MEMORANDUM

To: Archuleta Board of County Commissioners
From: Gregory J. Schulte, Administration Staff Member
Re: Resolution of Intent – Authorize the Subdivision and leasing of County owned property for the purposes of Affordable/Workforce housing

Background

The County purchased 4.78 acres of land, located on Hot Springs Blvd across from Town Hall and the Community Center, from the Fairway Land Trust in 1999. The property has been largely unused since that time except for the purpose of overflow parking for the Community Center and the music festivals on Reservoir Hill. For the purposes of this report and agenda item, it’s important to note that the adopted community priorities for both Archuleta County and the Town of Pagosa Spring is the pursuit and facilitation of affordable / workforce housing. There has been working groups formed to consider alternatives for affordable/workforce housing and much discussion about either the Town or County providing use of their land for affordable housing purposes.

At the County Commissioner Work Session of October 5th, the Archuleta County Housing Authority (ACHA) has brought forth a proposal to utilize a portion (2.5 acres of the 4.78 acres) of the Hot Springs Property for the purposes of developing a multi-unit affordable / workforce housing project (see attached proposal letter). The direction of the Commissioners present at the Work Session was to bring forth a Resolution of Intent for consideration that resolves to: “Approve and authorize subdivision of real estate owned by Archuleta County on Hot Springs Blvd in Pagosa Springs and lease 2.5 acres of said property for 99 years to the ACHA for the development of affordable housing.” If approved, the proposal would leave approximately 2.28 acres for other County governmental purposes.

The ACHA would like the Resolution of Intent passed by the Archuleta County Commissioners in order to expeditiously move forward with pursuing a multi-unit Low Income Housing Tax Credit (LIHTC) project as provided by IRS Code and overseen by the Colorado Housing and Finance Agency. The Resolution of Intent will assist the ACHA by manifesting the County’s support of the proposed project as it goes through the multi-layered steps for securing the tax credits.

The Resolution of Intent does not convey the property to the ACHA but signifies intent to subdivide the property so that 2.5 acres is made available to the ACHA for a long term lease. If the ACHA does not fulfill the requirements to secure the financing for the project or otherwise commence construction within a specified period time, the Resolution and the proposed lease become void.

Fiscal Impact
The immediate financial impact to the County would be associated with a request from the ACHA for the County to absorb the costs of a survey and subdivision of the property. Otherwise, the County will earn a token dollar per years for each year of the lease, if executed.

**Attachments**

- ACHA Proposal Document
- Resolution of Intent
- Map of Hot Springs Property

**Possible Commissioner Actions**

1. Move to approve Resolution 2018 - _____.
2. Move to NOT approve Resolution 2018 - _____.
3. Direct staff in other alternatives.
RESOLUTION 2018-____

A RESOLUTION TO APPROVE AND AUTHORIZE SUBDIVISION OF REAL ESTATE OWNED BY ARCHULETA COUNTY ON HOT SPRINGS BOULEVARD IN PAGOSA SPRINGS AND LEASE OF 2.5 ACRES OF SAID PROPERTY FOR 99 YEARS TO THE ARCHULETA COUNTY HOUSING AUTHORITY FOR THE DEVELOPMENT OF AFFORDABLE HOUSING

WHEREAS the Archuleta County Housing Authority (ACHA) is a duly constituted body corporate and politic formed under Colorado Revised Statutes §29-4-501, et seq.

WHEREAS the ACHA is endowed under the foregoing laws with powers to own, build, operate, manage and generally provide decent, safe, and sanitary housing for members of the workforce of Archuleta County and other needful members of the community,

WHEREAS it is apparent from observation, public comment, and professional study that the stock of housing in Archuleta County is currently inadequate to meet public need, and in particular the need for housing for working individuals, families and others with incomes at or below than the Area Median Income,

WHEREAS the Archuleta County Board of Commissioners has declared in previous Resolutions and other action lawfully undertaken after due deliberation in public meetings, and does hereby reaffirm, that as a matter of public policy action to encourage the development and achieve an adequate supply of affordable housing in the community is a priority of the Board of County Commissioners of Archuleta County,

WHEREAS the ACHA has proposed to develop an affordable housing project of approximately 40 multi-family units in downtown Pagosa Springs, and it appears that successfully undertaking that project as proposed will be an important addition to the supply of affordable housing in the community, will be of substantial benefit to many working individuals, families and others, and will be consistent with the declared public policy of Archuleta County,

