

SALT LAKE CITY COUNCIL STAFF REPORT

DATE: July 3, 2003

SUBJECT: Salt Lake City Housing Trust Fund loan to Morse Health and Housing for the Laurelwood Apartments

AFFECTED COUNCIL DISTRICTS: District 5

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 Morse Health and Housing, Inc., for a \$200,000 loan from the City's Housing Trust Fund. This action would facilitate the rehabilitation of the Laurelwood Apartments located at 1341 South State Street. The project has 95 units, all of which will be rented to people at 55% of area median income or less for a period of 51 years.

The Council discussed this item during a briefing on July 1, 2003. The Council also discussed the state of the Housing Trust Fund Ordinance and proposed amendments to that ordinance. The Council was in favor of moving this item forward for adoption at the July 8, 2003 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.

The following information was provided for the briefing which was held on July 1, 2003.

➤ POLICY CONSIDERATIONS

The proposed project is consistent with policy statements in the City's 1974 Central City Community Master Plan, Community Housing Plan, Vision and Strategic Plan, the Futures Commission report, the 1990 Urban Design Element and other related master plans.

➤ ANALYSIS

The Laurelwood Apartments project consists of 95 units in nine separate buildings at 1341 South State Street. Fifty-nine of the units are one-bedroom and 36 have two bedrooms. The apartment complex has one clubhouse for residents. The complex provides housing for the mentally ill and low income people. There are currently 23 Valley Mental Health residents, and

it is proposed that 20 units will be set aside for Valley Mental Health. It is the goal of the property owner to keep as many Valley Mental Health residents as possible.

The project financing is based on area median income rents being below \$536 for one bedroom units and \$642 for two bedroom units. Area median household income for Census Tract 1031 is \$37,925 and median family income is \$39,329.

The Housing Trust Fund Advisory Board reviewed this proposal on April 17, 2003 and May 15, 2003 and recommended approval on May 15, 2002 with conditions. The conditions were 1) that 10 units, in addition to the 10 units required by the HUD bond, be guaranteed to be set aside for Valley Mental Health with priority on the waiting list and a reasonable amount of time for Valley Mental Health to respond when there is a vacant apartment; 2) a meeting be scheduled with the residents of the Laurelwood Apartments outlining the renovation.

The transmittal includes the minutes of the Housing Trust Fund Advisory Board, April 17 and May 15, 2003 meetings.

The Council has received a proposed rezoning for this project on June 24, 2003. This project is currently zoned Commercial Corridor, Residential Multi-Family RMF-35 and the South State Street Corridor Overlay classifications. The proposed multi-family RMF-45 zoning classification would eliminate the non-conforming status of the apartment complex by providing a zoning classification that allows a density consistent with the existing development. The Overlay district zoning would remain the same.

➤ **BUDGET RELATED FACTS**

The proposed loan from the Housing Trust Fund will be for \$200,000 at 3% interest for forty (40) years. The U.S. Department of Housing and Urban Development, The Richman Group and Salt Lake County are also providing funding for this project. The total cost of project will be \$5,232,175.

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

cc: Rocky Fluhart, Cindy Gust-Jenson, David Nimkin, Alison Weyher, David Dobbins, LuAnn Clark, and Sandi Marler

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