



**Olene Walker Housing Loan Fund
Electronic Board Meeting
July 17, 2023, at 9:00 AM
Department of Workforce Services
Via Zoom Link**

<https://utah-gov.zoom.us/j/89609107924>

Members Present

Jason Wheeler
Marty Henrie
Mike Glenn
David Snow
Jed Nilson
Kip Paul
John Lindsay
Mayor Logan Monson

Representing

Housing Advocacy
Mortgage Lender
Rural
Mortgage Lender
Homebuilders
Real Estate
Rental Housing
Local Government

Excused Board Members

Beth Holbrook
Mayor Dawn Ramsey

Staff

Christina Oliver	HCD – Director
Jennifer Domenici	HCD – Assistant Director
Dan Murphy	HCD – OWHLF
Jess Peterson	HCD – OWHLF
Daniel Herbert-Voss	HCD – OWHLF
Kaylee Beck	HCD – Finance
Carver Black	HCD – Finance
Stacey Herpel	HCD – Administration
Sarah Nielson	DWS – Communications
Chris Boyadjian	Contracts Team

Visitors

Sheila Page	Attorney General's Office
Sharla Weaver	Attorney General's Office
Brian Swan	Attorney General's Office
Gerald Burt	

Sam Evans

Chris Zarek
Zack Jones

I. Welcome

The Olene Walker Housing Loan Fund (OWHLF) Electronic Board Meeting was held electronically via Zoom Webinar. Jason Wheeler called to order at 9:06 am.

II. Public Comment:

None

III. New Business

Item 1: Existing Multifamily Projects

1. Liberty Corner Apartments - (SLC) Reduced Units, HTF Funds Request – Cowboy Partners – Chris Zarek and Zach Jones

Project is new construction of 161 units - 86 2BR, 65 3BR, and 10 4BR, all affordable - in a single 7-story building with the first two levels containing structured parking. Project located on five parcels totaling 2.21 acres containing commercial businesses that will be demolished. Project located within walking distance of the UTA TRAX Ballpark station, and on the 300 West shopping corridor. Focus is on larger-unit family-oriented housing with all 2-, 3-, and 4BR units. Amenities will include a fitness center/gym, clubhouse w/lounge, game area, kids' room, an outdoor pool with open space, and a playground. Project will have 14 Type A accessible units minimum. Zoning is presently CG-General Commercial, for which multifamily housing is permitted use without a conditional use permit. Project was awarded \$42.2 million in PAB tax-exempt bonding and 4% LIHTC at January 11, 2023, PAB meeting, and was previously awarded a \$1M OWHLF HOME loan at the January 19, 2023, OWHLF meeting. Returning to request an additional \$1M in HTF funds for project.

Project is eligible for both requests under current PG&R subsidy limits; project has 12 units at 30% AMI. The total number of units was reduced from 172 to 161, although there are 5 more 4BR units in this version. OWHLF funds are requested on a surplus cash flow basis, as are all loans requested following the Zions Bank fully-amortizing first mortgage – if all following loans CF, DCR 1.246, CF \$2,256/unit. The original HOME loan was awarded as a fully amortized loan. All costs have increased since the January 2023 application, as has the interest rate on the primary debt. OW loans have moved from second to shared fourth-lien position, with Zions Bank, SL County, and SLC loans ahead in position. If all loans F-A, DCR 0.979, CF -241.58/unit. With HOME funds from SL County (2 loans - 1 ARPA) and OWHLF HOME funds, Davis-Bacon will be required with a total of 22 HOME assisted units. The entire developer fee is deferred, and equity in the previously purchased land is included in the funding.

Fund \$2,000,000 of HTF funds as a surplus cash flow loan instead of previously approved \$1M HOME loan and approve the reduction in number of total units from 172 to 161. The loan will have a minimum payment of \$1,000.00 to cover OWHLF loan servicing costs. Funding contingent on all other funding sources as listed in the Application, and construction to Energy Star 3.0/minimum HERS standards. Source of funding determined

at discretion of HCD/OWHLF staff as needed, and subject to funding availability. Deed restriction to show a total of 12 OW assisted units restricted for 40 years minimum.

Motion to approve staff's recommendations by Jed Nilson second by Logan Monson. Motion carries and passes by roll call vote Jason Wheeler, Mike Glenn, David Snow, Jed Nilson, Kip Paul, and Logan Monson approved. Marty Henrie abstains and Dawn Ramsey, John Lindsay, and Beth Holbrook Absent.

