



A G E N D A
April 23, 2013

CITY COUNCIL CHAMBERS
4:00 P.M.

Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Call Heather Geyer, Public Information Officer at 303-235-2826 at least one week in advance of a meeting if you are interested in participating and need inclusion assistance.

- A. Call Meeting to Order**
- B. Roll Call**
- C. Approval of Minutes: February 26, 2013 & March 26, 2013**
- D. Officers Reports**
- E. Public Forum**
- F. Old Business**
- G. New Business**
 - 1. Election of Vice Chair**
 - 2. Update on Single Family Homes Rehab and Sales**
 - 3. Fruitdale School Discussion**
- H. Other**
- I. Adjournment**



**Minutes of Meeting
February 26, 2013**

A. CALL THE MEETING TO ORDER

The meeting was called to order at 4:05 p.m. by Chair DeMott in the City Council Chambers of the Municipal Building, 7500 West 29th Avenue, Wheat Ridge, Colorado.

B. ROLL CALL OF MEMBERS

Authority Members Present: Cheryl Brungardt
Janice Thompson
Zachary Urban
Joe DeMott

Authority Members Absent: Gayle Miller

Also Present: Sally Payne, Deputy Director
Betty Maybin, Cornerstone Realty
Larry Nelson, Cornerstone Realty
Harry Wehrdt, JCHA
Dick Matthews, CPA
Wendy Swanhorst, Swanhorst & Company, LLC
Kim Waggoner, Recording Secretary

C. APPROVAL OF MINUTES January 22, 2013

It was moved by Zachary Urban and seconded by Janice Thompson to approve the minutes of January 22, 2013 with the following correction. Strike the dollar amount for the bid proposal on page 3. Motion passed 4-0.

D. OFFICERS REPORTS

There were no officers reports.

E. PUBLIC FORUM

No members of the public wished to address the Commission at this time.

It was moved by Zachary Urban and seconded by Cheryl Brungardt to amend the agenda to add presentation of the audit exemption by Wendy Swanhorst and removal of the tour at 3450 Upham St. Motion passed 4-0.

F. NEW BUSINESS

1. 2013 Budget

- a) A Resolution Amending the 2012 Budget by Restatement and Enacting A Budget and Appropriation for the Year 2013.

Dick Matthews stated the Yarrow St. property closed in early February. There are three houses remaining on the project balance sheet. The 2013 budget is as planned with the 2011 CDGB Block Grant. It agrees with the upcoming audit exemption. Ms. Brungardt asked if a premium is paid for insurance on Housing Authority properties. Mr. Matthews stated that some time ago the Housing Authority paid their own insurance premium but for some time now the city has paid the premium and has not charged the Housing Authority for insurance premiums. The properties are on a City insurance policy.

Mr. Urban asked about the city reimbursement. Mr. Matthews stated this was for staff time. Ms. Payne stated there was previously 3 staff members included in the reimbursement. Now only Sally Payne and Kim Waggoner apply to the city reimbursement.

It was moved by Janice Thompson and seconded by Zachary Urban to amend the 2012 budget by restatement and enacting a budget and appropriation for the year 2013. Motion approved 4-0.

- b) Audit Exemption Presentation

Mr. Matthews reminded the board of the obligation of filing personal taxes and that the Housing Authority is required to submit an audit and sometimes an audit exemption. The Housing Authority is required to submit the audit to the state.

Wendy Swanhorst stated the State Auditor sets the rules for audits for local governments. You can apply for the exemption if you have less than \$500,000 in revenues or expenses. The property sold on 02/06/13 could affect the numbers of the budget and the audit. A majority of the Board will need to sign the audit application. It's due to the state March 31.

Ms. Swanhorst and Mr. Matthews will review the audit application and 2013 budget and make any required revisions for the board to review and sign at the next meeting scheduled on March 26.

2. Update on single family home rehab and sales

Larry Nelson provided the update for the home sales. Mr. Nelson stated there were multiple offers for 3450 Upham Street. It will close on March 8th.

7910 W. 46th will be ready in 6 to 8 weeks. It is ADA compliant. It's a large house on a large lot. There is plenty of assistance available through the Housing Authority, Colorado Housing Assistance Corporation (CHAC) and Colorado Housing and Finance Authority (CHFA). Mr. Urban asked if someone without a disability could purchase the home. Mr. Nelson stated yes but we will market it through Hero Alliance, Chaffa and Home Access providers.

4330 Upham is the last regular house.

Mr. Henry Wehrdt reported on the rehab of the homes. He stated that he reviewed the inspection report for 3450 Upham and there were a few minor items to be addressed.

