

HOUSING TRUST FUND ADVISORY BOARD

Meeting of September 15, 2005

The following board members were in attendance: Curtis Anderson, Karen Cahoon, William Dalton, John Francis, Daniel Greenwood, Cara Lingstuyl, Kent Moore, Peter Morgan, and Nancy Pace. Staff members in attendance were LuAnn Clark, Director of Housing and Neighborhood Development, Sandi Marler, CD Programs Administrator, and Jan Davis, Administrative Secretary.

Chairperson Kent Moore called the meeting to order at 12:18 p.m.

Nancy Pace motioned to approve the April 7th minutes. Cara Lingstuyl seconded the motion. All voted "Aye." The motion passed.

Reconsider a request from Morse Health and Housing for a loan in the amount of \$300,000 at 3% over 40 years to rehabilitate some of the units in the Cedar Pointe Condominium/Apartment project located at 731 South 300 East. The project consists of 370 units, of which Morse Health and Housing now owns 224. Eight of the 370 units are owner-occupied, the remaining 362 are leased as apartments.

Mr. Jonathan Morse of Morse Health and Housing was present to answer questions pertaining to the project and address the complaints that were raised in the April 7th meeting concerning the Edison Place Apartment project.

The Board asked Mr. Morse to clarify the apartment/condo conversion. Mr. Morse said that it is a condo project but that the condos will be leased as apartments. Mr. Morse briefed the Board on how the rehabilitation would significantly improve housing for the existing and future residents. Mr. Morse said that there were additional improvements to the property to provide a more secure environment not included in the original budget.

Cara Lingstuyl asked Mr. Morse about his statement regarding that he received no compensation from the Edison Place project. Mr. Morse indicated that Morse Health and Housing's first payment that was received was contributed to assist in the closing and that the second installment consisting of the developer's fee was split with Utah Nonprofit Housing. Mr. Morse remarked that Morse Health and Housing's share went back into the property to complete the improvements.

A lengthy discussion followed in regard to no provision for the repayment of the City's loan in the proforma and original budget for the Cedar Pointe loan request. Mr. Morse did indicate that the budget will not increase for this project since the first mortgage is not as high as indicated on the proforma. The developer fee was discussed and the Board inquired if some of it had been paid, and if some it had been deferred. Mr. Morse replied that it was all deferred and that the City's loan will pay back the investors and complete improvements to the property. Ms. Lingstuyl inquired about the \$4,032 per month other income shown on the proforma. Mr. Morse said that this additional income would be in laundry from the 224 units.

The \$55.00 move in fee and the \$10.00 storage unit fee for Edison Place were discussed. Mr. Morse stated that no \$55.00 fee had ever been charged to the residents but that there is a \$10.00 storage unit fee. Ms. Lingstuyl was concerned that the residents did not receive appropriate notification before the rehab., particularly no assistance was made available to them to move. Mr. Morse said notice was sent to the residents one week before the start of the interior work. Mr. Morse said that the contractor Kier Construction, at significant time and expense, moved the property for some of the residents due to their physical condition or if they failed to move their possessions on their own.

The Board expressed concern that the residents did not receive satisfaction from the rehab. and asked how the process of work orders for repairs are handled. Mr. Morse explained the work order process and that maintenance responds immediately. The Board asked about the current occupancy rate for Edison Place, and Mr. Morse responded that the average occupancy rate today is 93%-94%, and at the time of purchase it was below 80%.

Kent Moore, Chair, asked the Board to specifically discuss the Cedar Pointe loan and not the previous project issues. The Board resumed their discussion on the financial structure of the Cedar Point loan particularly evaluating the developer fee. Average developer fees, and how developer fees are established and deferred were discussed. The HTF loan would allow Morse Health and Housing to repay their obligation to the investors, however, repayment is not immediately due.

Curtis Anderson motioned to deny the loan request for \$300,000 based on the fact that the loan would be used for the developer fee and as a source of repayment to investors not requiring immediate repayment. Cara Lingstuyl seconded the motion. Curtis Anderson, Karen Cahoon, William Dalton, John Francis, Daniel Greenwood, Cara Lingstuyl and Peter Morgan voted to deny the loan request. Nancy Pace voted in opposition to deny the loan request. The motion passed.

Peter Morgan said he was in favor of approving a smaller amount and motioned to approve the loan request at \$100,000 at 3% for 20 years. Mr. Morgan felt that \$100,000 is a reasonable token that would represent the City's support for the project in meeting the goals for preserving affordable housing. William Dalton seconded the motion. A short discussion followed regarding Mr. Morgan's motion. All voted "Aye" with the exception of Curtis Anderson and Cara Lingstuyl who opposed. Karen Cahoon and Daniel Greenwood abstained from the vote. The motion passed.

Update by LuAnn Clark

Ms. Clark informed the Board that the City Plaza project at 134-164 South 200 East was on hold since the property owners had sold the property. The Board had approved a loan for the City Plaza project in the amount of \$850,000 in July 2004. Ms. Clark said Mr. Kevin Keating had informed her he was still working on the City Plaza project. She added that a local developer had also acknowledged interest in the property but no contract with the owner for the property has been negotiated. Ms. Clark said she had informed Mr. Keating that any significant changes to the approved project would have to be reconsidered by the Board and promised to keep the Board updated on this issue.

Ms. Clark said that Liberty Wells Retirement Community project will be having their open house in November. The Rosewood Project by Salt Lake Neighborhood Housing Services has closed and NHS is now in the project planning process. The guarantee issues with Claudia O'Grady's property on 700 South and 200 West (Angelina's Corner) have been resolved and they are moving forward.

Ms. Clark said that Ben Logue, who is involved in historic renovation, is in the process of purchasing a building for reconstruction and may be submitting an application in either October or November.

Schedule next meeting

The next HTF Advisory Board meeting is scheduled for Thursday, October 20, 2005. A tentative meeting was scheduled for Thursday, December 8, 2005 to review applications for funding for ADDI, HOME and HOPWA.

There being no further business, the meeting adjourned at 1:32 p.m.

