately \$950,000 in unrestricted assets.

c. **Cash reports** presented by Sheila Brubacher, Accounting Supervisor

Since February 2022, the cash reserve has increased from approximately \$9,305,000 to \$9,369,000. This is an increase of about \$63,000. The biggest changes occurred in the assigned cash and the unrestricted cash. The assigned cash in February 2022 was \$1.2 million and it is now \$543,000. The decrease is due to the surplus cash payments from the tax credit properties being transferred to the general fund, which is part of the unrestricted cash. Unrestricted cash went from \$4.5 million to \$5.4 million. This does not include the proceeds from the sale of Lincoln or Courtyard since the sale occurred in May 2022.

The negative balances for Walnut Park Service Coordinator and Housing Plus Health were explained as a timing issue, as there are accounts receivable owed. The funds from the HUD grant for the Walnut Park's Service Coordinator has yet to be released. This is anticipated to occur at the end of June 2022. The Housing Plus Health is a timing difference between when invoices were submitted to United and payment from the grant is received.

d. **Past Due Rent Report**

The Trending Past Due Rent Summary shows a comparison over the last four months. The data shows that the past due rent is fluctuating month-to-month. The accounts that are ninety (90) days past due have been gradually increasing. In February, there were write offs of the ninety (90) day past due accounts and the amount owed was decreased to \$39,000. It has crept back up to \$48,000. The comparison between Rent 90+ Days Past Due and 90+ Past Due Active Tenants shows the past due funds are mostly owed by individuals who are no longer tenants. Staff will review the past due rent quarterly to determine what needs to be written off. Staff advised that with the restructure of the properties team, GJHA is working to stay ahead of past due tenant accounts. Some of the past due monies owed is still related to the COVID pandemic. GJHA has been working on addressing past due accounts from that time and have been evicting in phases.

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4. Walnut Park Funding for Capital Improvements

The board discussed approval of Resolution No. 2022-05-02 *A Resolution of the Grand Junction Housing Authority ("GJHA") Authorizing the Borrowing of Money in the Principal Amount of Not to Exceed \$1,200,000 for the Purpose of Financing the Project (as defined herein); Ratifying Certain Actions Heretofore Taken; Authorizing the Execution and Delivery by GJHA of the Transaction Documents (as defined herein); and Authorizing Officials of GJHA to do All Other Things Necessary or Advisable to Complete the Transactions Authorized in this Resolution.* Ms. Norris advised that since this is tax exempt financing, and the lender is requiring this Resolution and a tax certificate. Bank of the San Juans has agreed to give GJHA a nine (9) month draw period, since this basically a construction type loan for capital improvements. This will allow GJHA to draw money and to make interest only payments for the first nine (9) months. After the initial nine months of the loan, the then principal balance will be fully amortized over the remaining life of the loan, which at that point will be nine years and three months. The closing for this loan is scheduled for June 3, 2022.

The loan is secured by the Walnut Park property and the rents paid by tenants of Walnut Park. The Board wanted to know if the property not being improved at Walnut Park was being excluded from the property securing the loan. Ms. Norris advised that there is a partial release provision as it relates to this portion of the Walnut Park property. This property has been specifically identified in the loan documents. GJHA is considering constructing an additional eight (8) units on this section of land. Bank of the San Juan agreed to the release of this property, as it would not affect the collateral for the current loan. If GJHA decides to develop this portion of Walnut Park, depending on how GHA finances this development, there may be a need to create a separate lot and/or form a subdivision. Ms. Kole advised that HUD may object to a subdivision, so this could affect how this development may occur. The anticipated cost of building eight (8) units would be approximately \$1.2 million, so GJHA could fund this development with cash and then none of these issues would be relevant.

Discussion regarding revising language in Sections 10 and 13 of the Resolution 2022-05-02 occurred, but Ms. Norris advised that that no revisions were required.

