

**MINUTES OF MEETING OF THE BOARD OF COMMISSIONERS OF
THE EL PASO COUNTY HOUSING AUTHORITY**

The Board of Commissioners of the El Paso County Housing Authority (the “Authority”) met on March 10, 2021, at 12:00 P.M., via a hybrid model including in-person and the virtual Teams Meeting platform.

Members of the Authority were present as follows:

Jack Beuse
Martie Stott
Steve Posey
Beth Diana

Members Absent:
Greg Basham

Also present were:

Crystal LaTier and Eric Leonard, El Paso County Economic Development Department
John Bales, Kutak Rock
Mark O’Brien, Robert Coleman, Misty Dalke and Stacy Houston, Raymond James
Nikki Simmons, El Paso County Financial Services Department
Lisa Sorenson and John Atlas, Cohen Esrey

Commissioner Beuse called the meeting to order at 12:02 P.M.

I. Consideration of Meeting Minutes of February 10, 2021

Commissioner Stott moved approval of the minutes from February 10, 2021 and, upon a second by Commissioner Posey, the motion passed unanimously.

II. Financial Items

A. Financial Reports

Ms. LaTier presented the Statement of Revenues and Statement of Net Positions to the Authority, noting no major changes from the previous months report.

B. Academy Heights – Approval of Resolution and Loan Documents

Ms. LaTier provide shared an update on the resolution for Academy Heights. The project is a \$300,000 commitment amortized with a 3% interest rate and a term of 18.5 years. The project is set to close on March 25, 2021.

Commissioner Posey moved to approve the resolution regarding the commitment of \$300,000 to Academy Heights and, upon a second by Commissioner Stott, the motion passed unanimously.

III. Trailside Update

Ms. LaTier shared an update on the status of the sale of the Trailside property that was sent to EPCHA from Mary Stegner. The sale of the property is progressing. The buyer is continuing the proper due diligence and is on track for an early to mid-May closing.

IV. Almagre HTF and PAB Application Presentation

(Ms. Sorenson and Mr. Atlas joined the meeting at 12:10 p.m.)

Ms. Sorenson of Cohen Esrey re-presented the 137-unit Almagre project located in southeast Colorado Springs. The project is requesting tax-exempt private activity bonds in the amount of \$18,300,000 from El Paso County, and \$400,000 in gap funding from the El Paso County Housing Authority's Housing Trust Fund. The Housing Trust Fund loan will be given with 3% interest amortized over 17 years and will go towards the accessibility features of the project. The PAB amount is 55% of the basis for the project.

The project will also utilize TIF financing through real estate tax reimbursement. The TIF funding is just one way that Almagre plans to benefit the surrounding community. They plan to get creative with the community and utilize the property's 72 person community room and other facilities to have everything from tutoring to immunizations.

CDOH and CHFA project applications are planned for 5/1/21 with an estimated closing in October 2021.

Commissioner Stott moved approval of recommending that the County issue Private Activity Bonds in the amount of \$18.5 million or 55% basis, whichever is less, with a PAB inducement resolution expiration date of 12/31/2021. Additionally, the Housing Trust Fund request was respectfully declined. Upon a second by Commissioner Diana, the motion passed unanimously.

(Ms. Sorenson and Mr. Atlas exited the meeting at 12:31 p.m.)

V. Raymond James Presentation

A. Quarterly Turnkey Report

Mr. O'Brien shared with the Authority the data that Raymond James has as to the current state of the Turnkey Plus Mortgage Origination Program. The program has been available for just over 8 years. And is 2 years into a redesign of the program. 54 lenders participate in helping to bring \$556 million in mortgage funds and over \$22 million in down payment assistance funds into the El Paso County housing market. This has resulted in \$3.87 million in net revenue for the Authority. In total, the program has assisted 2,808 homebuyer families achieve their dreams of owning a home.

Even in the face of COVID-19, rising single family home prices and increased competition with CHFA, demand for the Turnkey Plus Program has remained strong. The program loan averages \$198,034 since its inception, but more importantly, the past quarter has seen a new average of \$296,000. This is a significant increase that follows in line with the increasing prices within the housing market.

Other statistics that Mr. O'Brien noted were that 90.63% of loans are FHA, 87% are for single family detached homes, 94% are existing structures and 99.64% are first time homebuyers (even though there is no first-time homebuyer requirement).

B. Turnkey Case Study

Mr. O'Brien shared with the Authority a case study that Raymond James had written to showcase the El Paso County down payment assistance program's evolution over the 8 years it has existed. Raymond James pioneered the non-bond TBA-based mortgage platform for state and local HFA clients in early 2012. El Paso County was one of the first adopters with their program rolling out in January 2013. The first 4 years saw great success of around 500 families being assisted on an annual basis. In late 2017, market conditions slowed the program to a near standstill into 2018. The new structure that Raymond James and El Paso County launched in early 2019 was the first of its kind. What is now known as the Turnkey Plus Program has excelled going from \$1 million in monthly loan reservations in 2018 to \$14 million in the summer of 2020. El Paso County is proud to have Raymond James as their partner and the success of the program is a result of that strong partnership.

