

**AFFORDABLE HOUSING BOARD
MEETING MINUTES
June 2, 1994**

The meeting of the Affordable Housing Board began at 6:20 p.m. in the Community Planning Conference Room, 281 North College Avenue, Fort Collins, Colorado. AHB members present were Chairperson Mary Cosgrove, Tom Sibbald, and Robert Browning. Staff member present was Mike Ludwig. Other attendees were Louise Stitzel and Betty Maloney.

Ms. Cosgrove announced that quorum was not achieved but that the Board members present would hear any comments and questions from the attendees in the room. The following comments were made in response to questions and from ensuing discussion.

The Board is using a hybrid model taken from materials from the City of Boulder, the Division of Housing, and the Board's and Staff's input. Proven feasibility of a project will be a necessary component before the project is approved. The requirements are those that are required for tax credit application and for good business planning.

Council has given the Board direction to investigate the potential of establishing a housing trust fund. A trust fund could be set up so that it would be funded until it has enough mass and loan repayment revenue to be self-perpetuating. These funds would be last funds into a project and would therefore stand a reasonably good chance of being repaid.

Length of affordability of the housing will differ depending on the type of funds supplied. For grants, the Board will look at longer periods of affordability, with a maximum of 30 years. For loans, affordability will be for the term of the loan. Longer-term loans will have priority over shorter-term loans. Other favorable factors would include: lowest income targeted; economic feasibility; probability of repayment. The Board wants to set monitored minimum standards along these lines in order for a project to receive funding. Funding for a project is only limited by the amount of overall funds available.

It was noted that Rusty Collins of Neighbor to Neighbor supports Alternative 1.

The Board is trying to limit risk to the taxpayer. Fee reimbursement is seen as advantageous in the small project area.

If all four proposed alternatives were available, one advantage would be for the applicant to be able to pick and choose. Prohibitive disadvantages are the problems of administration and funding allocation.

The time line of the proposal was discussed, with August as a possibility for approval.

The mechanics were discussed of funding for six-unit buildings. Mr. Sibbald recommended that Ms. Stitzel apply for funding per building permit. Each house would be a separate project on a separate platted lot. Clarifying language may be added in order to ensure that projects such as Ms. Stitzel's are applied for properly and are appropriately considered. Favorable comments were made concerning projects of two- to ten-unit buildings.

The funding for affordable housing may not remain constant as other political issues come to the forefront. Funding levels will be decided upon on a project-by-project basis, using several categories of criteria. Around \$250,000 is presently available. One of the advantages to Alternative 1 is that money would be available for items other than fee reimbursement.

Mr. Sibbald wished to make the following observations as a private developer, not in his capacity as Board member:

Alternative Nos. 2 and 3: The construction period of 270 days is too short for projects of greater than 24 units;

Alternative Nos. 2 and 3: They reduce eligible basis. This is a negative factor for a low-income tax credit project rental.

Alternative Nos. 2 and 3: Rent determination by fair market rents is inappropriate, not being locally based information.

Alternative No. 2: No assurance that a project will stay in the low income inventory after the builder receives the reimbursement.

Alternative No. 3: No assurance that funds will exist for fee reimbursement after the project has already been substantially completed. Clarifying language was discussed to balance this concern with the goals that funds not be paid to a project which has not complied with requirements and that money not be reserved needlessly.

Mr. Ludwig presented background for the staff presentation of the various alternatives. Discussion was held concerning fair market versus imputed rents and mechanisms of setting rent levels. Further discussion was held concerning Alternatives 2 and 3 and the possibility of a developer attempting to acquire early funding in ways that would not meet the goals of the Board.

Ms. Stitzel spoke approvingly of Alternative 1, Parts 1 and 2, and began discussion on the future of profit and not-for-profit tandem operations. She complimented the Board on the openness of the meeting and Mr. Ludwig for his availability and cooperation.

The meeting concluded at 7:45 p.m.