

HOUSING TRUST FUND ADVISORY BOARD

Meeting of April 14, 2009

The following board members were in attendance: Curtis Anderson, Joe Gallegos, Rick Knuth, Elly Muth, Nancy Pace, Faina Raik and Shawn Teigen. Staff members in attendance were LuAnn Clark, Director of Housing and Neighborhood Development, Sandi Marler, CD Programs Administrator, City Council staff Janice Jardine and Jan Davis, Administrative Secretary.

Chairperson Curtis Anderson called the meeting to order at 12:15 p.m.

The Board unanimously motioned to approve the February 19th minutes.

Consider a request from Cowboy Partners, L.C., on behalf of Liberty CityWalk for a \$500,000 loan at 2% interest with interest only payments for years one through five and a 40-year fully amortized debt service schedule beginning with year six. The loan will be repaid in full at the end of year 45. The applicant is also requesting the Lender and Borrower agree to renegotiate a payment schedule if the development's debt coverage ratio (DCR) on debt with foreclosure rights falls below 1.0. The project will be located at 280 East 200 South.

Mr. Dan Lofgren, President & CEO of Cowboy Partners was present to provide details and answer questions pertaining to the request.

Mr. Lofgren presented an overview of the project and stated that the location is in proximity to mass transit, retail and commercial services. Mr. Lofgren said that CityWalk will be a sister property comparable to two other properties they recently developed in the downtown area and provided a brief description of Liberty Midtown and Liberty Metro. Mr. Lofgren stated that CityWalk will be an important part of the housing community in downtown Salt Lake and that the project achieves affordability with rents that are considered lower than the existing market. Mr. Lofgren said that all eighty units will be income restricted units and that five of the units will be transitional units for the homeless with incomes at 25% or less of AMI, and that the remaining seventy-five units will be for incomes earning between 35 and 40 percent of AMI.

Mr. Lofgren stated that because the value of the tax credits for the project has declined, they are looking to the Housing Trust Fund to fill the gap in the project financing. Mr. Lofgren said that they have applied for funding to the Salt Lake County HOME funds and are confident they will receive the funding. They are also planning to apply for funding from the Olene Walker Loan fund. Mr. Lofgren stated that the project will be managed by an on-site manager and that they adhere to good management principles.

The Board asked what the current dollar amount is in the HTF fund. Ms. Sandi Marler said the HTF fund has \$4.5 million. The terms of the loan was discussed. The applicant is requesting that the loan documents include language that the borrower and lender will agree to renegotiate a payment schedule if the development's debt coverage ratio on debt with foreclosure rights falls below 1.0.

With regard to covered parking, the Board asked if there would be additional rent for a parking space. Mr. Lofgren replied that the parking is included as part of the rent. The one bedroom units will be provided with a parking space and the balance of the parking spaces will be designated to the higher tiered rental studios. Mr. Lofgren said that the location for CityWalk provides ready access to Trax, neighborhood shops, merchants and most are within reasonable walking distance.

The Board asked if there would be units for the disabled. Mr. Lofgren said that the project follows the Fair Housing guidelines whereby 2% of the units will be fully accessible and the balance of the units visitable. Mr. Lofgren explained that as part of the overall mix they strive to accommodate the different disability needs and the extra costs to construct these units.

The Board inquired about the letter from the architect in regard to the request of waiver requiring that the project be built to LEED Certification Standards. Mr. Lofgren said that the project meets many of the LEED Standards and sustainability but the increased construction costs would be prohibitive and beyond funding capacity. Ms. LuAnn Clark stated that there has been discussion at City Hall that for some affordable housing projects, LEED Certification may not be financially feasible. Ms. Clark said that if the Board approves the loan, the waiver request will need the final approval from the City's Building Director, Engineering Director and Purchasing.

A discussion followed in regard to the project funding, the funding sources and clarification on the debt service. In order to fulfill the funding gap, it is likely the developer fee will be deferred to make the project viable. Mr. Lofgren said he feels confident they will qualify for funding from the recent stimulus package for Utah Housing as they have been awarded tax credits.

Amortization of the loan was discussed. Mr. Lofgren said that he would need approximately 24 months of interest only during the construction phase, and when the property is stabilized, a 40-year amortization.

It was acknowledged that the loan would have to be renegotiated if the applicant was to sell the property after the tax credits expire in 15 years. The reserve account was discussed and how the account will help to keep the property a desirable community for many years. Although the Board expressed a concern with the length of the term, they were in favor of the project.

Shawn Teigen motioned to approve the loan request for \$500,000 at 2% interest per annum, with interest only payments for two years and a 38-year amortized loan. Nancy Pace seconded the motion. All voted "Aye." The motion passed.

Update by LuAnn Clark

LuAnn Clark said that there will be a meeting scheduled in May to discuss an application from Jonathan Morse of Cedar Pointe Partners. Ms. Clark indicated that upon receiving the impending analysis report from the Housing Authority regarding their management fees, the Board will be notified of the next meeting date.

Ms. Clark said that the YWCA loan had been approved by the City Council. The Smith loan request has not been scheduled for City Council but the Mayor has recommended approval.

There being no further business, the meeting adjourned at 1:12 p.m.