
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 9, 2004

SUBJECT: **Salt Lake City Housing Trust Fund loan payment deferment agreement with Utah Nonprofit Housing Corporation for the Rio Grande Hotel**

AFFECTED COUNCIL DISTRICTS: District 4

STAFF REPORT BY: Michael Sears and Gary Mumford

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

WORK SESSION SUMMARY:

The Rio Grande Hotel located at 428 West 300 South was renovated in 1992 by Utah Nonprofit Housing Corporation with loans from the City's HOME Investment Partnerships and Renter Rehab programs. The project is leased but the rental revenue is insufficient to cover the loan payments, building security and on-going maintenance and upkeep. The proposed resolution will continue a two-year loan payment deferral for another six years. At the briefing on January 8, 2004, the Council informally agreed to allow the loan repayment deferment.

POTENTIAL MOTION:

["I move that the Council"] **Adopt a resolution authorizing the Mayor to execute a loan payment deferment agreement and related documents with the Utah Nonprofit Housing Corporation.**

The following information was provided previously. It is provided again for your reference.

The proposed loan payment deferral is in addition to the current two year deferral that was granted in December 2001 for calendar years 2002 and 2003. Before the deferral, Utah Nonprofit Housing Corporation was current in its loan payment. The first loan of \$182,840.30 has had 120 of the required 240 loan payments submitted, the second loan has had 108 of the required 240 loan payments submitted. By allowing the deferral of these loan payments, the terms of the loan agreements will effectively increase from twenty year loans to twenty-eight year loans.

The original request for a five year loan payment deferment was considered by the Housing Trust Fund Advisory Board on November 20, 2003. The board recommended increasing the deferment period to six years. The additional year would allow additional time to restructure the project financially when the tax credit period expires.

cc: Cindy Gust-Jenson, David Dobbins, LuAnn Clark