

SALT LAKE CITY COUNCIL STAFF REPORT

DATE: February 14, 2003

SUBJECT: Salt Lake City Housing Trust Fund loan to Community Development Corporation of Utah (CDC) for the Mortensen Court Condominiums

AFFECTED COUNCIL DISTRICTS: District 4

STAFF REPORT BY: Michael Sears, Budget & Policy Analyst

ADMINISTRATIVE DEPT. AND CONTACT PERSON: Housing and Neighborhood Development, LuAnn Clark

KEY ELEMENTS:

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 Development Corporation of Utah (CDC) for a \$250,000 loan from the City's Housing Trust Fund. This action would facilitate the purchase of land and construction of the Mortensen Court Condominiums at 226 East 500 South. A minimum of six units will be marketed as affordable housing units for persons at 80% of area median income or less. The project consists of 20 one-bedroom units and nine two-bedroom units.

MATTERS AT ISSUE

OPTIONS:

1. Forward the resolution to a future Council meeting for consideration.
2. Request additional written information or refer to an additional Council work session.
3. Do not advance the resolution.

➤ POLICY CONSIDERATIONS

The proposed project is consistent with policy statements in the City's Vision and Strategic Plan, the Futures Commission report, the Housing Policy Plan and other related master plans.

➤ ANALYSIS

The Mortensen Court Condominium project consists of 29 units at 226 East 500 South. The proposed building will have four levels with storefront access on the ground level. The ground level units will have private garages; the other units will have garage space on the first level. The project will have 20 one-bedroom units and nine two-bedroom units. All units will be visitable by people with mobility impairments and will meet ADA requirements for accessible units.

The project is being designed to attract buyers with a varied mix of incomes. The selling price of the units will be between \$90,000 and \$130,000. A minimum of six units will be for persons at 80% of area median income or less. Area median household income for Census Tract 1023 is \$23,125 and median family income is \$30,284.

The Housing Trust Fund Advisory Board reviewed this proposal and recommended approval on September 25, 2002 with conditions. The conditions were 1) that the Central City Community Council review the project and submit a favorable recommendation (the neighborhood council voted to support this project at its December 2002 meeting) and 2) that the loan be repaid by \$25,000 for each unit sold starting with the initial units, thereby paying back the full loan amount with the first 10 units sold.

The transmittal for the resolution request includes the minutes of the Housing Trust Fund Advisory Board, September 25, 2002 meeting.

The Administration has indicated that the proposed project meets all of the zoning requirements in this area and that vehicle traffic from this project has access into Mortensen Street.

➤ BUDGET RELATED FACTS

The proposed loan from the Housing Trust Fund will be for \$250,000 at 3% interest for the first 24 months and 5% between months 24 - 36. Key Bank also funds this project. Key Bank is providing the construction financing in the amount of \$1,750,000. The CDC is contributing \$385,000 towards the project. The total cost of the projects will be \$2,858,500.

The current balance of the Housing Trust Fund is approximately \$2,600,000.

The CDC has also approached the Redevelopment Agency of Utah with a request to fund the construction of the project instead of using Key Bank. **Council Members may wish to confirm all of the funding partners during the briefing on this loan request.**

cc: Rocky Fluhart, Cindy Gust-Jenson, David Nimkin, Alison Weyher, LuAnn Clark, Steve Fawcett, Dave Oka and Valda Tarbet

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