

**SPECIAL JOINT INFORMATION PROCEEDINGS
TOWN COUNCIL AND BOARD OF COUNTY COMMISSIONERS MEETING**

OCTOBER 24, 2019

JACKSON, WYOMING

The Jackson Town Council met in conjunction with the Teton County Commission in a Joint Information Meeting (JIM) located in the County Commissioner's Chambers located at 200 S. Willow St. at 3:30 P.M. Upon roll call the following were present:

COUNTY COMMISSIONERS: Chair Natalia Macker, Greg Epstein, Mark Newcomb, and Mark Barron. Luther Propst was absent.

TOWN COUNCIL: Hailey Morton Levinson, Arne Jorgensen, and Jonathan Schechter. Pete Muldoon joined the meeting at 3:34pm. Jim Stanford joined the meeting at 3:41pm.

STAFF: Larry Pardee, Roxanne Robinson, Tyler Sinclair, John Graham, Alyssa Watkins, April Norton, Stacy Stoker, Kelly Thompson, Kristen Waters, and Shelley Fairbanks.

Melody Ranch Townhomes Roof Replacement.

April Norton, Housing Director, presented to the Council and the Board to consider legal documents and terms for loans to owners of permanently deed restricted units in the Melody Ranch Townhome Subdivision who are fixing their roofs. The Council and Board will also consider what public funds will be used for the loans and for the potential permanent deed restriction purchases on the homes that are not currently permanently deed restricted.

Specifically, staff seeks direction on the following key issues:

1. Will permanently deed restricted owners who borrow money for the roof repair be allowed to defer payment? If so, for how long?
2. A third party will administer the loan for the Housing Authority. Should the Housing Authority pay the administration fee or should the HOA be responsible for it?
3. How do the two boards want to pay for the loans to the permanently deed restricted owners?
4. How do the two boards want to pay for the purchase of Affordable Ownership and Workforce Ownership restrictions on the non-permanently deed restricted units?
5. How do the two boards want to prioritize the expenditure of funds? Do the two boards want to provide a maximum amount of funds available for the project?

Key Issue One: Repayment Terms for Permanently Affordable Owners

At the October 7 JIM the Board and Council agreed to loan the owners of the eight permanently deed restricted units up to \$160,000 to fix the roofs. The Board and Council requested two options for repayment: 1) a short-term option that would require repayment of the loan once the roofs are fixed and would include stripping the Affordable Ownership restriction and replacing it with a Workforce Ownership restriction with a maximum sales price set at \$160,000 higher than the existing Affordable maximum sales price, and 2) a longer-term option that would allow owners to defer payment for a set number of years and would preserve the Affordable Ownership restriction in perpetuity.

Today staff provides two promissory note options for the Council and Board's consideration based on Council and Board's discussion at the October 7 JIM.

Both options limit the release of any public funds for the project until the HOA has provided sufficient documentation ensuring the project will be completed within a specific timeframe, the contractors are bonded, and lien waivers are provided by all contractors to preclude the placement of a lien on the property that could take priority of the note. To be eligible for the loan, households may not earn more than 200% of Median Family Income.

- Option 1: This "short-term" note requires the borrower to repay the loan in full by December 1, 2022 (no deferred payment option). This note allows the Affordable Ownership restriction to be stripped and replaced with a Workforce Ownership restriction once the roof is fixed and the loan is repaid.
 - Staff recommends this note. Substantial public funds are being loaned to fix the roofs. Once the roofs are fixed, it is reasonable that the owners should be

required to repay the loan so that those public funds can be utilized to create more permanently deed restricted housing for the local workforce. If a household cannot afford to repay the loan once the roofs are fixed based on a determination by the Housing Authority, then the homeowner may either sell his/her home to repay the loan or execute the "long-term" note described below.

- Option 2: The "long-term" note requires the borrower to repay the loan in full by December 1, 2029 with a 3% compounding interest rate. If the borrower is unable to repay the loan once it becomes due, then s/he will be required to sell her/his house. This note preserves the Affordable Ownership restriction currently recorded.
 - Staff does not recommend pursuing this note because it ties up significant public funds allocated for community workforce housing for a long period of time.

Key Issue Two: Administration of the Loan

The Housing Department does not currently have the capacity to administer the loan.

Town and County staff met with representatives from First Interstate Bank to discuss administration of the loan. The Bank indicated it would be willing to administer the loan for a 1% fee but would require that the entire project be administered through its institution.

Staff recommends allowing the HOA to identify a lending institution it is comfortable with managing the loan. Once the account has been set up, and the other conditions of distribution met, then the Housing Authority can transfer the money to the account, including up to a 1% fee for administering the loan on behalf of the Housing Authority.

Key Issue Three: How to Pay for the Loan to the Permanently Deed Restricted Units

The loan will cost \$160,000 for each of the permanently deed restricted units, plus an administration fee up to 1% (First Interstate Bank stated it would charge a 1% admin fee).