WHEREAS the ACHA proposal, as presented to the Archuleta County Board of Commissioners, would utilize Low Income Housing Tax Credit (LIHTC) financing allowed by federal law and administered by the Colorado Housing and Finance Administration, which offers the significant ability to leverage local public financial support for an affordable housing project by attracting substantial commercial investment through federal tax credits,

WHEREAS the Board of County Commissioners of Archuleta County finds that the proposal by the ACHA to develop affordable housing in downtown Pagosa Springs with LIHTC financing will promote the health, safety and welfare of the citizens of Archuleta County,
WHEREAS a specific site suitable for the proposed development by the ACHA of affordable housing is needed,

WHEREAS Archuleta County is currently the owner of an approximately 4.8 acre tract of land on Hot Springs Boulevard in downtown Pagosa Springs, across the Boulevard from the Pagosa Springs Ross Aragon Community Center and Pagosa Springs Town Hall, said tract of land is a favorable location for the proposed development of affordable housing, and providing use of a portion of the land for the proposed development at nominal cost will be a substantial contribution by the citizens of Archuleta County to the goal of keeping the cost of the proposed housing low, and thus be consistent with the aforesaid public policy,

WHEREAS the ACHA has informed the Board of County Commissioners that the availability of 2.5 acres at the Hot Springs Boulevard site will be sufficient for the construction of the proposed affordable housing,

WHEREAS the ACHA has suggested that the 2.5 acres at the north end of the approximately 4.8 acre Hot Springs Boulevard tract (the end of the property closest to Pagosa Street) would be best suited for the construction of the proposed affordable housing; and,

WHEREAS the Board of County Commissioners in the passage of this Resolution, have considered Section 5.2 (C) entitled “Disposal of Real Property” of the Archuleta County Procurement Policy as amended and adopted by the Board of County Commissioners on August 17, 2009 and finds that such a transaction as the proposed lease to the ACHA is specifically contemplated in said Section 5.2 (C).

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ARCHULETA COUNTY that Archuleta County, in order to promote the health, safety and welfare of its citizens, shall and will lease the said 2.5 acres at the north end of the Hot Springs Boulevard property and all appurtenances to the Archuleta County Housing Authority for the development of affordable housing. Provided, further, it is the intent of the Board of County Commissioners that this Resolution be relied upon by third parties participating in the development with the ACHA of the proposed affordable housing project in order that steps to advance the project may be promptly undertaken.

BE IT FURTHER RESOLVED, the Archuleta County Surveyor shall promptly cause the Hot Springs Boulevard property to be surveyed into two parcels consisting of one approximately 2.5 acre parcel at the north end, and an approximately 2.3 acre parcel at the south end (said 2.3 acre parcel to be retained by Archuleta County for future use). A legal description of the 2.5 acres to be used for affordable housing shall be supplied to the ACHA as soon as available.

BE IT FURTHER RESOLVED, within thirty (30) days of receiving the County Surveyor’s survey and legal description for the approximately 2.5 acre parcel to be used by the ACHA, a lease for the said 2.5 acres shall be prepared demising said 2.5 acres and all appurtenances to the ACHA to have, hold and develop for multi-family affordable housing, and subsequently to lease units to suitable affordable housing tenants, under agreeable terms to include a lease term for tenancy of 99 years and an annual rental payable to Archuleta County of $1.00, with a right of
early termination reserved for Archuleta County if at least substantial progress to commence the construction of an affordable housing project on the property has not occurred within eight (8) years from the date of lease execution, said lease or a memorandum thereof to be thereupon recorded of public record with the Archuleta County Clerk and Recorder.

BE IT FURTHER RESOLVED, the Board of County Commissioners have considered that the Archuleta County Procurement Policy at Section 5.2 (C) requires the procurement of at least one appraisal prior to any disposition. However, Section 5.3 (B) of the Archuleta County Procurement Policy allows the Board of County Commissioners to consider the disposition of an asset such as the land being committed to lease herein, on a case by case basis. The Board of County Commissioners hereby declares that in this case, an appraisal is not necessary as it is the Board’s intent to support the ACHA’s efforts to develop an affordable housing project regardless of the fair market value of the land which the Board knows to be considerably greater than the lease rate contemplated.

PASSED AND ADOPTED this ___ day of October, 2018.