C. eHP-US Bank Error Resolution

Ms. LaTier provided a summary of the error that occurred with the Turnkey Plus Program during 2020. In October of 2019, the forgiveness rate for the program was adjusted from 60% over the first 5 years to 50%. In August 2020, it was discovered that the documents that were being used on Turnkey Plus second mortgages did not reflect this change. All parties were notified of the discrepancy. US Bank and eHousingPlus both agreed to accept responsibility of the mistake. Raymond James calculated the loss to the Housing Authority from the loans made with 60% forgiveness rather than 50% to be \$120,000. US Bank and eHousingPlus both agreed to pay half of that shortfall. eHousingPlus paid their amount in a lump sum in February 2021. US Bank has chosen to pay EPCHA back by 15 bps per second mortgage made in the coming months. US Bank's repayment is being tracked by both EPCHA and Raymond James.

VI. Housing Trust Fund and Turnkey Review

A. Housing Trust Fund Commitments

As of March 10, 2021, the Authority's Housing Trust Fund balance is approximately \$3,403,212 with two outstanding commitments totaling \$600,000, leaving an available balance of \$1,002,412 for future requests if a \$1.8M corpus is maintained. The outstanding conditional loan commitments are currently DBG Properties' Academy Heights for \$300,000 and Commonwealth DC's Village at Solid Rock for \$300,000.

B. Loan Status Report

Mr. Leonard provided a quick overview of the Loan Status Reports that show all outstanding Housing Trust Fund and Rehab loans. The Housing Authority has \$7,996,226.05 outstanding in HTF loans and can expect annual income from those loans of roughly \$330,000. Almost \$3 million of the loans made have been interest only and therefore see no principal repayment on a monthly or annual basis. There are \$160,936.46 currently outstanding in rehab loans.

C. Turnkey Program Update and HTF Application Timeframe

Mr. Leonard shared the current state of the Turnkey Plus Program to the Board. 15 second mortgages were made in February resulting in a total monthly outlay of \$212,605. 16 second mortgages were sold in February resulting in \$183,195 being returned to EPCHA, \$46,448 of which was profit. 4 payoffs occurred in February totaling \$39,592. The Housing Authority ended up positive at the end of February with +\$10,183 for the program.

Discussion was had about the future of Turnkey Plus. In 2020, the program saw unprecedented success and the need for the program throughout the community is high. The Board expressed

their continued support for the program above all other programs. However, if Turnkey Plus sees another year like 2020, the total amount invested into the program will be an estimated \$700,000. In 2020, Raymond James provided 4 options to increase the sustainability of the program. EPCHA has already instituted 2 of the options, but the issue of cash flow is on the horizon.

Part of the issue that EPCHA saw in 2020 was the massive demand along with a delay to the return of funds back to the Authority. This means that there may be hundreds of thousands of dollars left in limbo. In 2020, when cash was more readily available, this was not an issue, but in 2021, as the wallet tightens under ever increasing affordable housing demand, EPCHA may not be able to temporarily leave those dollars in the Turnkey Program. The solution would be to have lenders front the down payment assistance and get reimbursed when the second mortgage is sold to US Bank. This would keep cash with the Housing Authority in the short term.

The Board decided to review the cash flow adjustment for Turnkey Plus in greater detail at the April 14th meeting. With more insight into the outlook of the El Paso County housing market, they will be able to make a more informed decision on the program.

With the Housing Trust Fund being in a more focused position with the amount of funds available, EPCHA staff recommended that the Board make a change to the timeframe for accepting HTF loan applications. Rather than accepting applications on a rolling basis, EPCHA staff recommended that applications be accepted twice a year, in line with CHFA's LIHTC application window. For 2021, HTF applications will be accepted on May 1st and November 1st.

VII. NALHFA

A. Membership Renewal

NALHFA membership is renewed on an annual basis. The renewal fee is \$1,710.00.

Commissioner Diana moved approval of renewing EPCHA's membership to NALHFA and payment of \$1,710.00. Upon a second by Commissioner Stott, the motion passed unanimously.

B. 2021 Conference

The NALHFA Conference will be held virtually from May 12-14, 2021. This conference offers the unique convergence of industry expertise, online professional networking, and the latest industry trends and hot topics. The NALHFA Virtual Conference provides local governmental affordable housing, and community and economic development professionals the chance to receive first-hand insights and case studies of effective housing and development practices, and unparalleled opportunities to interact with local government practitioners, financial experts and professional program-level staff of all levels. Registration is \$199 per attendee.

Commissioner Stott moved approval of sending Mr. Leonard, Commissioner Diana and Commissioner Posey to the 2021 NALHFA Conference. Upon a second by Commissioner Diana, the motion passed unanimously.

C. Award of Excellence

The NALHFA Award of Excellence is a nationwide award celebrating the accomplishments of Housing Finance Authorities throughout the country who exemplify excellence in multifamily, single-family, HOME and redevelopment.

Commissioner Posey moved approval of EPCHA submitting an application and payment for the NALHFA Award of Excellence. Upon a second by Commissioner Stott, the motion passed unanimously.

VI. Adjournment

The meeting adjourned at 1:58 P.M.

Jack Beuse, Chair

Public notice for meeting posted online via the El Paso County Agenda Suite, March 4, 2021.