- 8 Affordable units x \$160,000 = \$1,280,000 + (\$1,280,000 x 1%) = **\$1,292,800**
- If the Town and County split this cost 45%/55% then:
 - Town portion = **\$581,760**
 - County portion = **\$711,040**

Key Issue Four: How to Pay for the Purchase of Permanent Deed Restrictions

There are 16 units without permanent deed restrictions. Staff anticipates that some, but not all, of these owners will have a need to sell a permanent deed restriction on their unit to pay for the roof fix. Based on the motion made by the Council and Board October 7, 2019, the Housing Authority may purchase a Workforce Ownership restriction for up to \$100,000 and an Affordable Ownership restriction for up to \$160,000. (Without an option for homeowners to sell restrictions, the HOA has indicated they will not be able to approve the assessment.)

The Town and County can utilize Fee in Lieu funds and Housing Supply funds to purchase the restrictions.

Key questions:

1. Do the Town and County want to split the cost of the restriction purchase 45%/55%?
 - a. If yes, does the Town want to contribute the balance of its housing funds (not including Town Employee Housing Funds).
 - i. If yes, then the County should contribute \$573,793 which would represent a 45%/55% split. The total amount of \$1,043,260 could be used to purchase six Affordable Ownership restrictions or 10 Workforce Ownership restrictions or some combination of the two.
 - ii. If no, how much money does the Town want to contribute? The County should then contribute an amount based on the Town's contribution.
 - b. If no, how do the two boards wish to purchase the restrictions?
 - i. The County could agree to pay 100% of the purchase price of the restrictions based on their location in the County.
 - ii. The Town could agree to pay up to a certain amount and then the County could agree to cover all costs above that amount.
 - iii. The Town and County could come up with another way share the costs to purchase the deed restrictions.
2. Do the Council and Board want to prioritize fund utilization?

- a. Once loans are paid, Affordable Ownership restrictions will receive priority because they provide the most affordability and benefit to the public, then Workforce Ownership restrictions will be purchased until funds are expended or the assessment is paid, whichever is first. These could be prioritized based on a “first come, first served” basis.
- b. Once loans are paid, restrictions will be purchased on a “first come, first served” basis, regardless of restriction type, until all funds are expended or the assessment is paid, whichever is first.

Public comment was made by Brian Modena – Melody Ranch HOA.

On behalf of the County a motion was made by Commissioner Barron and seconded by Commissioner Epstein to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **\$1,292,800** to assist with the Melody Ranch Townhomes Roof Repair for loans to the eight permanently deed restricted homeowners, so long as those homeowners do not earn more than 200% of Median Family Income, and as discussed in this staff report and the Loan Documents.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **\$1,043,260** to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized with the Affordable Ownership Deed Restrictions over the Workforce Ownership Deed Restrictions as described in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to voucher Teton County for up to **\$1,284,833** to assist with the Melody Ranch Townhomes Roof Repair for loans to the eight permanently deed restricted homes and to purchase permanent deed restrictions on the non-permanently deed restricted units as described, prioritized with the Affordable Ownership Deed Restrictions over the Workforce Ownership Deed Restrictions as described in this staff report.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to execute the attached three-year loan and mortgage agreements with any of the eight deed restricted homeowners who apply and who earn less than 200% of Median Family Income. Chair Macker called for the vote. The vote showed all in favor and the motion carried.

On behalf of the Town a motion was made by Councilwoman Morton Levinson and seconded by Councilman Jorgensen to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **\$1,292,800** to assist with the Melody Ranch Townhomes Roof Repair for loans to the eight permanently deed restricted homeowners, so long as those homeowners do not earn more than 200% of Median Family Income, and as discussed in this staff report and the Loan Documents.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to spend up to **\$1,043,260** to purchase permanent deed restrictions on the non-permanently deed restricted units as discussed today.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to voucher Town of Jackson for up to **\$1,051,227** to assist with the Melody Ranch Townhomes Roof Repair for loans to the eight permanently deed restricted homes and to purchase permanent deed restrictions on the non-permanently deed restricted units as discussed today.

I further move to direct and authorize the Jackson/Teton County Housing Authority Board to execute the attached three-year loan and mortgage agreements with any of the eight deed restricted homeowners who apply and who earn less than 200% of Median Family Income. Mayor Muldoon called for the vote. The vote showed all in favor and the motion carried.

Adjourn. On behalf of the County, a motion was made by Commissioner Barron and seconded by Commissioner Epstein to adjourn the meeting. The vote showed all in favor and the motion carried for the County.

On behalf of the Town, a motion was made by Councilwoman Morton Levinson and seconded by Councilman Jorgensen to adjourn. The vote showed all in favor and the motion carried for the Town.

The meeting adjourned at 4:11pm.

minutes:sdf

TETON COUNTY

ATTEST:

Natalia D. Macker, Chairwoman

Sherry L. Daigle, County Clerk