THE BOARD OF COUNTY COMMISSIONERS
OF ARCHULETA COUNTY, COLORADO

By: ________________
    Steve Wadley, Chair

ATTEST:

By: __________________
    June Madrid, County Clerk
Honorable County Commissioners  
Archuleta County Commission  
Lewis Street  
Pagosa Springs, Colorado 81147  

October 3, 2018

Dear Archuleta County Commissioners:

Attached please find the Archuleta County Housing Authority’s Summary Proposal for a Low Income Housing Tax Credit (LIHTC) project as authorized by the United States Internal Revenue Code. At a special meeting held by the ACHA board of directors on Wednesday, October 3rd, the board unanimously approved the proposal and view it as a significant step forward to realizing the county’s desire to provide affordable housing for our community.

As chairman of the board I enthusiastically present this proposal to you for your consideration and hope you too will see the merit in this proposal and will give it favorable and timely consideration. Said favorable commitment from the County Commission by October 16th would greatly help to expedite this important project.

Thank you for your time and support.

Yours truly,

John Egan,  
Chairman
MEMO TO: Archuleta County Housing Authority

FROM: Jim Garrett, Rose Walker, LLP

DATE: October 3, 2018

SUMMARY OF PROPOSAL FOR ACHA LIHTC PROJECT

This proposal is based on the assumption that 2.5 acres of Archuleta County land located on Hot Springs Boulevard in downtown Pagosa Springs, will be made available by the Board of County Commissioners to the Archuleta County Housing Authority (ACHA) for the construction of affordable housing, pursuant to a 99-year lease requiring nominal rent. It also assumes that the remaining 2.3 acres in the County’s total 4.8 acre tract of land at the site will be held by the County for other, unrelated public needs, compatible with the development of neighboring residential property.

This is not a detailed proposal; it is closer to an outline. Substantial work on legal documentation and negotiation of terms will be necessary to make this proposal a reality, and those expensive steps await certainty on the availability of a site. The ultimate project could involve elements not specifically addressed herein, but it is hoped this relatively simple proposal will provide an adequate explanation of how the project will occur, if it receives the support of Archuleta County.

The ACHA proposes to build multi-family affordable housing on the 2.5 acres as a Low Income Housing Tax Credit (LIHTC) project, authorized by the United States in the Internal Revenue Code. Under the Code, LIHTC projects are overseen by state agencies, in Colorado the Colorado Housing and Finance Agency (CHFA). LIHTC tax credits are available in limited volume, less than total demand, and are allocated by CHFA among proposed low income housing projects based on comparative merit under criteria that are beyond the scope of this memo but, in general, are intended to maximize delivery of affordable housing.

A LIHTC project must provide housing at rents appropriate for tenants with income levels at 60% area medium income (AMI) or less, and rent restrictions must remain in effect for at least 30 years (the required duration varies pursuant to CHFA criteria, and may continue up to 50 years). However, that requirement does not apply to the all housing units in the project, and potentially 40% or more of units (these requirements are also variable) could be at higher rent levels. In fact, as explained later in this proposal, the total financing package for a LIHTC project may require some higher-rent units in order to meet debt service requirements, even though the key element making low income housing feasible under LIHTC is that debt service requirements normally experienced in construction projects are substantially reduced.
It will be the intent of the ACHA to build housing at the lowest financially responsible rental levels feasible for success of the project. Its intent is driven by two factors: the needs of the community, and recognition that CHFA’s LIHTC selection process considers the expected magnitude of a proposed project’s contribution to a community’s supply of affordable housing, measured by range, duration and proportion of rent restrictions, in assessing the merits of competing LIHTC applications.

The ACHA anticipates that the multi-family, affordable housing to be constructed will consist of approximately 40 units, that will include a mix of sizes and rent levels. Potentially, sizes will be efficiency, one and two bedroom units, and rent levels will be offered for tenants at 40% or below AMI, 60% or below AMI and 80% or below AMI.

Ultimately, the actual mix will be decided based on a current market study gauging specific need and demand. The study will be performed as soon as possible after arrangements regarding the ACHA’s use of the land have been settled. (However, it cannot be performed too early: CHFA requires that an application to receive tax credits available under the LIHTC program must be supported by a market study performed within no more than six months). In addition, as previously suggested, cash flow needs of the project must be considered in fixing the overall mix, to assure financial feasibility.

