



## **BSCHT Board Minutes September 11<sup>th</sup>, 2024**

**Present:** David Brown, Shannon Sears, Lindsey Putnam, Michelle Frederick, Rick Simkins, Brad Niva, Cryder Bancroft, Mia Lennon, and Kenny Holtz, and Staff Members: David O'Connor, Becky Brockie, Jennifer Boutsianis

**Absent:** Steve Brown and Mark Dean

Meeting was called to order at 2:01pm.

### **Conflict Declarations:**

- *Kenny Holtz has a standing declared COI due to his involvement with Fire Lookout Capital, the developer of Yellowtail Condos, a BSCHT partner project.*
- *Cryder Bancroft has a standing declared COI due to his employment with Lone Mountain Land Co., an operating partner on Powder Light and Riverview, and a potential development partner on future projects.*

### **Public Comment**

None

**Consent Agenda** made per agenda with the following additions:

- **Financial Reports:**
  - A lot of DPA movement from MeadowView with six transfers this year
  - Additional assets will be moved appropriately in a lump-sum fashion at month's end
  - Neighborworks will be keeping \$1,000 origination fee going forward
  - MeadowView cancellation fee will be seen for the first time as a MeadowView owner brought their own buyer (cancellation fees are typically waived). Noted as "CLT Income"
- **Program Reports:**
  - Good Deeds:
    - Application traffic has been sparse, as has the real estate market in general, as buyers await lower mortgage rates. Marketing push and reminder about the program to local agents is recommended.
    - Deed restricted Cedar Creek didn't come through Good Deeds but is up on the market. Currently listed for \$529,000 and under contract
  - RiverView:
    - Three applications entered back into review due to deadline lapsing. Number of units still available is changing daily

**MOTION: to approve Consent Agenda as presented. Moved by Rick Simkins, seconded by Kenny Holtz; motion carried unanimously.**

## OLD BUSINESS

### **RiverView Construction and Lease Up** made as per agenda with the following additions:

- Now that the project is complete, a video tour should be created so possible tenants get a feel for the property and the community can see the impact of affordable housing
  - o Jen will spearhead this project and reach out to possible videographers for estimates
    - Jack available every day but Wednesday next week
    - Brad CC Jen in email to Tyson
    - Shannon suggests Jed
- Ribbon cutting needs to be scheduled with Laura Seyfang being commemorated (Community Room?).
  - o Hold during Community Week?
    - No, four ribbon cuttings have already been booked so there's really no room
  - o Some board members feel this should be a stand-alone event given the magnitude of the project. Possible date/time: afternoon in October? The day before Thanksgiving/Community Thanksgiving dinner?
  - o Should a discussion surrounding Cold Smoke be included?
    - This could be a possibility since preliminary plans are falling into place
    - The more discussion about RiverView/Cold Smoke will help get the word out about subsidies and the variety of housing options available in Cold Smoke
  - o Can we get an article into a national publication?
    - The Chamber of Commerce is working on PR and may be able to assist
  - o Staff to discuss ribbon cutting options, as well as articles in national publications, and report back to the board
    - *For staff:* Look into best time to share this information/articles

### **Financial Barriers/DPA Tiger Team** made as per agenda with the following additions: (59:00)

- Purpose of the DPA Loan program is to bridge the gap between Good Deeds resales and new buyers since the property may only be deed restricted once (and most applicants use those funds for their down payment)
- Much of what is presented in the Program Summary Draft was taken directly from the MeadowView program summary.
- Items in GREEN still need to be solidified and will need review by some members absent at today's meeting
- Program Summary Draft:
  - o Under Program Summary:
    - "Preference for minimum 24-month residency..." in place for autonomy; this would allow for local businesses to broaden their search and offer solutions toward homeownership
  - o Under Loan Amount:
    - "The purchase price must account for..." offers guardrails to ensure buyers are not overpaying for the property.
      - Example: BSCHT pays \$200,000 for a deed restriction on an \$800,000 property. At the time of sale, a price less the amount paid for the deed restriction must be met for a buyer to qualify for a DPA loan.

- In essence, this parameter is being put in place so the original owner, who benefitted from the payment for a deed restriction, doesn't pocket additional community funds.
    - Exact method to determine property value is still being evaluated
  - Staff has talked to several appraisers, and continues to talk to appraisers, to during about they determine their valuation of a property
    - Overall consensus is, that without an appreciation cap and/or explicit limitation on value, they valuation must be at market rate
    - The Board agreed that if the financial stack were to exceed a certain threshold, say 30-40%, an appreciation cap would need to be implemented
      - Soft cap already in place with current Good Deeds rules (no more than 20% of appraisal value will be spent on a deed restriction)
      - Why isn't an appreciation cap already in place?
        - With current rules in place, 20% isn't enough to enforce one.
        - Possibility for Good Deeds "light" and "heavy" would mean a applicant could receive up to 20% without an appreciation cap or up to 30% with. Something other CLT has utilized.
        - Good Deeds Committee has discussed but not in depth. Will review again in the future
  - Under Credit Guidelines:
    - "Ratio maximum 33/43..."
      - Applicants cannot leverage themselves about the 105% limit
      - A board member asks that if an owner was to obtain a HELOC years after obtaining funding from Good Deeds, would BSCHT be aware?
        - Based on the deed restriction, yes, as they much notify us of any additional, similar credit extended to them
      - BSCHT must be no less than 2<sup>nd</sup> in line in the financial stack
  - Under Asset Limits:
    - "At least 2 months of liquid reserves..."
      - Some board members were concern about the whether a buyer were still have two months of liquid reserves available after purchase. Other board members were concerned that if a buyer didn't have 2 months of liquid reserve, if they could afford the purchase.
      - It was ultimately decided that, given program parameters, buyers should be able to prove two months of liquid assets to ensure they are in a position to afford the property
      - A board member offered directing those who are having difficulty balancing a mortgage payment to organizations that may help them gain footing in the housing market
      - Board should bear in mind that this requirement is not perpetual and enforced right after the transaction.
      - Neighborworks has a similar requirement in place but the minimum in liquid assets after closing is \$10,000.
- Current resale example:
  - Property is originally appraised for \$975,000
  - Deed Restriction was purchased for \$156,000
  - Current, theoretical net value should be \$810,000