With a motion by Rich Krohn, a second by Bill Johnson, and with a unanimous vote, (Tami Beard abstained), the Board adopted Resolution 2022-05-02.

5. Development Update

Ms. Kole advised that staff is working diligently to acquire a parcel of land. Contacts are being drafted and reviewed. Staff has initiated discussions with an architect about assisting with preliminary land use planning. This matter will be discussed in more detail at the June Real Estate Committee.

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6. Colorado Passed 2022 Legislative Update

Colorado HB22-1304 provides \$138 million for affordable housing and sets a higher standard for obtaining funding. This House Bill outlines that local policy makers should be making affordable housing a higher priority. The housing needs assessment documented that, on average, Grand Junction has provided about thirty-five (35) units per year and the consultants recommended a goal of forty-five (45) units per year. The Grand Junction City Council said that this is insufficient, as fifty-five (55) units per year would allow us to qualify for funding under this House Bill. The goal of the City of Grand Junction's housing strategic plan is to increase the number of units by forty-five (45) to seventy (70) units per year by partnering with local entities. HB22-1304 also allows for reviewing and revising zoning and development code to make obtaining affordable housing easier. In rural counties, HB22-1304 says housing must be targeted to households with an annual income that is at or below one-hundred forty percent (140%) AMI. In rural resort counties, housing must be targeted to households with an annual income that is at, or below one-hundred seventy percent (170%) and homeownership basis is at or below one-hundred forty percent (140%) AMI. The Division of Housing determines the rural or urban classifications. In Mesa County, one hundred percent (100%) of AMI for a family of four (4) is \$82,200 and sixty percent (60%) would be \$49,300.

On the federal level, the President and several others are proposing an increase of funds available in the low-income tax credit program. It is a substantial increase, but the challenge is if the supply increased without an increased demand from investors, the tax credits will be worth less on a per dollar basis than they are now. Fannie Mae and Freddie Mac are being encouraged to be more active in the tax credit market.

7. Other business, if any

A strategic plan needs to be considered for alternative ways, other than development, to provide affordable housing. Some of the options to be considered are partnering with the City of Fruita and investigating bonding capabilities to leverage resources over long-term projects and applying this process to affordable housing. The City of Grand Junction's American Rescue Plan Advisory ("ARPA") Committee is considering recommending a land trust or land bank. The ARPA Committee will be requesting proposals for affordable housing options and GJHA will want to provide suggestions. GJHA could perhaps team up with the City of Grand Junction and its strategic affordable housing plan. Tiny houses, co-ops, etc. should be part of the discussion for alternative affordable housing options. GJHA has tried other options over the years, but it seems to go back to low-income housing tax credit financing as it seems to have worked better than all other endeavors.

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In addition to the alternative options mentioned, other real estate options for development are the lots, which is approximately one acre, near Matchet Park that are owned by the City of Grand Junction. There may be an option of acquiring more adjacent land. Staff will reach out to the City of Grand Junction's housing personnel to discuss options and ideas.

Also, there is property on 28 Road, a total of approximately thirteen and half (13½) acres that is available. Staff is concerned that this could be considered a concentration, as GJHA already has two other developments in the area.

Ms. Kole has been working with the American Lutheran Church, north of Horizon on the west side of Seventh Street, as this is surplus land that the Church would like to develop into affordable housing for sale, maybe condos. GJHA connected the Church with Headwaters to discuss developing and subdividing approximately three (3) acres for a homeownership model. By facilitating this agreement, GJHA is helping to transition individuals into homeownership and freeing up additional units for the rental market.

The Real Estate Committee will meet to discuss alternative options for providing affordable housing and will present those options to the Board for further discussion and consideration. This may occur at a workshop or retreat, if needed.

8. Adjourn

With no further business or discussion, the meeting was adjourned at 12:36 p.m. following a motion by John Howe, a second by Bill Johnson, and a unanimous vote.

All Board packet documents and documents distributed
during the Board Meeting are retained at GJHA.