

## MINUTES

Grand Junction Housing Authority  
Board of Commissioners' Meeting  
**July Regular Meeting**

Monday, July 25, 2016  
8 Foresight Circle  
5:00 p.m.

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### 1. Call to Order

Grand Junction Housing Authority (GJHA) Board Chair Chris Launer called the regular July Board Meeting to order at 5:04 p.m. on Monday, July 25, 2016 with the following individuals present: Board Members Scott Aker, Tami Beard, John Howe, Tim Hudner, Jerry Schafer, and Barbara Traylor-Smith; Chief Executive Officer Jody Kole, Chief Operating Office Lori Rosendahl, and Controller Amy Case. Board Members present represented a quorum.

### 2. Consent Calendar

A motion by Barbara Traylor Smith, a second by Tim Hudner, and a unanimous vote approved the Consent Calendar. The Consent Calendar consisted of three items: 1) *Request Adoption of Minutes for June 21, 2016*; 2) *Resolution No. 2016-07-01 Approving the Colorado Division of Housing (CDOH) Grant Application for the Nellie Bechtel Apartments*; and 3) *Resolution No. 2016-07-02 Appointing Chris Mueller as a New Member to the Doors 2 Success Board*.

### 3. Report from the Finance and Audit Committee – Overview of Quarterly Financial Statements Ending June 30 2016 and Request Formal Acceptance

Finance and Audit Committee Chair Tim Hudner reported on the Committee Meeting held on July 19, 2016. A review of the monthly financials showed:

- Trending is corresponding with the Budget, for the most part.
- Unrestricted Cash totals roughly \$2M.
- Revenue and Expenses are higher than originally budgeted due to unforeseen financial challenges with Nellie Bechtel. It is anticipated those numbers will realign.
  - Grant applications totaling \$1.8M have been or will be submitted to the State of Colorado, Department of Local Affairs, Division of Housing (CDOH); the Federal Home Loan Bank of Topeka; and Energy Outreach Colorado. Grant funding from any or all of these agencies will help alleviate the financial struggle and support important Capital Improvements.
  - Jody Kole answered Barbara Traylor Smith's question regarding if the financial struggles are short term as follows:

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- Jody said she believes at this point this is a temporary setback but there are no guarantees. GJHA acquired the property relying on a commitment from the regional office of the U.S. Department of Housing and Urban Development (HUD) for an 8bb Contract for 96 units, but HUD cancelled its commitment.
- Staff understands Nellie Bechtel is now likely to be awarded 8bb Contract funding for 23 units. With Request for Proposals (RFP) for approximately 26 Project-Based Vouchers and the expected 8bb Contract for the 23 units, 51% of the units will be covered with subsidy contracts. That percentage reflects the minimum threshold required by most funders.
  - ❖ Staff believes GJHA can compete for the funding, and the property can be renovated and stabilized. Staff anticipates it will take the remainder of the calendar year to solidify this funding package.
- The annual HUD funding of the Housing Choice Voucher (HCV) Program Administrative (Admin) Budget is expected to increase from 81% to 84% proration for FY 2015-2016. Tim Hudner said additional information will be provided today by Lori Rosendahl.
- Staff is considering a more aggressive schedule than originally planned for The Highlands 2 development. Increased Western Slope competitors for allocation of Low Income Housing Tax Credits (LIHTC) from the Colorado Housing and Finance Authority (CHFA) is anticipated. Analysis is being completed by staff and will be presented to the Board at a future meeting.

Lori Rosendahl briefed the Board on HUD's recent actions regarding the HCV Program for GJHA for the month of June:

- HUD funds public housing authorities with a "Budget Authority" amount that is intended to cover an awarded number of Voucher-supported units per year. Public Housing Authorities are not allowed to expend more than their allocated Budget Authority nor lease more than their awarded number of units. Arriving at exactly the right spot on both bench-marks is challenging.
- Lori Rosendahl stated that HUD recaptured the June Housing Assistance Payments (HAP) for GJHA. This is a normal process if an agency is over-leased in units, which GJHA has been this calendar year. However, HUD based its June recapture amount on inaccurate data. HUD assigned a figure based on GJHA's average per unit cost and the number of units over leased. The normal calculation process is to give GJHA the opportunity to select households to be counted as "over leased", normally those receiving the least federal support. At its discretion, GJHA would select households receiving zero HAP or HAP under \$100 as the over-leased units. HUD chose to title the recapture

as locally-held reserve instead of over-leased units and recaptured approximately \$250K versus GJHA's anticipated figure of \$49K-\$50K. Lori Rosendahl is challenging the miscalculation with HUD, with support from The Public Housing Agency Directors Association (PHADA) and HUD representative Anita Short. Lori Rosendahl is hopeful for a positive resolution.