2. Syracuse Affordable (Syracuse) – Loan Modification – Sam Evans

Project is new construction of 300 units – 60 1 BR, 180 2 BR, 60 3 BR, all affordable on 21.8 acres of vacant land near 1700 West 300 South in Syracuse with two types of buildings: 1.) Five 3-story 24-plex garden style walkup buildings with 1- and 2-bedroom units, and 2.) Thirty two-story townhome 6-plex buildings with 120 2 bedroom and 60 3-bedroom units. The project will have a minimum of 15 Type A fully accessible units. The project will be located in a predominately residential area with some industrial and commercial properties, and a local charter school along Utah State Route 193. Amenities will include on-site management offices, community swimming pool, spa, sundeck, barbecue grills, and an exercise facility. Zoning was recently changed from A-1 Agricultural to MXD – Mixed Use Development, for which multifamily residential is a permitted use. The developer applied for \$45 million of tax-exempt bonding and \$3.975 million of 4% Federal LIHTC from the PAB and was awarded the full amounts on July 13, 2022. Project awarded \$1 million of PAB gap state funds at the October 20, 2022, OWHLF meeting, and \$2 million of HOME funds at the April 19, 2023, OWHLF meeting.

The project is eligible for the PAB gap funding awarded in October 2022; requested and was awarded \$2M of HOME funds in April 2023. Rents as originally structured are too high for applicable HOME limits – a total of 10 units require AMI-based rents to be reduced as follows; 2 1 BR units at 47.29%, 6 2 BR units at 48.85%, and 2 3BR units at 58.76%. To offset that, 2 1BR, 6 2BR, units set at 70% AMI. With that rent structure, DCR and cash flow are reduced slightly to 1.15 to 1.149 and to \$1,406 from \$1,421/unit. Units are a combination of garden-style and two-story townhomes, which are in high demand in the area. The project will be a part of a larger mixed-use development which includes a regional hospital, office space, retail space, and other affordable housing, which will be within convenient walking distance of this project. The developer has requested that the cash flow loan payments on both loans be capped at an annual maximum payment equivalent to the fully amortizing payment of \$46,182 for WHE2006, and \$92,364 for HMP2031, for a combined amount of \$138,546.

Staff recommendation is to cap the maximum surplus cash flow payment for WHE2006 at \$46,182 and for HMP2031 at \$92,364 as requested, representing the equivalent of a fully amortizing payment for each loan. Maximum total payment for both loans will be set at \$138,546, with one-third of surplus cash flow to WHE2006, and two-thirds of surplus cash flow to HMP2031.

Motion to accept staff's recommendations on this project by Marty Henrie, second by Jed Nilson. Motion carries and passes by roll call vote Jason Wheeler, Marty Henrie, Mike Glenn, David Snow, Jed Nilson, John Lindsay, Kip Paul, and Logan Monson approved. Dawn Ramsey and Beth Holbrook Absent.

3. TenFifteen Apartments - (SLC) – Loan Modification – Gerald Burt

The project was new construction of 15 studio and 39 1 BR units, of which 6 studio and 5 1BR are affordable at 50% AMI in a single four-story building in the western Ball Park community area, completed in 2018. Amenities included indoor bicycle parking/storage, clubroom facilities on the fourth floor, 30 indoor storage units available

for rent, and an onsite leasing office on the first floor, The project was awarded a \$200,000 OWHLF loan in July 2015 that was changed by request of the developer to a surplus cash flow loan at the March 17, 2016 quarterly meeting. The project has recently (2021-2022) refinanced the original Bonneville Real Estate Capital HUD-insured 221(d)(4) 40-year mortgage loan with a new Harper Capital HUD-insured 223(a)(7) refinancing 2.75% 40-year loan, and would like to change the OQHLF payment to a fully-amortizing equivalent payment of \$10,228.00 on an annual basis, remaining as a surplus cash flow since a maximum payment amount is not defined in the existing Trust Deed Note, only a minimum of \$1,000.00 to cover OWHLF loan servicing expenses.

The project total costs are from the final cost certification provided at project closeout dated April 30, 2018. Operating expenses are an average from the 2019-2021 audited financials submitted to OWHLF to date. Remaining loan principal balance is \$190,390.51, and owner paid all outstanding deferred interest of \$26,097.60 as of the date on February 17, 2023, and \$1,201 with additional fees, and market 1BRs are \$1,125 base rent and \$1,376 with additional fees; HUD Fair Market Rent currently \$1,051 for studio and \$1,258 for 1BR, 20% of the units are affordable units, with rents set to 50% AMI, and consist of 6 studios and 5 1BR units. Rents have increased significantly since 2015 – at 50% AMI, studios were \$632 and 1 BRs were \$677 and currently they are \$896 and \$960 (before utility allowance); market units were \$720 for studios and \$788-\$828 for 1BRs.

Staff recommendation is to change WHE1510 back to a surplus cash flow loan in accordance with HUD 223(a)(7) requirements, with a maximum annual payment set at \$10,228 as requested, representing the equivalent of a fully amortizing payment for the loan.

Motion to accept staff's recommendations on this project by Marty Henrie, second by David Snow. Motion carries and passes by roll call vote Jason Wheeler, Marty Henrie, Mike Glenn, David Snow, Jed Nilson, John Lindsay, Kip Paul, and Logan Monson approved. Dawn Ramsey and Beth Holbrook Absent.

Next Quarterly Board Meeting: October 19, 2023
Motion to adjourn by Jason Wheeler at 9:32 PM