- Seller originally listed for ~\$960,000; offering a DPA Loan in this situation isn't a good use of public funds.
- If the seller was to decrease the list price to \$810,000, they would be underwater after transaction fees
- Determining fair value is still being reviewed
- There was discussion that this issue will ultimately resolve itself as the market matures and there is a distinction between market-rate vs deed restricted properties. This was exactly what happened in Vail (market rate buyers stay in their market while deed restricted buyers stay in their market)
  - This program is a stop gap while the deed restricted market matures and grows
- Could a clause be added that states the most current deed restriction in place is enforced?
  - Needs to be run by legal council
- Formula for appreciation share is present and needs to be reviewed by Board Members

***MOTION: (1:31:48)*** to approve the DPA program as presented with one additional requirement; that new DPA applicants be required to file the most current version of the Good Deeds deed restriction, superseding any previous versions filed. This approval is conditional, pending additional input by absent board members and Neighborworks, and any other parties as determined by staff. Moved by Kenny Holtz, seconded by Shannon Sears; motion carried unanimously.

**Good Deeds Revised Document Approval** made as per agenda with the following additions:

- A board member asked how long it would take to seek injunctive relief against a property owner after fines have been issued. Something to be reviewed in the coming months.

***MOTION: (1:38:12)*** to adopt the proposed revisions of the both Good Deeds Deed Restriction and Purchase and Sale Agreement. Moved by Rick Simkins, seconded by Kenny Holtz; motion carried unanimously.

**Cold Smoke** made as per agenda with the following additions:

- Entitlements:
  - Zone Map Amendment to bring Cold Smoke lots up to density of surrounding lots has been applied for by BSCHT, and is in the County decision making process.
    - Two public letters of caution received that focused on development overall, not workforce housing, and the impact it has on the area
  - Annexation into the Big Sky Water & Sewer District has been applied for by LMLC. Decision making process expected to take 2-4 months.
    - Overall, project is viewed favorably based on conversations with board members.
    - Several complex projects are seeking annexation concurrently, which will slow the process somewhat.
    - Annexation will need to be in complete before seeking BSRAD bond funding for purchase of the land.
  - Public awareness of Cold Smoke has begun. Community Week will be a major opportunity to talk about the project in various public settings.
  - General community feedback thus far:
    - Cost is daunting
    - Ensuring purchasable single-family home will be made available
    - What will purchasable product be sold for?

- Time frame for completion?
  - February deadline for BSRAD to delineate what goes on the May ballot that can then be submitted to the County Clerk and Recorder.
- LOI for Land Purchase (1:55)
  - Recommend the board reconvene the Tiger Team to begin drafting terms for an LOI to be presented for consideration to LMLC.
  - What currently needs to be determined?
    - Independent valuation/appraisal
      - Should net out SFEs
    - Determine value of SFEs
    - Development Arrangements
    - Timeline
      - LOI drafted and sent out to Board and LMLC the end of September
      - October used for review and revisions of LOI
      - PSA is then drafted (will take time with the many details that need to be covered)
      - Negotiations of PSA take a few months
      - PSA is ready by February (ideally) but no later than March so BSRAD may review and add Bond initiate to May's ballot.
  - Price
  - Reach out to original LOI Tiger Team to see if they'd like to be on this team. Other interested are:
    - DOC to reach out original Tiger Team this week (Rick, Kenny, Dave, Mark)
      - Please include points of contention/hurdles from prior LOI team
    - Shannon would like to be added to the team
    - Consensus is to not include counsel during initial Tiger Team discussions
  - For the sake of time, LOI needs to be kept simple; nitty-gritty details to be outlined/presented in PSA
  - What are we telling the appraiser to value?
    - As-if/as-is?
    - Land with entitlement?
    - Consensus is both—to value the land alone and with SFEs

**MOTION: to direct and empower the Executive Director to engage an appraiser for the purpose of valuation of the Cold Smoke property. Moved by Shannon Sears, seconded by Michelle Frederick; motion carried unanimously (Cryder Bancroft abstained).**

**MOTION to enter executive session at 3:46pm for the purpose of discussing contract negotiations. Made by David Brown, seconded by Michelle Frederick; passed by acclamation.**

**MOTION: to direct and empower the Executive Director to obtain an independent valuation of the mortgage note associated with 70 Candlelight Meadows. Moved by Rick Simkins, seconded by Kenny Holtz; motion carried unanimously.**

**MOTION to exit executive session at 4:08pm. Moved by David Brown, seconded by Michelle Frederick; passed by acclamation.**

## **NEW BUSINESS**

**Community Week** made per agenda with the following additions:

- It would be wonderful for the Board to attend some of the events. Staff to provide additional direction/insight
- Staff to purchase name tags (both individual and general "Board Member") for Community Week

Meeting adjourned at 4:10pm by unanimous consent