The memo assumes the project would be organized through a limited partnership. Although it could potentially be organized in other forms, such as a Limited Liability Company, the legal advantages different organizational forms can offer (such as limited liability) seem likely to have little value in the context of organizing and financing a LIHTC project. A partnership appears likely best to meet the needs of the situation, because of the differing partner responsibilities and benefits.

Technical details of the implementation of a LIHTC project are beyond the scope of this proposal. In basic outline, following is a general description of the parties needed to carry out a LIHTC project, including their roles:

- **Sponsor** and (presumptively) the general partner, often a not-for-profit entity, like the ACHA – assembles land, brings parties together, submits LIHTC application to CHFA, oversees preparation and execution of an appropriate partnership agreement; retains a small piece of ownership in order for the property to have tax exempt status, and thus reduce operating costs.

- **Developer** – handles various project management responsibilities, from market studies through completion of construction, and provides (or secures) specialized professional expertise. A LIHTC developer is permitted to receive a fee of up to 15% of construction cost, payable at various milestones (except for a portion of the fee deferred until successful rental operation has been established). The developer responsibilities and fee can be shared among different parties; often there are co-developers, one having extensive experience in the business of LIHTC development, as CHFA considers such experience critical.
Investor – often a financial institution such as a bank or insurance company; it provides the majority of the capital needed to build the project by acquiring “ownership” from the sponsor/partnership, and the concomitant right to receive federal income tax credits allowed under the Internal Revenue Code (as well as expense write-offs for losses, which if the project is well-conceived should generally be limited to depreciation). Generally, the investor (or perhaps, investors) holds 99% ownership. From the perspective of the investor’s bottom line, the investment is like any other, in the sense that a return greater than the amount committed is expected; however, the return is exclusively in the form of the tax credit (plus tax-deductible depreciation of completed buildings for the period of the investment). Consequently, the project is not heavily burdened by the expense of debt service, which is a major feature enabling below-market rental rates.

Guarantor – provides liquid assets needed to attract an investor by providing protection against interruption of construction, and later against cash flow difficulties during the early period of rental operations. The guarantee is released after construction has been completed, and stable rental operations have been established. The amount of liquid guarantee needed is estimated at about 12-15% of cost. Experienced LIHTC developers have the ability to procure a guarantor. Other options may a public guarantor or a private sector “angel,” a third party hoping to earn public good will, or satisfy an unrelated public obligation. Other than that, CHFA may have some ideas of ways to deal with this requirement, or perhaps a guarantee bond could be purchased (although that would likely be expensive).

Rental manager, to run the project after construction is completed – on a long-term basis the manager would administer tenant eligibility requirements, prepare leases, collect rents and otherwise enforce leases, pay bills and be responsible for maintenance, record-keeping, budgets, and compliance with legal and regulatory requirements (e.g. inspections, audits, fair housing standards, and in particular, satisfaction of rent and eligibility restrictions which is essential for continued receipt of tax credits).

There are special characteristics of financing a LIHTC project that are also important to mention.

- The amount of the tax credits available to an approved project are based on the construction costs, divided over a period of 10 years pursuant to a formula which in theory should be 9% of the total cost a year, but in reality is often less. So if the construction costs for a project totaled a hypothetical $1 M, and an investor purchased from the developer the right to tax credits actually projected to be worth $850,000 over the period under the formula, the amount of capital paid in from the investor will be determined by the discounted present value of the right to receive that amount over time. So although the investor receives 99% ownership, that investment alone is insufficient to cover the construction cost, and some additional source of funding is required to fill in that gap.

- The gap funding may need to be supplied by multiple sources. Usually most is financed through use of the net cash flow from rental operations, which is the reason there may be a need for some higher-end rental units in a LIHTC project, to ensure financial
feasibility, as noted previously. CHFA or a bank may be able to provide the gap funds as a loan to the extent of the debt service capacity. Potentially the balance could be supplied by a grant from DOLA/Division of Housing.

- The partnership typically dissolves after 15 years (when tax benefits from depreciation are exhausted), and the investor relinquishes its ownership to the sponsor/general partner pursuant to a “right of first refusal” spelled out in the partnership agreement, which essentially provides for transfer of ownership in exchange for the general partner’s assumption of all liabilities (which in this proposal essentially boils down to assumption of the remaining debt for the gap financing.)

As the foregoing suggests, financing a LIHTC project is complex and carefully balanced to accomplish multiple objectives securely and efficiently. According to a consultant utilized by the ACHA, the daunting complexity of a LIHTC project often means that applications may not succeed on the initial attempt, and even when applications are successful, it typically takes a year from approval to ground-breaking.

