

**IGNACIO HOUSING AUTHORITY BOARD MEETING AGENDA**

**Monday, October 14, 2024**

**Immediately Following Town Board Budget Work Session**

**Abel F. Atencio Community Room, 570 Goddard Avenue**

**And by Remote Access via**

**<https://us06web.zoom.us/j/85249679615>**

**Or Phone: 346 248 7799 Webinar ID: 852 4967 9615**



**I. CALL REGULAR MEETING TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENT**

**IV. APPROVAL OF AGENDA – Action Item**

**V. NEW BUSINESS**

A. 2025 Draft IHA Budget Presentation

B. Rock Creek Housing Project Update

C. Deed Restriction Discussion

**VI. MISCELLANEOUS**

**VII. ADJOURNMENT**



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## Ignacio Housing Authority Report

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**DATE:** October 09, 2024

**REPORT PERIOD:** September 07, 2024 – October 09, 2024

This report focuses on items within the Ignacio Housing Authority Meeting Agenda and also on work completed during the report period listed above.

### **IGNACIO HOUSING AUTHORITY MEETING AGENDA ITEMS**

#### **V. NEW BUSINESS:**

- A. 2025 Ignacio Housing Authority Draft Budget: The IHA is required to prepare and function within a dedicated budget or IHA business and not be included in the Town budget. Enclosed is a draft budget which is similar to the budget reviewed during the September work session. More work and details are needed on this budget which will reflect all incoming revenue and grants for Rock Creek Housing Project construction financing. Similarly, expenses need to be detailed for the RCHP expenditures and these also need refinement. This work will occur this month and we will review a revised budget during our October 28<sup>th</sup> budget work session. Please contact me with any questions.
  
- B. Rock Creek Housing Project Update: Fading West has completed the five Shavano units and they delayed the Antero work due to a FEMA order. The current completion schedule for the remaining 5 Antero units is November 22<sup>nd</sup>. Shipping and setting coordination is ongoing and we may set all 10 units at one time around Thanksgiving. Final details on the foundation, garage, porch and final grading plan are being completed. A construction service contract will be completed once a final cost estimate is completed from the final construction plans.

Construction loans are now progressing under the Ignacio Housing Authority (IHA) and we will need to schedule a special meeting on October 28<sup>th</sup> to approve both the First Southwest Bank and the Catalyst Revolving Loans. We will have legal council review these loan docs in advance of IHA Board review and approval. Proposals for real estate professional services have been received and I'm working with a couple of prospective professionals that will support home purchase efforts.

- C. Deed Restriction Discussions: The \$2M IHOI grant funds received for the RCHP infrastructure required a couple of restrictions that would go with the land developed for this project. These requirements are a 30-year restriction for sale of the homes with a maximum Area Median Income (AMI) of 140%. We have been working with HomesFund who can support management of these deed restriction with defined enforcement parameters that need to be approved by the IHA. I will have some material to go over during the meeting and will

forward once I get some revised spreadsheets from HomesFund. I will also go over a proposal from Elevation Community Land Trust who is interested in establishing a land trust and processing the sale of our units. This project has a lot of momentum and I'm excited to move it to the next level.

Please contact me with any questions on the above material or if in need of anything. Thanks!

DURANGO AREA ASSOCIATION OF REALTORS MLS STATISTICAL INFORMATION							
TEN YEAR AVERAGE							
YEAR	MEDIAN PRICE	% CHANGE	ROCK CREEK CLASSIC DEED RESTRICTION				
			Purchase Price	Avg % Cap Per Year	Allowable Appreciation Per Year	Resale Price	
2014	\$336,900	8.68					
2015	\$345,000	2.4					
2016	\$355,000	2.9					
2017	\$369,000	3.4	\$290,000	0.08	\$23,200	\$313,200	
2018	\$390,000	5.7	\$290,000	0.07	\$20,300	\$310,300	
2019	\$387,750	-0.6	\$290,000	0.06	\$17,400	\$307,400	
2020	\$449,000	15.8	\$290,000	0.05	\$14,500	\$304,500	
2021	\$545,000	21.4	\$290,000	0.04	\$11,600	\$301,600	
2022	\$617,500	13.3	\$290,000	0.035	\$10,150	\$300,150	
2023	\$660,450	7	\$290,000	0.03	\$8,700	\$298,700	
	<b>10 YR AVG</b>	79.98	\$290,000	0.02	\$5,800	\$295,800	
	<b>DIVIDED BY 10</b>	<b>7.998</b>					
			\$390,000	0.08	\$31,200	\$421,200	
			\$390,000	0.07	\$27,300	\$417,300	
			\$390,000	0.06	\$23,400	\$413,400	
			\$390,000	0.05	\$19,500	\$409,500	
			\$390,000	0.04	\$15,600	\$405,600	
			\$390,000	0.035	\$13,650	\$403,650	
			\$390,000	0.03	\$11,700	\$401,700	
			\$390,000	0.02	\$7,800	\$397,800	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			

