

HOUSING TRUST FUND ADVISORY BOARD

Meeting of November 20, 2014

The following board members were in attendance: Michael Brough, Kathy Davis, Stephanie Jensen, Rick Knuth, Rocky McCain, Marilyn Pearson, Amy Rowland and Shawn Teigen. Staff members in attendance were Todd Reeder, Housing Development Programs Specialist, Jennifer Schumann, Capital Planning Manager and Jan Davis, Administrative Secretary.

Chairperson Michael Brough called the meeting to order at 12:08 p.m.

The Board unanimously motioned to approve the October 23, 2014 minutes.

Administrative Updates

Mr. Todd Reeder said that the TenFifteen loan that was presented at the last meeting is in the process of working with a bank and anticipate coming back to the Board at the December meeting. Mr. Reeder said that the State Street Plaza project is beginning construction but still has a funding gap. The loan came back to the RDA and the HTF for additional funding as well as to extend their terms of the loan and request out of the LEED commitment. The costs have increased and they would like to obtain additional funding to help with the LEED commitment. Mr. Reeder said that staff is working directly with RDA to try to come up with a plan as the State Street Plaza is a great project for affordable housing.

Mr. Reeder said that the Housing Authority of Salt Lake City 9th East Lofts project is currently working with the RDA and waiting to receive tax credits. HASLC will be submitting a request for a HTF loan.

Consider a request from the Housing Authority of Salt Lake City for a \$750,000 loan to construct Taylor Gardens, a new 112-unit apartment project for seniors located at 1776 S. West Temple.

Mr. Dave Miner, Consultant representing Housing Authority of Salt Lake City was present to answer questions pertaining to the request.

Mr. Todd Reeder provided an overview of the project. Mr. Reeder said that the Housing Authority of Salt Lake City is requesting \$750,000 for a low income 112-unit housing tax credit apartment project for seniors. The average AMI for the affordable units is 44%. Mr. Reeder said HASL had been awarded tax credits last December. The project has had some redesign in order to bring down costs. Environmental issues have been resolved. HASL is seeking funding from the HTF and Olene Walker Housing Trust Fund in an effort to avoid paying higher interest rates. This will allow them to have more equity for future projects. Mr. Reeder said that Goldman Sachs has secured \$10 million for the project in equity. HASL has a commitment from the Utah Community Reinvestment Corp. as their long term lender. The HTF and Olene Walker funding will be the hard debts with a trust deed receiving monthly payments. Mr. Reeder said that based on cash flow, the soft debt will be HASL.

Mr. Reeder said the terms of the loan is a straight amortization for 2% interest for 30 years or as a balloon for another option to consider. Mr. Reeder indicated that the HTF loan will be in second position and the Olene Walker Housing Trust Fund in third position. Mr. Reeder explained why the HTF loan would be in second position. Mr. Reeder said the City can record a deed of trust if desired and will have second lien on project revenues. The OWHTF, the HASL's loan, land equity and tax credit equity will all be behind the HTF's loan.

The Board inquired about the trust deed and the HTF loan in second position. Mr. Reeder said that a subordination agreement can be worked out with all parties. Mr. Reeder said that when HASL applied for the loan, OWHT was okay with the third position. The Board agreed that if OWHT was okay with third position, then the Board is okay with HTF in second position.

Mr. Dave Miner confirmed when HASL applied for a loan with OWHTF, they were asked if being in third position was acceptable. The Board asked if OWHTF would agree to the HTF loan balloon at the expiration of the tax credits. Mr. Miner said they would be okay with that, as there would not be any additional risk for them. The loan would have to be refinanced at that time.

The Board inquired if a market rate study and appraisal was completed. Mr. Miner said there is a market rate study and an appraisal. Mr. Miner said that the lenders are comfortable with the appraisal. Mr. Miner said that appraisals have multiple values as a market project, a value as restricted and also a value at completion. Often value will be lower than the cost if there are tax credits. The Board asked about the parking structure and if the tenants are charged for parking. Mr. Miner said that affordable housing tenants are not charged. The charge for parking for market rates will fluctuate in order to keep the units occupied. The Board inquired how Goldman Sachs became an investor for the project. Mr. Miner stated that both the debt and equity was put out to bid and they were evaluated on an economic basis.

Ms. Marilyn Pearson motioned to approve the loan for \$750,000 at 2% for 30 years with an 18 year balloon and the SLC HTF would be in second position. Kathy Davis seconded the motion. All voted "Aye." The motion passed.

Administrative Updates

Mr. Todd Reeder said that the next HTF meeting is scheduled for December 18th. Mr. Reeder said that Mr. Jason Oldroyd from the Salt Lake City Attorney's Office will be present to discuss the Utah Open and Public Meetings Act requirements. HOME and HOPWA applications will be reviewed for funding and loan policies will be discussed

The meeting adjourned at 12:31 p.m.