The roster of partners in an agreement of the sort this proposal suggests would be suited to achievement of the ACHA’s LIHTC project follows; however, needs for the project’s successful implementation and completion will ultimately guide the final composition of the partnership:

1. General partner – the ACHA. Responsibilities in this capacity will be as described above. The ACHA would also likely participate as a co-Developer, in which capacity it will procure required studies to meet project requirements in satisfaction of federal standards, handle preliminary work, manage submission of the LIHTC application, and generally oversee implementation of plans and satisfaction of community requirements through the completion of construction. Thereafter, the ACHA would also function as the Project Manager after rental operations commence. It would need to retain a fractional ownership interest so that the property would qualify for property tax exemption, reducing costs.

2. Second co-Developer – as noted above, participation in a LIHTC project by an experienced LIHTC developer with a track record of successful project completion is considered essential by CHFA. An experienced developer will provide essential expertise tailored to the needs of the project, such as building design that will meet all regulatory standards as well as community needs and target market demand, and financial modeling necessary to establish a sound fit between anticipated rental revenue from completed housing units, and the available financing, as well as generally oversee project completion. Also, of critical importance is that experienced developers will participate in a sound LIHTC project in expectation of payment by the eventual developer fee, while fronting expenses for their work. ACHA anticipates that it will recruit such an experienced co-developer as its next task, once the certain availability for the project of specific land has been assured.
3. Investor – as described above; identity to be determined. An experienced developer with a good track record may have the ability to attract potential investors having good comfort with LIHTC projects.

4. Possibly the County (landlord) and guarantor could be parties to the partnership agreement, but paperwork could be simplified if they simply transacted with the Sponsor/general partner (ACHA) individually.

HYPOTHETICAL EXAMPLE (for illustration only, in very round numbers):

The following hypothetical assumes that the project would involve a plan to develop approximately 40 units in whatever configuration (building or buildings) best fits the site while serving the objective of financial responsibility. The accuracy of the figures relied upon in this hypothetical cannot be assured, so it can be relied upon only for illustration of how the project can be organized.

A possible mix of units is:

<table>
<thead>
<tr>
<th>Size (total 40 units)</th>
<th>AMI %</th>
<th>No. of Units</th>
<th>Rent mo. each</th>
<th>Rent mo. total</th>
<th>Rent annual total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency (total 10)</td>
<td>40%</td>
<td>5</td>
<td>$472</td>
<td>$2360</td>
<td>$28,320</td>
</tr>
<tr>
<td>Efficiency</td>
<td>60%</td>
<td>5</td>
<td>$708</td>
<td>$3540</td>
<td>$42,480</td>
</tr>
<tr>
<td>Efficiency</td>
<td>80%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>One Bdrm. (total 15)</td>
<td>40%</td>
<td>4</td>
<td>$505</td>
<td>$2020</td>
<td>$24,240</td>
</tr>
<tr>
<td>One Bdrm.</td>
<td>60%</td>
<td>5</td>
<td>$758</td>
<td>$3790</td>
<td>$45,480</td>
</tr>
<tr>
<td>One Bdrm.</td>
<td>80%</td>
<td>6</td>
<td>$1011</td>
<td>$6066</td>
<td>$72,792</td>
</tr>
<tr>
<td>Two Bdrm. (total 15)</td>
<td>40%</td>
<td>2</td>
<td>$606</td>
<td>$1212</td>
<td>$14,544</td>
</tr>
<tr>
<td>Two Bdrm.</td>
<td>60%</td>
<td>4</td>
<td>$909</td>
<td>$3636</td>
<td>$43,632</td>
</tr>
<tr>
<td>Two Bdrm.</td>
<td>80%</td>
<td>9</td>
<td>$1212</td>
<td>$10,908</td>
<td>$130,896</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>40% = 11</td>
<td></td>
<td>$33,532</td>
<td>$402,384</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60% = 14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>80% = 15</td>
<td></td>
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</tr>
</tbody>
</table>

