

El Paso County Housing Authority

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Housing Authority Commissioners
Jack Beuse, Chair
Martie Stott, Vice Chair
Beth Diana
Kevin Walker
Steve Posey

EL PASO COUNTY HOUSING AUTHORITY Meeting Minutes *November 9, 2022*

I. CALL TO ORDER

The Board of Commissioners of the El Paso County Housing Authority (the “Authority”) met on November 9, 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 12:03 P.M.**

II. ROLL CALL

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

- Martie Stott
- Beth Diana
- Jack Beuse - Virtual
- Steve Posey
- Kevin Walker

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

Other persons present at the meeting were:

- Crystal LaTier and Eric Leonard – El Paso County Economic Development Department
- John Bales – Kutak Rock
- Mark O’Brien – Raymond James
- Kieu Bugg – El Paso County Finance Department
- Katie Sunderlin – City of Colorado Springs
- Ryan Rodgers – Pedcor
- Lucas Koski – Artspace LLC
- Graham Lindsley – Stifel

III. APPROVAL OF MINUTES

Approval of Meeting Minutes of October 12, 2022

- *Commissioner Diana moved approval of the minutes from October 12, 2022, and, upon a second by Commissioner Stott, the motion passed unanimously.*

IV. 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 October 31, 2022, the El Paso County Housing Authority has a total current assets amount of \$18,314,687.66. This includes total checking/savings of \$7,755,092.58 and total accounts receivable of \$10,559,595.08. Net income thus far in 2022 is \$1,944,078.50.

B. Housing Trust Fund Commitments

Ms. LaTier provided an update on the Housing Trust Fund commitments. As of October 31, 2022, the Authority's Housing Trust Fund cumulative balance is approximately \$7,447,870 with outstanding commitments of \$1,300,000, leaving an available balance of \$4,347,870 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.

Commissioner Walker entered the meeting at 12:10 P.M.

Welcome and introductions were made to greet Commissioner Walker.

C. Turnkey Plus Program Update

Mr. Leonard provided an update on the Turnkey Plus Program. Zero second mortgages were provided through the Turnkey Plus Program totaling \$0 in assistance. One second mortgage was sold with a total of \$4,002 coming back to the program at a profit return rate of -0.344%. There were two payoffs received totaling \$13,810. This brings the estimated Turnkey income for October to \$17,813 and an estimated year-to-date income of \$440,712.

V. ARTSPACE APARTMENTS

Mr. Koski entered the meeting at 12:20 P.M.

A. Commitment Changes

Mr. Koski provided an update on the current state of Artspace Apartments Colorado Springs. As the project approaches its planned closing date in December 2022, the financial stack is coming into its final form. In order to close the gap that currently exists for the project, Artspace LLC requested a \$200,000 increase to the principal loan amount for the already committed loan of \$300,000. They also requested a 0.5% decrease in the interest rate for the Housing Trust Fund loan. The final loan terms for Artspace's request is for a \$500,000 loan at 2.0% over 30 years, fully amortized.

Mr. Rodgers exited the meeting at 12:27 P.M.

- *Commissioner Posey moved approval of two changes to the current EPCHA HTF commitment to Artspace: a \$200,000 increase to the principal, bringing the total loan amount to \$500,000 and a 0.5% decrease to the interest rate, bringing the final interest rate to 2.0%. Upon a second by Commissioner Diana, the motion passed unanimously.*

B. Closing Resolution

- *Commissioner Posey moved approval of the closing resolution for the Housing Trust Fund Loan to Artspace Apartments, and, upon a second by Commissioner Diana, the motion passed unanimously.*

VI. PEDCOR: CREEK AT COTTONWOOD ADDITIONAL PAB APPLICATION

Mr. Rodgers entered the meeting at 12:35 P.M.

Mr. Rodgers shared an update about the current state of Pedcor's project, Creek at Cottonwood. The 258-unit project originally closed in mid-March 2020. Since the closing date, the project has endured the entirety of the COVID-19 pandemic shutdown, delays and supply shortages. They have also had large increases to the costs of the stormwater mitigation to the creek to the north of the property. All told, the project is an estimated \$12.4 million over budget. Pedcor is requesting that the El Paso County Housing Authority recommend an additional \$4.8 million Private Activity Bond allocation to the project. Pedcor's goal with this ask is to bring the project back to the original state that the financial stack was in when the project closed.

El Paso County helped finance Creek at Cottonwood with \$42.9 million in bond cap in 2020. This allocation was 58% of the aggregate basis at the time, although it is now closer to 51% of the estimated total development cost. Since the project closed, there has also been a big change to the rate of tax credits that come with the PAB allocation. At closing, the tax credits were given at about 3.2%, even though they were named 4% low-income housing tax credits. With new legislation making the 3.2% actually up to 4%, the \$4.8 million additional allocation that Pedcor is requesting would trigger an update to the amount of tax credits given to the project on top of the \$4.8 million. The \$12.4 million gap would be closed with the additional allocation of bond cap from the County of \$4.8 million. It would bring the aggregate basis for the project up to almost 55%.

Mr. Rodgers exited the meeting at 1:08 P.M.

Discussion was had about the scarcity of the County's PAB cap to be used on future projects, the importance of limiting cap to 52% or less. This is a best practice not only for EPC, but also for the state and the nation. The integration of the company being the developer, GC and lender was also a concern as there are no maximum GC prices since they are their own GC. Lending is also more accessible than it otherwise would be. The Board's main concern was to ensure that the project met the 50% test, but that going over 51% was not good stewardship of County resources.

- *Commissioner Posey moved to deny the request from Pedcor: Creek at Cottonwood of an additional allocation of \$4.8 million in PAB cap. The Board is willing to consider a request for additional PAB cap if the project is not able to meet the 50% test, although not to exceed 51% of the project's eligible aggregate basis. Upon a second by Commissioner Diana, the motion passed unanimously.*

VII. NOVEMBER HTF APPLICATIONS

A. Silver Key Senior Services

The Board reviewed the application from Silver Key Senior Services. Since the project has an allocation of 9% LIHTC's, the Board is moving forward with hearing a presentation from the project at their December 2022 meeting.

B. CSHA Homewood Point II

The Board reviewed the application from the Colorado Springs Housing Authority for Village at Homewood Point Phase 2. The project has applied for an allocation of competitive 4% LIHTC. Should the

project receive that allocation (announced in mid-November), the Board will move forward with hearing a presentation from the project at their December 2022 meeting.

VIII. ADJOURNMENT

The meeting was adjourned by Commissioner Stott at 2:02 P.M.

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

Public notice for meeting posted online via the El Paso County Agenda Suite, November 4, 2022.