At 7910 W. 46th Ave., the flooring will be installed in a couple of weeks. The rough plumbing, electrical, and carpentry have been approved by the city. Filming for Channel 8 - Top of the Hour will continue when the cabinets are installed.

The contractor signed the bid for 4330 Upham St. There was a wide disparity in the price of the proposed permit cost. The permit cost was reassessed. The contractor chosen was Jo-D Enterprises.

Mr. Urban asked there was a way to identify disabled people who are currently living in Wheat Ridge and interested in purchasing a home. Mr. Nelson stated a sign won't be put on the property since it will be marketed specifically to the disabled population.

3. Fruitdale School Update

Ms. Payne indicated that the Germinal Theatre has an interest in the Fruitdale School. They are a small non-profit organization that has been in existence since 1944 and they consider themselves an educational organization. They are currently located in Denver. They are interested in leasing the west addition. They would use the gym as theatre space and the kitchen for storage. They toured the building with Ken Johnstone on 02/21. They would need to do some remodeling but they don't propose any structural or mechanical improvements, which would need to be addressed since the building is currently without mechanical systems. They are not concerned that the rest of the building is vacant. They need to be out of their current building in October.

Ms. Thompson asked if the Housing Authority can legally lease the building. Access could be an issue since they would have to go through the original building or through the kitchen. In addition, there may not be enough space for parking on site to meet their needs.

In regards to the State Historic Fund Grant, Ms. Payne said we have received the signed contract from the state and we can begin working on the construction documents with SlatterPaull. The documents are scheduled to be completed in November.

The next application cycle is 04/01. We could apply for construction funds up to \$200,000. The construction grant is a 25% cash match. Other grant funds or donations can be utilized for the 25%. Generally the construction documents are completed before applying for the grant but the state staff was open to us applying on the upcoming cycle.

The construction documents to be developed under the current grant will focus on the most critical items to preserve the building. The grant we currently have is a matching grant. The Housing Authority will need to match \$11,000.

Does the board want to move forward with the new construction funding grant application? We could review the preservation plan of the structure assessment document and pick out some of the critical items to focus on. The next chance for application is 10/01.

Mr. DeMott stated our legal obligation is to purchase property for housing projects. We bought the building to save it from destruction. As a board, our discussion should be whether it is a viable housing project. Grant money should be used for infrastructure. The building will need power, plumbing, sewer and water.

Ms. Thompson stated we previously ruled out apartments or condos due to the costs. We need to decide how much money we can afford to put into it and get a return on the investment.

Ms. Payne stated we have spent a total of about \$250,000 to date on the building.

Mr. Urban stated if you have an opportunity to apply for additional grant funds we should. We could decline the award if we were selected as the recipient.

Ms. Payne stated she will be in contact with the State Historic Fund staff this month regarding possibly submitting an application. A decision can be made at the March meeting.

The board made the consensus to move forward with the construction grant application process if feasible.

G. UNFINISHED BUSINESS

Ms. Payne indicated this was Ms. Brungardt's last Housing Authority meeting. Her term will be up the first of March. The Mayor appointed Jennifer Walters to the Board. Ms. Brungardt can't be thanked her enough for the last 12 years she has been with the Board with her tireless energy, time and effort.

Ms. Brungardt thanked everyone for letting her be a part of the Board. She asked the Board to please honor the confidentiality of the buyers and renters of the Jefferson County Housing Authority properties.

H. OTHER

There was no other business to come before the Authority.

I. ADJOURNMENT

It was moved by Zack Urban and seconded by Janice Thompson to adjourn the meeting at 5:26 p.m. Motion carried 4-0.

Next meeting will be March 26, 2013.

Joseph DeMott, Chair

Kim Waggoner, Recording Secretary



**Minutes of Meeting
March 26, 2013**

A. CALL THE MEETING TO ORDER

The meeting was called to order at 4:00 p.m. by Chair DeMott in the City Council Chambers of the Municipal Building, 7500 West 29th Avenue, Wheat Ridge, Colorado.

B. ROLL CALL OF MEMBERS

Authority Members Present: Jennifer Walter
Zachary Urban
Joe DeMott

Authority Members Absent: Janice Thompson
Gayle Miller

Also Present: Sally Payne, Deputy Director
Betty Maybin, Cornerstone Realty
Larry Nelson, Cornerstone Realty
Henry Wehrdt, JCHA
Dick Matthews, CPA
Kim Waggoner, Recording Secretary

Chair DeMott introduced new member Jennifer Walter. Each attendee introduced themselves to Ms. Walter.

C. APPROVAL OF MINUTES: February 26, 2013

Approval of the minutes was postponed due to lack of members in attendance.