In this mix, 62.5% of the units are intended for rental at rates set for AMI 60% or less. Rental rates are fixed by CHFA based on AMI, so the revenue numbers above are relatively reliable, assuming the available units can be readily rented. Adjusting the proportions of units intended for specific AMI levels or by sizes, will increase or reduce rental revenue. For example, a shift of a single one-bedroom unit from rental at the 80% AMI level to the 40% AMI level (so that five units of that size would be intended for all three income levels considered in the above table), the reduction in rental revenue would be $606/mo. or $7272/yr. As previously mentioned, the total revenue level for the project is important in view of the need responsibly to cover the debt service for the gap funding out of cash flow.
Assuming for the sake of discussion that 40 units and associated common areas would require 35,000 sq. ft., and the cost for construction and fixtures would be $180/sq. ft., the cost of building(s) would be $6.3 million. Additional costs for for parking, driveways, management/maintenance facilities, landscaping and a small park/playground might be approximately $1.7 million, and the developer fee $1 million, for a total project cost of $9 million exclusive of land.

It is suggested that at that cost, the previously mentioned tax credit formula, and the discount for present value, $7.5 million in tax credit financing could potentially be attracted. That would leave a funding gap of $1.5 million to build the project.

Based on the revenue projection in the above table, and operating expenses currently experienced by the ACHA with Casa de Los Arcos, if the operating expenses associated with this proposed project are increased by a ratio of approximately 2.5X to reflect larger size compared to Casa de Los Arcos, with some adjustments for variations based on different physical characteristics, it may be reasonable to assume for discussion that the proposed project will have expenses for operations plus a reasonable reserve in the range of $250,000/yr., which would yield a net cash flow to be devoted to debt service of approximately $150,000 yr.

A loan of $1.5 million to cover the gap for 20 years at 8% interest would require annual debt service payments of $150,600. So, based on these assumptions, the projected cash flow could be sufficient fully to close the funding gap after the tax credit investment. Of course, changes in the assumptions that may be needed to match financial reality with respect to construction costs or operating expenses might lead to a different conclusion. However, if additional funds are needed, a DOLA/DOH grant may be available to cover a part.

As noted at the beginning of this memo, this proposal is based on the assumption that County Commissioners will agree to a 99-year lease for 2.5 acres of the total 4.8 acre tract the County owns on Hot Springs Boulevard. However, this will require the parcel be surveyed and subdivided.

As the ACHA has no revenue stream to support the construction of new housing, it is able to utilize its expertise to undertake an affordable housing project only with public financial support. Archuleta County certainly well recognizes this reality, as it has already approved funding of $50,000 to enable the ACHA to begin the process that is intended to end with the completion of the LIHTC project proposed herein.

The $50,000 was originally requested by the ACHA several months ago, pursuant to a budget for start-up costs that was based on a proposal to use a parcel of land (then under discussion) owned by the Town of Pagosa Springs. The sum did not include funds for the process of subdivision of the Hot Springs Boulevard property, which was not then under consideration. The total request for funding as originally submitted was based on expenses for necessary items such as an environmental study, an appraisal, a market study, preliminary design work, professional services and training. To this point, in fact, a major part of the total sum requested and subsequently approved has already been committed to meet expenses for the foregoing items.
While as the discussion herein has noted, the ACHA anticipates that the larger start-up costs yet to come will be met by the professional co-developer to be recruited, additional expenses that certainly will be incurred by the ACHA itself in the course of the process leading to submission of its application to CHFA for approval of the project, can only be covered with the cooperation of the County and the Town.

Under these circumstances, the ACHA requests – assuming the County agrees to make the 2.5 acres under discussion available by lease – that it agree also to absorb the costs of a survey and subdivision in this instance.

Execution of a lease is not needed immediately from the perspective of the ACHA; that can be deferred until later this year following completion of the subdivision process. However, in order to provide tangible grounds to move the project forward timely to allow the preparation and submission of the LIHTC application to CHFA next June, it is essential for the ACHA to be able to demonstrate that it has (or will have) the necessary control over an identified piece of land as a basis for discussions with third parties. Therefore, it will be important that a survey be completed at an early date to identify particularly the tract of land to be leased, and that the Board of Commissioners resolve specifically to provide the land needed by an appropriate lease to be executed once subdivision is completed.

It should be noted that support by local government entities for a LIHTC project carries substantial weight in “selling” a proposal to CHFA. Certainly Archuleta County has already demonstrated its support in a major way, and its agreement to provide the land for the project will be a further substantial endorsement of great importance. The ACHA gratefully acknowledges the value of the County’s support already rendered, and is optimistic it will be continued, and be joined over time as well by valuable support in many forms to be provided by the Town of Pagosa Springs.