<b>290,000.00</b>		<b>Appreciation</b>	<b>2%</b>				
	2025	<b>290,000.00</b>	5,800.00	295,800.00			
	2026	295,800.00	5,916.00	301,716.00			
	2027	301,716.00	6,034.32	307,750.32			
	2028	307,750.32	6,155.01	313,905.33	2% commissio	Max Sales Price with Commission	
	2029	313,905.33	6,278.11	320,183.43	\$6,403.67	<b>\$326,587.10</b>	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			
<b>290,000.00</b>		<b>Appreciation</b>	<b>3%</b>	<b>Price</b>			
	2025	<b>290,000.00</b>	8,700.00	298,700.00			
	2026	298,700.00	8,961.00	307,661.00			
	2027	307,661.00	9,229.83	316,890.83			
	2028	316,890.83	9,506.72	326,397.55	2% commissio	Max Sales Price with Commission	
	2029	326,397.55	9,791.93	336,189.48	\$6,723.79	<b>\$342,913.27</b>	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			
<b>290,000.00</b>		<b>Appreciation</b>	<b>4%</b>				
	2025	<b>290,000.00</b>	11,600.00	301,600.00			
	2026	301,600.00	12,064.00	313,664.00			
	2027	313,664.00	12,546.56	326,210.56			
	2028	326,210.56	13,048.42	339,258.98	2% commissio	Max Sales Price with Commission	
	2029	339,258.98	13,570.36	352,829.34	\$7,056.59	<b>\$359,885.93</b>	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			

<b>290,000.00</b>		<b>Appreciation</b>	<b>5%</b>				
	2025	<b>290,000.00</b>	14,500.00	304,500.00			
	2026	304,500.00	15,225.00	319,725.00			
	2027	319,725.00	15,986.25	335,711.25			
	2028	335,711.25	16,785.56	352,496.81	2% commissio	Max Sales Price with Commission	
	2029	352,496.81	17,624.84	370,121.65	\$7,402.43	<b>\$377,524.09</b>	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			
<b>290,000.00</b>		<b>Appreciation</b>	<b>8%</b>				
	2025	<b>290,000.00</b>	23,200.00	313,200.00			
	2026	313,200.00	25,056.00	338,256.00			
	2027	338,256.00	27,060.48	365,316.48			
	2028	365,316.48	29,225.32	394,541.80	2% commissio	Max Sales Price with Commission	
	2029	394,541.80	31,563.34	426,105.14	\$8,522.10	<b>\$434,627.25</b>	
<b>11/1/2024</b>	<b>Five</b>	<b>Price</b>	<b>Appreciation</b>	<b>Max</b>			
<b>Initial Purchase</b>	<b>Full</b>	<b>to</b>	<b>Cap Per Year</b>	<b>Resale</b>			
<b>Price</b>	<b>Years</b>	<b>Add</b>		<b>Price</b>			
<b>390,000.00</b>		<b>Appreciation</b>	<b>2%</b>				
	2025	<b>390,000.00</b>	7,800.00	397,800.00			
	2026	397,800.00	7,956.00	405,756.00			
	2027	405,756.00	8,115.12	413,871.12			
	2028	413,871.12	8,277.42	422,148.54	2% commissio	Max Sales Price with Commission	
	2029	422,148.54	8,442.97	430,591.51	\$8,611.83	<b>\$439,203.34</b>	



Initial Purchase Price	Full Years	to Add Appreciation	Cap Per Year	Resale Price				
390,000.00			5%					
	2025	390,000.00	19,500.00	409,500.00				
	2026	409,500.00	20,475.00	429,975.00				
	2027	429,975.00	21,498.75	451,473.75				
	2028	451,473.75	22,573.69	474,047.44	2% commissio	Max Sales Price with Commission		
	2029	474,047.44	23,702.37	497,749.81	\$9,955.00	<b>\$507,704.81</b>		
Initial Purchase Price	Five Full Years	Price to Add Appreciation	Appreciation Cap Per Year	Max Resale Price				
390,000.00			8%					
	2025	390,000.00	31,200.00	421,200.00				
	2026	421,200.00	33,696.00	454,896.00				
	2027	454,896.00	36,391.68	491,287.68				
	2028	491,287.68	39,303.01	530,590.69	2% commissio	Max Sales Price with Commission		
	2029	530,590.69	42,447.26	573,037.95	\$11,460.76	<b>\$584,498.71</b>		





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August 15, 2024

Mark Garcia  
Town Manager  
Town of Ignacio  
540 Goddard Avenue  
Ignacio, Colorado 81137

Dear Mark,

Exciting things are happening in Ignacio! Thank you for inviting us to submit this proposal to be a part of it.