D. OFFICERS REPORTS

There were no officers reports.

E. PUBLIC FORUM

No members of the public were present to address the Authority.

F. OLD BUSINESS

1. Audit Exemption

Mr. Matthews stated the Housing Authority has to report to the state. If the sales and assets are low enough the Housing Authority can submit an audit exemption and that fulfills the reporting requirement. The document requires a minimum of 3 signatures from Authority members. The attending members signed the audit exemption as it was due at the end of the month.

2. Revised 2013 Budget

Mr. Matthews presented the revised budget. The line item for Ending cost of Units for 2012 changed due to the sale of one of the single family homes. Therefore the same line item for the 2013 budget changed also to reflect the same number.

Mr. DeMott asked if the Ending Fund Balance reflected the CDBG money. Mr. Matthews replied yes.

It was moved by Zachary Urban and seconded by Jennifer Walter to adopt the revised 2013 budget. Motion passed 3-0.

G. NEW BUSINESS

1. Election of Vice Chair

The election of Vice Chair was postponed due to lack of members in attendance.

2. Update on Single Family Home Rehab and Sales

Mr. Nelson presented the marketing flyer for 7910 W. 46th Ave. The house is completely ADA compliant. There is a program for down payment and closing cost assistance. CHAFA & CHAC have assistance programs available for buyers also. Mr. Nelson asked Sally if she could determine if the unused CDBG funds from the other homes could be allocated to this one. We are looking to market to a disabled person/family. The house will be ready in about 3 weeks.

Mr. Wehrdt stated he took photos at 7910 W. 46th Ave. with the most recent additions such as the back patio and sliding door. Though the home is ADA compliant there are no restrictions to sell the home to a non-disabled person.

The home at 4330 Upham St. is 30% done. It's coming along.

Mr. Wehrdt stated the Mayor had a meeting with Alan Feinstein of Jefferson County Housing Authority (JCHA) to talk about other properties. Then he explained the relationship of JCHA and WRHA. It's been a very good working relationship.

Mr. Urban asked if we have reached out to the Hero Alliance program about the marketing of the accessible home. Mr. Nelson stated yes and there are two people that may be possibilities. We are trying to determine if they qualify for a mortgage. Ms. Maybin stated the information was sent to Diane at DDRC and she has a lot of contacts. Mr. Wehrdt stated he reached out to other Housing Authorities and none of them are currently looking for an ADA compliant home.

3. Fruitdale School District

The discussion as postponed due to lack of members in attendance. A special meeting will be scheduled for this discussion.

Mr. Urban asked if this discussion will include the status on the grant application. Ms. Payne stated the staff at the State Historic Fund recommended we wait until we were further along with our current grant for creation of the construction documents.

H. OTHER

There was a brief discussion about confidentiality concerns with the properties being advertised on Channel 8. Mr. Wehrdt stated Channel 8's Top of the Hour program has filmed the progress of the rehabilitation of one of the properties to highlight the Housing Authority. Mr. Urban stated Channel 8 could advertise organizations such as Brothers Redevelopment, CHAC, CHAFA and others that provide homeownership education.

I. ADJOURNMENT

It was moved by Zack Urban and seconded by Jennifer Walter to adjourn the meeting at 4:45 p.m. Motion carried 3-0.

Next meeting will be April 23, 2013.

Joseph DeMott, Chair

Kim Waggoner, Recording Secretary

FRUITDALE SCHOOL

CHRONOLOGY OF EVENTS

4/13

The first school is built at the Fruitdale site in 1884. This building is destroyed by a fire the 1920s. In 1927, the existing red brick Fruitdale School building is built and designed by noted Denver architect Temple Buell. School District adds west and east additions in 1950s. The building is used as a school and community gathering space for the Fruitdale Valley for decades. Jefferson County School District uses the building for school purposes until 2007.

Fall 2007 – Fruitdale School used as Pre-school until 2007 when new Norma Anderson Pre-school opens adjacent to Fruitdale School building. East addition of Fruitdale is demolished to accommodate the building of the new pre-school. At this point the building becomes vacant.

Spring 2008 – School District issues an RFP to solicit proposals for possible sale of the building. WRHA decides to submit proposal for renovation of School into residential units.

April 2008 – WRHA retains Entasis Group to do a detailed estimate on work required to renovate the building into residential units. WRHA pays Entasis \$22,000 to develop conceptual plans and work specifications. Entasis submits proposal for renovation of building into residential lofts. Cost for renovation is \$1,690,252 for an average per unit cost of \$187,800 for nine units.

