

El Paso County Housing Authority

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Housing Authority Commissioners
Jack Beuse, Chair
Martie Stott, Vice Chair
Beth Diana
Greg Basham
Steve Posey

EL PASO COUNTY HOUSING AUTHORITY Meeting Minutes October 12, 2022

I. CALL TO ORDER

The Board of Commissioners of the El Paso County Housing Authority (the “Authority”) met on October 12, 2022, at 12:00 P.M., via a hybrid model including in-person (at 9 E. Vermijo Avenue) and the virtual Teams Meeting platform. **Martie Stott called the meeting to order at 12:05 P.M.**

II. ROLL CALL

The El Paso County Housing Authority Board of Commissioners **present** were:

- Martie Stott
- Beth Diana

The El Paso County Housing Authority Board of Commissioners **absent** were:

- Jack Beuse
- Steve Posey
- Greg Basham

Other persons present at the meeting were:

- Crystal LaTier and Eric Leonard – El Paso County Economic Development Department
- Fred Marienthal – Kutak Rock
- Mark O’Brien, Robert Coleman and Stacy Houston – Raymond James
- Kieu Bugg – El Paso County Finance Department
- Holly Robertson – City of Colorado Springs

III. FINANCIAL ITEMS

A. Financial Reports

Ms. Bugg provided an update on the current financial status of the Housing Authority to the Housing Authority Board. As of September 30, 2022, the El Paso County Housing Authority has a total current assets

amount of \$18,307,707.27. This includes total checking/savings of \$7,627,943.31 and total accounts receivable of \$10,679,763.96. Net income thus far in 2022 is \$1,937,098.11.

B. Housing Trust Fund Commitments

Ms. LaTier provided an update on the Housing Trust Fund commitments. As of September 30, 2022, the Authority's Housing Trust Fund cumulative balance is approximately \$7,346,877 with outstanding commitments of \$1,300,000, leaving an available balance of \$4,246,877 for future funding requests if a \$1.8M corpus is maintained. The outstanding conditional loan commitments are currently Volunteers of America's Paloma Gardens for \$500,000, Artspace Projects' Artspace for \$300,000, and GPR Properties' Bentley Commons for \$500,000.

C. Turnkey Plus Program Update

Mr. Leonard provided an update on the Turnkey Plus Program for May. One second mortgage was provided through the Turnkey Plus Program totaling \$9,956 in assistance. Zero second mortgages were sold with a total of \$0 coming back to the program at a profit return rate of 0.0%. There were three payoffs received totaling \$34,185. This brings the estimated Turnkey income for September to \$34,185 and an estimated year-to-date income of \$371,480.

IV. RAYMOND JAMES QUARTERLY TURNKEY UPDATE

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 9 years and is 3 years into a restructuring of the program to move it from a grant based program to a partially forgivable loan structure. 55 lenders participate in helping to bring \$566 million in mortgage funds and over \$23 million in down payment assistance funds into the El Paso County housing market. This has resulted in \$4.19 million in net revenue for the Authority. In total, the program has assisted 2,826 homebuyer families achieve their dreams of owning a home.

Mr. O'Brien highlighted several specific points about the Turnkey Plus Program. National and local market conditions have forced the Turnkey Plus into a position that it has not seen since its restructure in 2018. Rising single family home prices and increased spreads between market rate mortgages and Turnkey Plus rates have caused a minimal number of second mortgages to be made for 6 months. As the housing market continues to be volatile, the 3%, 4% and 5% down payment assistance options have been untenable due to the rate spreads between the market and TBA rate. Over the coming months, the hope is for a market correction and stabilization of rates to a point where the TBA-based loan market can decrease the spread and have a usable down payment assistance program.

Raymond James has also been working on a new product where the second mortgage that is provided by the Turnkey Plus Program is amortized. This would decrease the rate that could be offered by the TBA program by over 30 basis points. This product change has its challenges that Raymond James and their partners are working on. Raymond James and the Housing Authority are looking forward to the day when rates have stabilized, DPA products are available and the rebrand of Turnkey Plus to PPDPA can take place.

V. HTF APPLICATION UPDATE

Mr. Leonard shared an update about the November round of Housing Trust Fund applications. Applications for the November 2022 round of HTF funding are due on November 1st and will be reviewed at the November 9th EPCHA meeting. The December meeting will be used to hear presentations from projects that have moved through the first round of applications reviews. Mr. Leonard also provided an overview and walkthrough of the new application and financial spreadsheet that will be used for Housing Trust Fund and Private Activity Bond applications received by the Housing Authority. The new application will provide

significantly more financial information to the Housing Authority Board as they seek to make informed decisions about the funding requests that they receive. This will maximize the efficiency and effectiveness of the dollars that are allocated by the Housing Authority.

VI. OTHER BUSINESS

A. MESA RIDGE LOAN UPDATE

Ms. LaTier and Mr. Leonard shared an update that the Villas at Mesa Ridge loan had been subordinated, as planned, to a permanent CHFA loan.

B. EPCHA BOARD APPLICANT

Ms. LaTier shared an update on the application of Kevin Walker to replace Greg Basham as the building industry representative on the EPCHA Board. Mr. Walker's application has been accepted by County Commissioner Cami Bremer and the EPCHA Board recommended Mr. Walker's appointment to the Board.

VII. ADJOURNMENT

The meeting was adjourned by Commissioner Stott at 1:04 P.M.

Jack Beuse, *Chair of El Paso County Housing Authority*

Public notice for meeting posted online via the El Paso County Agenda Suite, October 11, 2022.