

Olene Walker Housing Loan Fund Board

Meeting Minutes

February 16, 2024

1:30 pm – 2:00 pm

Location: Department of Workforce Services

140 East 300 South

SLC, UT 84111

Conference Room 211

Via Zoom Link

The following links will take you to the public materials which were shared throughout the meeting which may be helpful while reading through the minutes.

Link to the agenda:

<https://www.utah.gov/pmn/files/1084225.docx>

Link to the audio recording:

<https://www.utah.gov/pmn/files/1086777.m4a>

Members Present and Representation:

Beth Holbrook - Transit-Oriented Development

Marty Henrie - Mortgage Lender

Mike Glenn - Rural

David Snow - Mortgage Lender

John Lindsay - Rental Housing

Jason Wheeler - Housing Advocacy

Tyler Jensen -

Kaitlin Meyers -

Excused/Absent:

Jed Nilson - Homebuilders

Mayor Dawn Ramsey - Local Government

Kip Paul - Real Estate

Steven Bond -

Mayor Logan Monson - Local Government

Staff Present:

Christina Oliver - HCD Director

Jennifer Edwards - HCD-Assistant Director

Dan Murphy - HCD-OWHLF

Janell Quiroz - HCD-Administration

Daniel Herbert-Voss - HCD-OWHLF

Katy Halterman - HCD OWHLF

Interested Parties and Guests:

Mike Osmund (Utah Housing Corporation)

Ashleigh (Uintah Basin Housing)

Claudia (Utah Housing Corporation)

Elliott Lawrence

Agenda Item	Discussion	Recommendations/ Actions
Welcome	I. Beth Holbrook welcomed the Committee	
Public Comment	No public comment	

**NEW
BUSINESS:**

Dan Murphy

I. Unity Place Apartments (Vernal/Uintah County) – Uintah Basin Housing – Requesting Approval for Utah Housing Corporation to Purchase Project and Outstanding OWHLF Loan

A. Project Description:

This project was a new-construction project of 22 units – 14 2BR and 8 3BR units, all affordable – in four two-story townhome-style buildings constructed in 2008.

Project was awarded 2005 9% Federal LIHTC in October 2004. Project was approved for the OWHLF loan of \$451,040 at the December 15, 2004, OWHLF quarterly meeting at 1.5%; interest rate was later reduced to 0.50% at the July 18, 2019, OWHLF meeting by request of the developer.

The original loan from Wells Fargo Bank of \$203,246 had a 30-year amortization with a 15-year call, with the maturity date set at August 31, 2023. A modification agreement completed in September 2008 changed the maturity date to November 29, 2023. Even with the \$152,000 secondary OWHLF loan that was approved by the OWHLF Board on October 19, 2023, the property has gone into foreclosure and Utah Housing Corporation is offering to purchase the property, pay off the primary loan, and assume the outstanding OWHLF loan.

Project construction costs shown are from the 2008 final cost certification; project operating expenses are based on the 2018-2022 financials reported to OWHLF staff, with the last independent audit completed for 2018, and unaudited financials submitted thereafter. However, what is currently show is based on the proposed rent restructuring with increased revenues. The 5-year average revenue has been \$62,960, with average operating expenses of \$73,106 before debt service.

Project vacancies and uncollectible debt have been much higher than usual, although the property is now fully occupied. Rents had not been increased for 8 years, so a rent increase of \$100 was implemented in September 2023, with another \$150 increase scheduled for March.

Using the five-year revenue numbers reported to OWHLF staff, the equivalent vacancy to result would be over 65%, resulting in a negative DCR of -0.368 and negative cash flow of -\$2,119.41 per unit. The current balance of the OWHLF loan is \$332,197.23 as of February 6; payment history has been somewhat sporadic over the past several years, with the most recent payment made on December 1, 2023; however, no payments have been made since, so payments are again several months behind.

The impending foreclosure underway would likely mean that these units would no longer be affordable upon resale with the deed restriction being released, likely causing many of the current residents to leave since they would not be able to afford market-rate rents.

II. Staff Recommendation:

Approve the purchase of Unity Place by Utah Housing Corporation, including the assumption and transfer of the existing OWHLF loan #HMO919 from Uintah Basin Housing to Utah Housing Corporation, to preserve the 22 affordable units.

	<p>III. Board Members, Staff, Uintah Basin Housing and Utah Housing Corporation Q&A Discussion:</p> <p>Why Have the rents not been raised in many years? (HUD determines rents)</p> <p>How are our other projects being managed by Uintah Basin Housing? How do we protect our additional projects? Is this foreclosure indicative of mismanagement on the part of Uintah Basin Housing? (Uintah Basin Housing has been and will continue to be a great partner, our other projects with them are flourishing. Uintah Basin Housing has been very transparent about the problems with occupancy rates and funding issues. The issues with this property are mostly due to the economic environment of Vernal and the exodus of residents due to employment instability.)</p> <p>How will Utah Housing Corporation turn things around? (New property management company will be more aggressive with keeping the units occupied, turning over and repairing vacant units quickly and collecting rent, additionally we will find ways to increase rents both gradually and immediately, and improve the “bad quality of life” issues that are impacting the residents right now.)</p> <p>What are the “Bad quality of life” issues? (We have had reports of utilities being shut off, common area neglect, landscaping neglect, outdoor amenities not being maintained. Also just general maintenance that is not being addressed immediately like water leaks. The Uintah Basin assistance counsel is understaffed and couldn’t keep up with the needs of the facility.)</p> <p>With this change can Olene Walker be assured that payments will be made and utilities kept on better than in the past? (Absolutely)</p> <p>If change takes several months, who will cover the deficit? (Utah Housing Corporation is bringing cash to the table to meet operating expenses)</p> <p>Will Utah Housing Corporation maintain the property long term or stabilize and then find another nonprofit to take over? (Utah Housing Corporation will stabilize the property, stopping the foreclosure and ensuring the preservation of the 22 affordable units and then seek to move this property to another nonprofit for the long term.)</p> <p>Do we have a current appraisal or another way to value the property? I’d like to know how underwater/if it’s underwater? (Once Utah Housing Corporation has been approved they will order the appraisal, it’s doubtful that the property is underwater, it just has outstanding debt. They are just going to take the asset, clear off the 1st lien debt and start moving from there.</p> <p>Board members comment and agree with one another about this being a great option. We allocated 152K in October and did that not go anywhere toward stabilizing the financials of this property? (We did not move forward on the contract that was approved in October and we will not move forward on that contract.)</p>	<p>Motion for approving the purchase of Unity Place by Utah Housing Corporation, including the assumption and transfer of the existing OWHLF loan #HMO919 from Uintah Basin Housing to Utah Housing Corporation.</p> <p>Motion made by Mike Glen.</p> <p>Motion seconded by David Snow.</p> <p><u>Voting as follows:</u></p> <p>Yes</p> <p>Chairwoman Holbrook Board Members Snow Henrie Lindsay Glen Wheeler Jensen Myers</p> <p>No</p> <p>None</p>
<p>Adjournment</p>	<p>Thanks to everyone for their flexibility in assembling and acting fast to stop the foreclosure and save these affordable units in this emergency session.</p> <p>Next meeting will be Thursday April 11,2024 from 9:00 am -11:00 am</p>	<p>Beth Holbrock called for a motion to adjourn. Marty Henrie motioned. Jason Wheeler seconded. Affirmative vote from all. Meeting adjourned.</p>