# AFFORDABLE HOUSING BOARD
# MEETING MINUTES
# May 12, 1994

The meeting of the Affordable Housing Board began at 3:00 p.m. in the Community Planning Conference Room, 281 North College Avenue, Fort Collins, Colorado. AHB members present included Chairperson Mary Cosgrove, Tom Sibbald, Robert Browning, Anne Sanders, Cliff Kight, Joanne Greer, and Craig Welling. Staff members present included Ken Waido and Mike Ludwig.

Discussion was held concerning four potential alternatives of the RFP. Comments from the public hearing were reviewed. Ms. Cosgrove invited comments and ideas from AHB. Mr. Ludwig reviewed various aspects of proposed alternatives in the following order:

Alternative D: Raised to $4,200 to more properly reflect fees in home ownership projects. Discarded imputed rent calculation in favor of fair market rents established by HUD to provide more incentive for production of three- and four-bedroom units. The issue of utilities adjustment was discussed. This alternative assumes construction costs of $60/square foot for multifamily and $75/square foot for single-family, including land costs.

Alternative C: Has no compliance reporting requirements.

Discussion was held concerning the available funds and the philosophy of the AHB in choosing an alternative from the ones proposed. The desirability of park land fees as an incentive to the developer, as proposed in Alternative C, was discussed. Mr. Waido presented the concept of a housing trust fund that would lend out funds for housing and be self-replenishing after a period of time. Favorable comments were heard about the RFP process and the accountability inherent to it, with the possibility of converting RFP to a self-replenishing process.

Incentives were discussed for building more units. The AHB discussed different combinations of the alternatives. If the RFP becomes self-funding, it will need a steady infusion of seed money the first few years to complete that process. The actual number of units that would result from various alternatives was discussed.

Amendment 1 implications were explored. Money accounted in reserves can be lent out, but repayments may count as income that could raise Amendment 1 issues. If the fund was set up outside government, such as in utilities, it could avoid Amendment 1 limits.

Mechanisms of funding evaluation and oversight were discussed. Possible financial requirements were discussed: Line-item sources and uses; pro forma for the relevant time period; itemization of funding sources. Merits of conditional reimbursement of funds were discussed as an incentive to complete building. Comparisons were made to an Englewood project.

**Moved by Mr. Sibbald, seconded by Mr. Welling, approved unanimously: To remove Alternative C, Parkland Fee Reimbursement Process, from discussion.** Rationale: The funds are not significant; lack of compliance.

Steps to further resolve the various alternatives were discussed. The AHB wishes to make its decisions readily available to the public, particularly to citizens that attended the public meeting. The mechanics of getting on City Council agenda were discussed. Costs of RFP administration were explained; the smaller the funding amount, the higher the percentage of administration costs. Although 10 percent is nominal, from a total budget of $1.2 million (Example: CDBG), the administration budget for the next program year is under $101,000.

The possibility of combining programs with CDBG was discussed as a means toward administrative efficiency, along with the development of a single application form requesting assistance from one or more of the available programs, as appropriate. Administrative processes of such an application were discussed.

A straw poll was taken to narrow alternatives down, with the consensus of a combination of Alternatives A and B for RFP process and $4,200 fee reimbursement process.

**Moved by Mr. Sibbald, seconded by Mr. Browning, approved unanimously: To remove Alternative D, staff proposal of $4,200 fee reimbursement process, from discussion.** Rationale: It is a nonrenewable option, and the Board wantd to massage Options A and B.

Different combinations of Alternatives A and B were discussed. The chart prepared by Mr. Ludwig was viewed favorably as a general outline. Extensive discussion was held on the issues of fair market rents and imputed rents, the means by which they are calculated, and the issues of Section 8 renters. The differences in costs for new housing and existing housing were discussed. Various landlord/developer strategies under the RFP program were discussed. Rents under the imputed rent/fair market rent alternatives were compared, with imputed rent resulting in less rent for three- and four-bedroom units, but more rent for zero-, one-, and two-bedroom units.

Processes with Section 8 vouchers and certificates were discussed and their impacts with either imputed rent or fair market rent. The possibility of using a combination of imputed/fair market was debated. A straw vote was taken, with the consensus of using imputed rent. Further discussion was held on how to cogently present a program to the public.

The proposal of the $2400 figure was explained as follows: It represents 5 percent of a $55,000 per unit cost; meeting four levels of fees in $600 increments. $4,200 was discussed as more reflective of actual cost. The source of the reimbursement fee was discussed. By straw poll, the majority consensus was to raise Option B to $4,200.

Numbers of units were discussed. Costs per unit and HUD calculations were explained. Square footage was discussed for various types of units. Stated costs for single-family housing do not comport with the present market, either as cost to the consumer or cost of construction. Comments at the public meeting relating to these issues was discussed. Compliance periods were discussed concerning: ten years for grants; length of the loan term for loans.

Further issues raised and discussed: Elimination of the monitoring fee; inclusion of construction grants in the language on Page 2; developer profit of 15 percent, with the AHB consensus that it represents a dead issue; applicant privacy, with AHB consensus being to maintain applicant financial information as private and not for public record; frequency of status report, with AHB consensus that progress be monitored by the building submitting a progress report at time of disbursement; appropriateness of providing two years of financial statements, particularly for projects not in existence that long.

Further discussion held: Appropriateness of one and a half persons per bedroom being a realistic limit; loan amounts going only for affordable units and not to subsidize for-profit developments; propriety for the City applying for matching funds, with AHB consensus that the City be treated as any other applicant; number of copies needed of the original application.

Consensus was to hold the next meeting as a public meeting at 6:00 p.m. on June 2, 1994.

Mr. Welling moved adjournment, seconded by Ms. Greer. Upon a unanimous vote, the meeting adjourned at 5:20 p.m.