Jody Kole explained that in this incident, GJHA Staff is very concerned with HUD's recapture of the Administrative Fee. Generally, if HUD paid an agency more housing assistance dollars than needed, the dollars are deposited into a Reserve Account for that agency. In this incident, HUD determined GJHA is over leased in excess of the HAP dollars given, therefore GJHA must utilize its Administrative Fees to pay the HAP for the over-leased units. Beyond the point of over-leased, HUD cannot legally reclaim these funds as GJHA earned the Administrative Fee.

With no further discussion, the Quarterly Financial Statements Ending June 30, 2016 received formal acceptance with a motion by Scott Aker, a second by Jerry Schafer, and a unanimous vote.

**4. Discuss New Proposed Housing Choice Voucher Administrative Fee Structure**

Lori Rosendahl began her presentation by recapping the conversation held approximately one year ago regarding HUD's decision to impose a permanently reduced Administrative Fee going forward, based on current proration percentage. This formula would result in a proposed decrease of at least 5%-6% in funding for GJHA over current funding levels.

With disputes and negative comments submitted by agencies across the nation during HUD's comment period, HUD revisited its formula calculations and made a few changes. However, the changes did not affect GJHA so its proposed Administrative Fee did not change.

Lori demonstrated HUD's on-line system for reviewing its formula and proration percentage decrease/increase for agencies.

Lori Rosendahl explained that most agencies are experiencing decreases. HUD is proposing each agency's proration percentage to be permanent and to calculate the decrease from that proration amount. For GJHA, 81% proration would be the permanent figure and the calculated decrease of 6% would be from that permanent proration amount. HUD cannot guarantee agencies there will not be another decrease if the proposed

proration figure should decrease. HUD is accepting a second round of agency comments on the permanently reduced Admin Fee until early October 2016.

Lori distributed the document, *Housing Bill Unanimously Passed by House Would Build on Effectiveness of Rental Assistance*. This Housing Opportunities Through Modernization Act (H.R. 3700) recently passed in the Senate. Lori cited improvements to the process allowed by this Bill that will become effective upon HUD's implementation of rules:

- Additional project-based Vouchers will be permitted.
- Site-based Waiting Lists.
- Streamlining for tenant rental payments.
- Every other year tenant unit inspections instead of yearly inspections.
- HAP Funding allowed to be used differently to help families.

Lori Rosendahl said that to offset GJHA's decrease, staff will continue to streamline the workload for a more efficient and effective process. Examples of GJHA improvements already in progress include:

- Applicants will perform data entry of their own application information using computer systems in the GJHA lobby, saving considerable staff input time.
- Incrementally, working towards reaching "paperless status" in appropriate areas.

GJHA received a Family Self-Sufficiency (FSS) grant in the amount of \$51K.

## **5. The Highlands Update**

### *The Highlands 1 Development*

Tim Spach began the update on The Highlands 1 development with a photo slide show illustrating the progress. Highlights discussed by Tim and Jody Kole included:

- Exterior walls are being raised very quickly with panelized construction.
- The curb and gutter is installed on the western property boundary to direct the neighbor's storm drainage flow into the curb on Bookcliff Avenue. The cost is approximately \$4K.
- The construction time frame is 13 months, and currently construction is ahead of schedule by one - two weeks. Staff believes construction will stay on schedule.
- In less than one month, the Carryover Application will be filed with the Colorado Housing and Finance Authority (CHFA).
  - The Carryover Application validates that at least 10% of the total project costs have been spent.
  - Currently, approximately 23% of the total costs have been spent.

- There is a preliminary reservation of Tax Credits now. Once the Carryover Application is accepted by CHFA, then GJHA has initially perfected access to the Tax Credits, subject to final cost certification, full lease-up, and final application.
- Completion of construction and lease up is projected to be between May – July 2017. The final allocation of Tax Credits will happen at that time.
- GJHA will receive a total of \$1.6M in Earned Developer's Fee upon meeting other milestone requirements.
  - To date, GJHA received \$500K for the first installment of the Earned Developer's Fee.
- Once the Carryover Application is filed and accepted by CHFA, GJHA becomes an eligible applicant to apply for CHFA's next round of LIHTC next year for The Highlands 2.

### *The Highlands 2*

Prior to Jody Kole's presentation on The Highlands 2 development, Jody distributed a document showing the projected timeframe for the submittal of the Tax Credit Application for The Highlands 2. With the assumption that CHFA's Tax Credit schedule for allocating the 9% LIHTC for 2017 remains the same as this year, Jody said this proposed schedule is very aggressive with an anticipated submittal deadline of June 1, 2017.

