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## SALT LAKE CITY COUNCIL STAFF REPORT

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**DATE:** October 4, 2002

**SUBJECT:** Salt Lake City Housing Trust Fund loan to Community Housing Services, Inc. for the Capitol Villa Apartment project

**STAFF REPORT BY:** Michael Sears, Budget & Policy Analyst

**CC:** Cindy Gust-Jenson, Rocky Fluhart, David Nimkin, Alison Weyher, David Dobbins, and LuAnn Clark

Document Type	Budget-Related Facts	Policy-Related Facts	Miscellaneous Facts
Resolution	\$300,000 loan from the Housing Trust Fund of Salt Lake City to Community Housing Services, Inc. to purchase and rehabilitate the Capitol Villa Apartments.	This proposed loan supports the Council housing policy included in the adopted Community Housing Plan.	Proposed resolution authorizes a \$300,000 loan from the City's Housing Trust Fund to Community Housing Services, Inc. Trust fund balance is approximately \$2,800,000. The requested loan terms are 3% for 30 years.

The Administration is proposing that the City Council approve a resolution authorizing the Mayor to execute a loan agreement and related loan documents with Community Housing Services, Inc. for a \$300,000 loan from the City's Housing Trust Fund. This action would facilitate the purchase of the Capitol Villa Apartments at 239 West 600 North for rehabilitation. All 108 units in the project will continue to be marketed as affordable housing units.

The Council discussed this item during a briefing on October 1, 2002. The Council also discussed the state of the Housing Trust Fund and whether future demand for funds would exceed available revenue. The council was in favor of moving this item forward for adoption at the October 8, 2002 Council meeting.

### OPTIONS AND MOTIONS:

1. ["I move that the Council"] Adopt the resolution as proposed.
2. ["I move that the Council"] Not adopt the resolution.

### MATTERS AT ISSUE:

- This project is leveraged with funds provided by Towle Financial Services and Federal Low-Income Housing Tax Credits. The applicant has also received funding from the Olene Walker Housing Trust Fund in the amount of \$300,000 and \$718,000 from the Redevelopment Agency of Salt Lake City. Total purchase and rehabilitation cost for this project is projected to be \$6,417,930.

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- The Council received a briefing on this project on March 5, 2002 and was in favor of moving the project forward. The adoption of the resolution was scheduled for the March 12, 2002 meeting but was pulled when Community Housing Services, Inc. applied for an additional loan from the Redevelopment Agency of Salt Lake City. The Administration requested that the resolution on the Housing Trust Fund loan be postponed until the Redevelopment Agency considered the requested loan. On September 12, 2002 the Redevelopment Agency approved a \$718,000 loan to Community Housing Services, Inc. The Administration is requesting that the resolution for the Housing Trust Fund loan be rescheduled for consideration.

### **ANALYSIS:**

The Capitol Villa Apartments were originally built in 1981 as a project-based Section 8 apartment complex. This status has expired, but an annual renewal has been granted by the U.S. Department of Housing and Urban Development (HUD). Community Housing Services, Inc. intends to acquire this property and market the apartments as affordable housing over the long term (99 years).

The Capitol Villa complex has 108 units for the elderly/disabled. All 108 units will continue to be marketed as affordable housing units.

The funding application for the project is contained in the Council Transmittal for this resolution request.