Elevation CLT's mission is to partner with local communities to ensure families can access equitable opportunity through permanently affordable homeownership. ECLT helps stabilize families through the use of the community land trust (CLT) model, a proven asset-building tool for lower income communities and communities of color. We believe this model is an excellent fit for Ignacio's Rock Creek development.

We understand through our conversations that Rock Creek has benefitted from multiple levels of subsidy and partnerships that have enabled the Town to construct 21 homes efficiently enough to offer the 2 and 3 bedroom homes to community members at cost: \$298,000 – 392,000. Further, we understand that it is the Town's current intention to price these homes at cost and to permanently restrict units as affordable to households at or below 140% AMI.

While we support this approach, we also wanted to provide additional flexibility in serving multiple AMI levels. As you know, ECLT's focus is on households at or below 80% AMI, with the ability to go to 120% AMI. The intent of the proposed income offerings below is for illustration only and is at the Town discretion based on current housing need. ECLT is able to partner on any combination of the below price points. Calculations assume an **appraised value of \$397,000 per as-built bank appraisal.**

Note that subsidy referenced will be provided by ECLT through the Colorado Division of Housing Prop 123 program, and does not require additional Town investment or participation.

**2 bedrooms 1024 Square feet. HH3, \$298k cost**

**80% AMI: \$262,000**

Limited by AMI – *additional subsidy available to increase affordability with a price as low as \$245,000*

**100% AMI: \$296,000**

Limited by LHAV

**120% AMI: \$296,000**

Limited by LHAV– exceeds available subsidy

**140% AMI: \$296,000**

Limited by LHAV– exceeds available subsidy

**2 bedrooms 1152 Square Feet. HH3, \$333k cost**

**80% AMI: \$262,000**

Limited by AMI – exceeds available subsidy

**100% AMI: \$296k**

Limited by LHAV

**120% AMI: \$296k**

Limited by LHAV– exceeds available subsidy

**140% AMI: \$296,000**

Limited by LHAV– exceeds available subsidy

**3 bedrooms 1216 Square Feet. HH4, \$350k cost**

**80% AMI: \$295,000**

Limited by AMI – exceeds available subsidy

**100% AMI: \$304,000**

Limited by LHAV

**120% AMI: \$304,000**

Limited by LHAV – exceeds available subsidy

**140% AMI: \$304,000**

Limited by LHAV – exceeds available subsidy

**3 bedrooms 1368 Square Feet. HH4, \$392k cost**

**80% AMI: \$295,000**

Limited by AMI – exceeds available subsidy

**100% AMI: \$304,000**

Limited by LHAV– exceeds available subsidy

**120% AMI: \$304,000**

Limited by LHAV – exceeds available subsidy

**140% AMI: \$304,000**

Limited by LHAV – exceeds available subsidy

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The calculations above provide a clear recommendation as follows:

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1. Offer all or a portion of the smaller 2-br at \$262,000 *or* \$245,000, restricted to households at or below 80% AMI
  2. Offer all or a portion of the larger 2-br at \$296,000, restricted to households at or below 100% AMI
  3. Offer all or a portion of the smaller 3-br at \$304,000, restricted to households at or below 100% AMI
  4. Offer the remaining units at cost restricted to households at or below 140% AMI as planned\*
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*\*This warrants additional discussion around the margin to market and ECLT fees.*

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## **Rock Creek Partnership Scenarios**

### *#1: Diversified Affordability*

By taking the recommendation above, The Town of Ignacio would have the opportunity to further reduce housing prices and shrink the gap in incomes that we know exists between Ignacio and La Plata County as a whole. The result would be a diverse offering of Rock Creek homes, at ratios determined by the Town, affordable to households below 80% AMI, below 100% AMI, and between 100% and 140% AMI.

In this scenario, ECLT would bring the price gap to the table at closing. Additional resources available from ECLT may include grants for down payment and closing cost assistance, and access to beneficial mortgage products from our lending partners. At closing title would decouple the land from the improvements, with improvements deeded to the qualified buyer and land deeded to ECLT. A land lease would be executed and could include a reversion clause our right of first refusal to the Town of Ignacio or other entity.

