

# PRIVATE ACTIVITY BOND AUTHORITY ELECTRONIC BOARD MEETING

Governor's Office of Economic Development  
Salt Lake City, Utah

## MINUTES

Tuesday, February 21, 2012

### **Members Present**

Christopher M. Conabee (Chairman)  
Richard K. Ellis (via phone)  
Grant S. Whitaker (via phone)  
Meghan Holbrook (via phone)  
Kyle Kershaw (via phone)  
Steve Rawlings (via phone)  
Michael Jensen (via phone)  
Lee Gardner (via phone)

### **Representing**

Governor's Office of Economic Development  
State Treasurer  
Utah Housing Corporation  
Utah State Board of Regents  
City of South Salt Lake  
Davis County  
Tooele County  
Salt Lake County

### **Excused Members**

Wayne Parker

Provo City

### **Staff and Visitors**

Roxanne Graham  
Jenni Osman  
John Brereton  
William Loos  
Ben Logue

Governor's Office of Economic Development  
Governor's Office of Economic Development  
Affordable Housing Advisors  
Attorney General's Office  
Tannach Properties

## **WELCOME AND INTRODUCTIONS**

The Private Activity Bond Authority (PAB) Electronic Board Meeting was held in Salt Lake City, Utah, at the Governor's Office of Economic Development and called to order at 10:30 a.m., by Christopher M. Conabee, Chairman.

### **Multi-Family Housing**

#### **Tannach Properties – Rent Restriction Waiver Request**

State Street Plaza Apartments is a mixed-use development located at 237-255 South State Street, in Salt Lake City, consisting of 180 units and commercial space. The affordable housing units total 136 (76%); the market rate units total 44 (24%). The project has 10 set-aside units for persons with AIDS and developmentally disabled persons, which will rent for 35% of Area Median Income (AMI). The other affordable units will rent at 45%, 50% and 60% AMI; 10, 30 and 86 units respectively.

Multi-family housing projects must use the 4% Low-Income Housing Tax Credit (LIHTC). The U.S. Code places additional conditions on a project with Tenant Income Restrictions.

Additionally, as written in the State QAP, the Private Activity Bond Authority Review Board **may** require that all units be “rent-restricted” and the remaining units not restricted by the requirements mentioned above, be rent-restricted and occupied by individuals whose income averages 80% or less of AMI.

Attached to the multi-family housing Certificate of Allocation after a project is approved for tax-exempt volume cap is the “Additional Conditions” document. These conditions were drafted approximately 15 years ago when, at that time, there were more projects submitted for funding than available volume cap. Also, some of the projects being submitted were for refinancing of a housing project already in service or for purchasing acquisitions. The idea behind these “additional conditions” was to restrict all the units with income levels, which would stretch the volume cap further and fund more “affordable” housing projects. The terms in the Additional Conditions **required** all the units to be rent-restricted, which differs from the language in the QAP listed above.

The waiver of the rent restrictions is needed by the developer: 1) because the income generated from the small portion of market rate units (44) is needed to offset the income loss from the lower AMI units and to support the debt service required to build the development; and 2) to not encumber the absorption rate during the lease-up period by limiting the number of qualified applicants.

Staff sought legal counsel from the Utah Attorney General’s Office, which provided the opinion that the Board can change the conditions set in the Additional Comments document and waive the 80% AMI requirement on the market rate units of the State Street Plaza development if they choose to do so.

Tannach Properties formally requested the Board to waive the 80% AMI rent restrictions on the market rate units of the State Street Plaza as outlined in the “Additional Conditions” attached to the Certificate of Allocation.

**Lee Gardner moved and Steve Rawlings seconded the motion to approve the change in the language of the Certificate of Allocation, Additional Conditions Policy, subparagraph (C) from “will” to “may” regarding the 80% AMI rent restriction placed on the remaining units of multi-family housing projects. The motion carried unanimously.**

**Steve Rawlings moved and Grant Whitaker seconded the motion to grant a waiver on the 80% AMI rent restriction condition for the market-rate units of the State Street Plaza Apartments to Tannach Properties. The motion carried unanimously.**

The meeting adjourned at 11:00 a.m.

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Submitted by:  
Jenni Osman