Jody Kole cited examples of being very prepared in the past when submitting previous Tax Credit Applications to CHFA, and to GJHA's credit, successful in Tax Credit allocations. Being aware of increased competition for LIHTC, Jody discussed several proposed strategies to be further prepared, competitive, and compelling with an enhanced GJHA Tax Credit Application submittal for The Highlands 2. Lengthy discussion ensued pertaining to past and future preparedness.

Jody Kole said that work is progressing on the RFP for the Design / Build Team. The target date for selection of the Design / Build Team is September with the authorization to proceed issued October 1, 2016.

The Board concurred with staff to move forward with The Highlands 2 development timetable as proposed.

Jody Kole referenced previous Board Meeting discussion regarding asking the Grand Junction City Council for local grant funding for The Highlands 2. Local funding participation is a pre-requisite for funding from the State Division of Housing (DOH). With past developments, the City of Grand Junction (City) funding paid the City's

Development Impact Fees on the behalf of GJHA. Jody Kole received a recent response from the City indicating that the Development Impact Fees for The Highlands 2 will be roughly \$250K. A request for City support in this amount has been submitted.

**6. Other Business**

1011 N. 10<sup>th</sup> Street

Jody Kole said the interior rehab at the 1011 N. 10<sup>th</sup> Street building is complete. With assistance from the City's Purchasing Department, a competitive procurement process is anticipated to select a realtor.

Office Space at Ratekin Tower

For years, GJHA leased the spare office space at Ratekin Tower to non-profit agencies. With the current lease expiring the end of September 2016, the lessee gave notice to move because of expanding office space needs. Ratekin Tower's financing dictates that the space must be leased to only a non-profit tenant, which make the marketing more of a challenge. The available Ratekin Tower space is 2400 square feet with restrooms, separate exterior entry, and parking spaces. Staff will actively promote rental of the office space.

Village Park

Prior to the discussion regarding the weed concern at the Village Park complex, Lori Rosendahl gave a history snapshot of the relationship with an owner of one of the buildings in the Village Park commercial complex.

The owner and GJHA are both members of the Village Park Commercial Owner's Association.

This owner expressed his dissatisfaction with the weed growth on the vacant land planned for the development of Phase II of Village Park. This property is adjacent to the Village Park commercial complex.

Tim Spach explained that in early May of 2016, the 521 Drainage District (Drainage District) and the City received a request from GJHA to cancel the Storm Water Permit issued during the construction of Phase I of Village Park Apartments.

GJHA received from the Drainage District an unexpected denial of its request to cancel the Storm Water Permit due to non-stabilization of the site. At that time, GJHA also

discovered that a potential penalty could be issued by the EPA for non-stabilization of the site.

Tim Spach requested and attended a meeting with the Manger of the Drainage District, who suggested on-site native vegetation as a quick and easy solution to stabilize the area for any runoff and avoid the possibility of a penalty. That answer is also recommended in the City's Storm Water Management Manual. An additional option included grading the site, removing any obstructions, installing an irrigation system, and laying sod. This is a costly and long-term solution that did not provide immediate stability. GJHA staff chose native weed vegetation stabilization.

Upon Tim Spach's on-site follow-up meeting with the Drainage District Manager in June of 2016, the Manager agreed to cancel the Storm Water Permit due to sufficient weed growth stabilization occurring on the property.

A complaint from the property owner resulted in a new City Weed Inspector issuing a Weed Notice to GJHA for the Village Park property. With GJHA already in compliance with both the City Weed Ordinance and the Storm Water Ordinance, City personnel immediately withdrew and voided the Notice.

Stabilization of the perimeter of the site is an ongoing requirement. GJHA must continue to maintain the weeds below 3 inches above the ground within 40 feet of the center line of the right of way. The action plan is to properly maintain the property site perimeter, and allow the native weed vegetation to grow in the center of the property for stabilization. As a courtesy to the property owner, GJHA is managing the weed control on the owner's property line as well.

Barbara Traylor Smith said that the City Manager did respond to the property owner stating the GJHA is in compliance with City requirements.

*Farewell Event Honoring Lori Rosendahl*

A farewell open house honoring Lori Rosendahl is planned for August 5, 2016 from 3:00 – 5:00 p.m. Lori is leaving GJHA to accept the Executive Director position at the Jefferson County Housing Authority. Board Members extended congratulations to Lori on her promotion. She will be greatly missed by GJHA staff and Board Members.

Jody Kole said that in the interim, Lori Rosendahl's responsibilities will be re-assigned to various staff members. Recruitment will begin to fill this position in the near future.

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**7. Adjourn**

With no further discussion, the regular July GJHA Board Meeting adjourned at 6:11 p.m.

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