Fall 2008 – After pursuing financing for the project, WRHA decides project is not financially feasible given tight multi-family housing financing requirements. The WRHA notifies School District the project is not feasible and they will not be pursuing the project.

Summer 2010 – School District contacts the City to see if the City or WRHA would like to reconsider their decision before finalizing plans for demolition of the building.

July 2010 – WRHA decides to solicit an in-dept residential market analysis of converting the Fruitdale School into residential units

October 2010 – Market analysis is completed looking at conversion of the building into for sale and/or for lease residential units. The results of the analysis show that the project is not financially viable given the current economic and multifamily housing conditions particularly in relation to the location of the

building. The WRHA pays \$4,000 for the completion of the market analysis. They decide not to pursue the project.

November 2010 – The WRHA sends a letter to the School District stating that they are not interested in purchasing the building.

February 2011 - School District prepares building for demolition. The Mayor, with support from Colorado Preservation Inc. (CPI) staff, approaches School District about the WRHA purchasing the building to save it from demolition.

April 2011 – After months of negotiation with the School District, the WRHA purchases the building for \$112,000, the cost the School District paid for environmental remediation of the building prior to demolition. A portion of playground at the new pre-school is on land deeded to the WRHA. School District has agreed to move playground to the north of the Fruitdale building prior to redevelopment of the site.

Fall 2011 – Due to substantial ceiling damage from the roof leaking, a new roof is installed and the building is weatherized for cost of \$110,000.

Spring 2012 – Based on application submitted by CPI, a \$15,000 non-matching grant is received from the State Historic Fund (SHF) for the preparation of a Historic Structure Assessment (HSA). SLATERPAULL Architects is hired to prepare the HSA.

December 2012 – HSA is completed identifying \$2.2 million in deficiencies to make the building habitable.

Spring 2013 – The WRHA applies for and receives another SHF grant in the amount of \$43,000 (includes a 25% required match of \$11,000 from the WRHA) for the preparation of construction documents as identified in the HSA.

Spring 2013 – School is listed on the National Register of Historic Places.

To date, the HA has invested approximately \$250,000 of its own funds into the property.

In the six years the building has been vacant there has been significant deterioration of the structure. The building has no mechanical systems so it is impacted by fluctuations in the outside temperatures.

ISSUES WITH THE PROPERTY

Reverter Clause:

The original 1883 deed on the property contains an automatic reverter clause stating that if the building should cease to be used for school purposes, the building will revert back to the original grantors and their heirs. The City attorney, during negotiations for purchase of the property, determined this reverter clause to be legally binding. The City Attorney found the following in relation to the WRHA purchasing the building and in regard to the reverter clause:

- State statutes and the WRHA's articles allow acquisition of real property by Housing Authorities.
- If the WRHA acquires the school and later disposes of it, that is not prohibited.
- The WRHA could not acquire the school with the avowed purpose of simply handing it off to another entity for a non-housing purpose
- The reverter clause must either be removed by the School District before the WRHA takes title (it was not), or the District just agree in a binding fashion to not oppose a quiet title or condemnation action to clear the reverter from the title.

The City Attorney's office researched the original grantors and their heirs and found there to be a large extended family making removal of the clause through negotiations with the family to be difficult at best.

The reverter clause is still in place and will need to be dealt with prior to redevelopment of the building if it is not used for school purposes, though the attorney believes school purposes can be fairly loosely defined.

Zoning/Platting:

The current zoning on the property is a patchwork of zoning including R-2, R-3, A-1, C-1 zone classifications. The portion of the property on which the school is located is C-1, R-3 and A-1. The property will need to be rezoned to accommodate a new use.

The property is currently divided into several parcels. It will need to be re-platted into one parcel before redevelopment can occur.

NEXT STEPS TO CONSIDER

- Get architect under contract to prepare construction documents per current State Historic Fund grant
- Housing is the mission of the Authority, it needs to reconsider for housing – per direction from City Attorney WRHA needs to do this given the statutory requirements
 - Could re-engage Entasis Group to update their original numbers for conversion of the building into residential units using HSA information
- Determine how to address reverter clause
- Pursue rezoning and replatting of property now?
- WRHA may need to consider a substantial financial investment in the property if going to pursue as housing
- If the Authority does not pursue for housing, can they/should they be investing their funds in rehabilitation of the building
- Look for partners, foundations, other grants, donors
- Look for equity partners to augment funding
- Consider Federal Historic Tax Credits, New Market Tax Credits, Low Income Housing Tax Credits
- Hire consulting firm specializing in revitalization of historic properties
- Hire broker to market property
- Issue an RFP for proposals for new use of property