

SALINA CITY CORPORATION
WORK MEETING
April 10, 2024

COUNCIL AND STAFF PRESENT:

Mayor Jed Maxwell
Earl Taylor
Jon Maxwell
Kevin Mickelsen
Randy Christiansen
Allen Tietjen

Ashlee Larsen, City Recorder
Kathy Maxwell, City Treasurer

Visitors: Ross McClintock & Parker Roberts- Colliers, Matt Duke- Castlewood

AGENDA TOPICS: Castlewood future development

Mayor Jed Maxwell called the work meeting to order at 7:55 p.m. at the Salina City Hall to discuss Castlewood future development. **Ross McClintock** presented paperwork to Mayor Maxwell and City Council, regarding the Castlewood Project. **Matt Duke** from Castlewood stated the original proposal was discussed with Salina City for the past couple of years. This is a 7–10-year project to construct 400 units. Due to interest rates and construction costs rising, it's been hard to receive equity investors. **Duke** stated Castlewood would like to get started with 48 LIHTC units which stands for low-income housing projects. In an effort to incentivize the development and preservation of affordable rental housing in the United States Federal Tax Credits can be applied towards subsidize construction housing for low- and moderate-income tenants.

If Salina City qualifies and is granted federal tax credits the grant will fund up to 70 % of the project. To qualify the main requirement is a minimum of 40% of the units are occupied by tenants with an income of 60% or less of AMI.

Duke stated for this project Castlewood is proposing 24 units will be restricted for 60% of area median income (AMI) 24 units are market rate. **Duke** reviewed page 2 with Mayor and Council mentioned if someone was to rent a 1-bedroom apartment the market rent amount per month is \$1,225.00 and with the LIHTC rent for a 1-bedroom unit amount per month \$1,031.00.

Duke stated there is an application deadline in June and Castlewood will take care of the application and fees. If it is a yes and they qualify and are awarded the tax credits the project must begin at the end of calendar year 2025. The purpose of this program is to try and get as many homes constructed all over Utah. There is a specific amount of money set aside for rural counties.

Duke mentioned when they did the market study in this area there is a strong demand for housing units. **Allen Tietjen** asked if there will be a mix of apartment complexes. **Duke** Stated yes, a 1-, 2-, and 3-bedroom apartments. **Duke** stated right now it's 6-1-bedroom units, 12-2-

bedroom units, and 6-3bedroom units. **Duke** stated Castlewood wants input from Salina City. **Jon Maxwell** asked what the design of the apartment complex looks like. **Duke** stated these will be designed as class A market rate apartments. The Mayor and Council discussed the pros and cons of the LIHTC rent. **Mayor Maxwell** stated Salina City needs to construct housing that residents can move into and take jobs that will meet the required annual income. **Mayor Maxwell** stated the first 48 units will be constructed and 24 of those units will require the LIHTC rent. **Duke** stated when this housing comes to Salina City it could easily attract more commercial jobs.

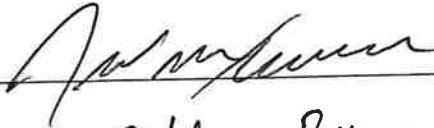
Parker Roberts from Colliers stated he has worked with Castlewood Development for the past 3 years, and they are very qualified developers. **Roberts** stated Colliers did a market study of Salina City and could see an opportunity for housing development. Castlewood has spent the past 6 months figuring out how to finance a project that would make sense. Castlewood came to the solution of constructing 48 doors with the LIHTC Grant and receive financing for the remaining complex. **Allen Tietjen** asked if Castlewood has pitched this housing units to any investors. **Roberts** stated yes, Castlewood has pitched this investment to a family office. They have not pitched to their institutional investors they generally write 30-to-50-million-dollar checks. **Roberts** stated right now they are having a hard time with investors with the current cost of construction and interest rates. **Duke** said the hope is Castlewood can show Salina City how great this project is, but there will need to be a change in the market. **Duke** stated if they can prove the class A multi-family units can be rented.

Mayor Maxwell stated when Colliers performed the market study Salina City vacancy rate is zero. **Earl Taylor** asked how long the LIHTC rent will be locked into place and if the rate will fluctuate at any time. **Duke** said around 30 years and yes, as the average income in the city rises the rate will increase.

Mayor Maxwell asked if Castlewood will be bringing any amenities with the apartment complex. **Duke** stated they haven't finalized the amenities, but they would also like Salina City's input in the process. Castlewood has thought about installing a clubhouse and swimming pool. The Mayor and Council discussed different types of amenities that would work best for the apartment complex. **Duke** stated the application date for the LIHTC grant will be on June 10, 2024, and Salina City should know by August if it is accepted. **Duke** stated for the application they will need to show there is an agreement with Salina City that has land available. Castlewood and Salina City will need to come up with a development agreement together. **Mayor Maxwell** agreed there needs to be a development agreement in place and Salina City will need to know what the acreage is that is required for the apartment complex. **Mayor Maxwell** stated logistics needs to be discussed before any agreement is in place. **Ross McClintock** spoke of other rural housing grants Salina City could potentially qualify for and suggested not putting all our eggs in one basket. **Duke** stated he would like to sit down with his partners and figure out how to make this project work for everyone. **Mayor Maxwell** asked about the LIHTC grant covering 70% of the grant does it include infrastructure. **Duke** stated he will need to investigate this grant further. **Mayor Maxwell** suggested moving forward with applying for the grant and looking into other rural housing grants. The Mayor and Council discussed other rural housing projects in Sevier County and the pros of cons and the lack of housing in our area. **Duke** stated he will be in contact with Salina City once Castlewood applies for the LIHTC housing grant. **Mayor Maxwell** thanked Colliers and Castlewood for coming to Salina City Council.

Earl Taylor motioned to adjourn the work meeting at 8:45p.m. **Randy Christiansen** seconded.
Motion carried 5 to 0.

Date 4/24/24

Mayor 

Date 4/24/24

City Recorder  Ashley Larson