ECLT would use its technology platform to take applications from interested buyers, certify their incomes in compliance with HUD, DOLA, and other applicable restrictions, and include all homeowners in its communications and expanding services. Partners such as HomesFund could come alongside to provide homebuyer education, lending and down payment resources, and housing navigation.

### *#2: Fee for service land lease or deed restriction management*

If the Town chose to keep home prices at cost and offer homes at 140% AMI, ECLT is amenable to managing those deed restrictions or land leases with a \$100/month homebuyer fee and 3% transaction fee.

In this scenario, ECLT would bring no resources to closing. Additional resources available from ECLT may include grants for down payment and closing cost assistance for households below 80% and 100% AMI, including Doors to Opportunity loans and access to beneficial mortgage products from our lending partners. At closing title would decouple the land from the improvements, with improvements deeded to the qualified buyer and land deeded to ECLT. A land lease would be executed and could include a reversion clause or right of first refusal to the Town of Ignacio or other entity. Alternatively, should margin to market be too slim ECLT would manage ongoing affordability through deed restrictions, with homes sold fee simple. Note that margin to market affects the need for Private Mortgage Insurance which negatively impacts affordability.

ECLT would use its technology platform to take applications from interested buyers, certify their incomes in compliance with HUD, DOLA, and other applicable restrictions, and include all homeowners in its communications and expanding services. Partners such as HomesFund could come alongside to provide homebuyer education, lending and down payment resources, and housing navigation.

### **ECLT Lending Partners**

ECLT currently has 14 approved lenders, each of whom has reviewed and approved the ECLT Fannie Mae model land lease. Those lenders provide a diversity of geographic footprints, DPA resources, and lending products including 100% financing and below market interest rates. All have been trained in ECLT's front and back end ratio requirements.

As a requisite of ECLT's application, all buyers must receive a preapproval letter from one of the approved lenders which they must upload to the application portal. ECLT will contact the lender to share income and loan documentation in order to streamline the process for the applicant, identify down payment resources if needed, and ensure a smooth closing.

### **ECLT Value Proposition**

ECLT's primary earned revenue sources, and the foundation of our long-term sustainability, are a 3% transaction fee at initial sale and each resale, and a \$100/month CLT fee. The transaction fee is included in the affordable price – not in addition – and comes to ECLT at closing.

In exchange, ECLT will provide the following to the Rock Creek community:

- As much as \$1,155,000 in permanent subsidy to deepen and diversify project affordability (up to \$77,000 per unit through Prop 123)

- A robust platform for application management, income certification, and resale oversight
- The security of the proven community land trust model for long term stewardship
- More than 130 CLT homes in the pipeline for La Plata County in the next 3-5 years means substantial scale and opportunity for larger community-building
- No additional or ongoing investment or fees from the Town of Ignacio
- Continued relationship with homeowners and the Town with ECLT through the land lease and regular professional evaluation studies

Thank you for the opportunity to analyze the Rock Creek project and offer these options. This proposal is simply a starting point – please conduct your own analysis and ask questions or a counter proposal.

Once you have had time to review, let's set a time to meet virtually to discuss. IN the meantime, best of luck on the continued progress at Rock Creek – I am excited to see and hear more updates as the homes are set in place!

In partnership,

*Stefka Czarnecki Fanchi*

Stefka Fanchi  
President & CEO

Town of Ignacio  
Rock Creek Project  
First 10 Units

<b>ECLT PARTNERSHIP Proposal</b>	
<b>SOURCES</b>	<b>AMOUNT</b>
Affordable Sales Revenue	\$2,929,000
CDOH Prop 123 for 80% and 100% Units	\$770,000
<b>Total Sources</b>	<b>\$3,699,000</b>

<b>USES</b>	<b>AMOUNT</b>
Ignacio Cost to Construct**	\$3,471,000
Closing Costs (recording fees for ECLT docs; all other costs in Ignacio Cost to Construct or paid by homebuyer)	\$8,678
Legal	\$10,000
Appraisals	\$6,500
ECLT Acquisition Fee (1.25%)	\$43,388
ECLT Transaction Fee (3%)	\$87,870
Contingency	\$34,710
<b>Total Uses</b>	<b>\$3,662,145</b>

<b>Total Gap*</b>	<b>(\$36,855)</b>
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Assumes sales & marketing costs, including brokers fees, are in the Ign