

OCT 12 2004

ALISON WEYHER
DIRECTOR

SALT LAKE CITY CORPORATION
COMMUNITY AND ECONOMIC DEVELOPMENT

ROSS C. "ROCKY" ANDERSON
MAYOR

COUNCIL TRANSMITTAL

TO: Rocky Fluhart, Chief Administrative Officer **DATE:** October 5, 2004

FROM: David Dobbins, Community Development Department

RE: Appropriation resolution for 2003-2004 and 2004-2005 American Dream Downpayment Initiative funding and approval of an inter-local cooperation agreement between Salt Lake City and the U.S. Department of Housing and Urban Development.

STAFF CONTACT: LuAnn Clark

DOCUMENT TYPE: Resolution

BUDGET IMPACT: The City will receive \$177,518 in grant funds from HUD.

DISCUSSION: The American Dream Downpayment Initiative (ADDI) was signed into law by President Bush on December 16, 2003 under the American Dream Downpayment Act (Public Law 108-186, ADDI Statute). Program funds made available by HUD have been allocated to eligible participating jurisdictions to assist low-income families in becoming first-time homebuyers. The ADDI program will be administered as part of the HOME Investments Partnerships Program by Salt Lake City's Housing and Neighborhood Development Division.

ADDI funds for fiscal years 2003-04 and 2004-05 were jointly allocated by HUD to participating jurisdictions in a separate allocation from the 2004-05 CDBG, HOME, ESG and HOPWA funds due to the need to draft the federal regulations governing them. Since the regulations on HOME and ADDI funds limit the time a participating jurisdiction has to commit and spend these federal funds, the City must review and approve its funding recommendations for the 2003-04 and 2004-05 funds outside the regular federal funding approval process. Future allocations of ADDI funds will be included with future CDBG, HOME, ESG and HOPWA programs.

ADDI funds may only be used for down payment assistance toward the purchase of single-family housing and initial housing rehabilitation by low-income families who are first-time homebuyers. Regulations governing 2003-04 and 2004-05 ADDI funds differ slightly since the official regulations governing ADDI funds were not completed until 2004. Rehabilitation completed in conjunction with a home purchase is not an eligible activity for 2003-04 funds but is for 2004-05 and future allocations. All ADDI funds may be leveraged with HOME funds in order to provide better housing opportunities for first-time homebuyers.

Salt Lake City has been awarded \$81,429 for 2003-04 and \$96,089 for 2004-05 from HUD for the ADDI program for a total of \$177,518. In order to receive these funds, the City is required to submit a One-year Action Plan to HUD outlining how these funds will be allocated. The City met this requirement by addressing this issue in the Annual Action Plan submitted to HUD in May 2004.

The Housing Trust Fund Advisory Board reviewed the ADDI applications on August 19, 2004. The Board discussed the fact that the Community Development Corporation had just been awarded

\$125,000 from the City's 2004-05 HOME funds and expressed concern that they might not be able to spend additional funds in a timely manner. The board viewed these funds as one-time funds and as an opportunity to assist lower-income individuals who need larger subsidies than most first-time home buyers.

Mayor Anderson reviewed the ADDI requests on September 30, 2004 and agreed with the funding recommendations of the Housing Trust Fund Advisory Board as follows:

| | |
|--|----------------|
| SL Neighborhood Housing Services | \$ 77,518 |
| SLC Housing & Neighborhood Development | <u>100,000</u> |
| Total: | \$177,518 |

The funding recommendations and Housing Trust Fund Advisory Board minutes are attached.

APPROPRIATION RESOLUTION
FOR
AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)
PROGRAM FUNDING

WHEREAS, Salt Lake City is entitled under 24 Code of Federal Regulations (CFR), Part 91, to receive American Dream Downpayment Initiative (ADDI) funds; and

WHEREAS, Salt Lake City was awarded \$81,429 for Fiscal Year 2003-04 and \$96,089 for Fiscal Year 2004-05 by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the Mayor and the Housing Trust Fund Advisory Board have reviewed all applications submitted requesting funding from these funds and made their recommendations as evidenced in Exhibit "A" attached hereto; and

WHEREAS, the City has met all requirements as set forth in 24 CFR, Part 92 relative to the ADDI funds.

NOW THEREFORE, be it resolved by the City Council of Salt Lake City, Utah, as follows:

1. That Salt Lake City hereby approves funding for the \$81,429 2003-04 and the \$96,089 2004-05 funds as set forth in Exhibit "A" attached hereto and made a part hereof by this reference.
2. That the Mayor, as the official representative of Salt Lake City, is hereby authorized to sign and execute all agreements between the City and other public entities resulting from and consistent with the HUD Grant Agreement, subject to final approval as to form by the City Attorney.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2004.

SALT LAKE CITY COUNCIL

By: _____
CHAIR

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
SALT LAKE CITY ATTORNEY'S OFFICE
DATE: 9/30/2004
BY: TK Spedding

9/30/2004

**SALT LAKE CITY ADDI PROGRAM
FUNDING RECOMMENDATIONS FOR 2003-2004**

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| # | ORGANIZATION | DESCRIPTION | PREV. AMOUNT | PREV. YEAR | REQUEST AMOUNT | RECOMMENDATIONS | | |
|---|---|--|-----------------|---------------|-------------------|-----------------|--------|---------|
| | | | | | | HTF | MAYOR | COUNCIL |
| 1 | SL Community Development Corporation Own in Salt Lake Program 501 East 1700 South | CDC will provide 10-30 downpayment assistance grants ranging between \$1000 and \$10,000 to low-income families. Individual family needs will determine the actual amount of the grant. | NA | NA | 90,000 | | | |
| 2 | Salt Lake Neighborhood Housing Services 622 West 500 North | NHS will provide 15-20 downpayment and closing cost assistance or first mortgage interest subsidies to low-income, first time home buyers purchasing homes in west side neighborhoods including Glendale, Poplar Grove, Fairpark, Rose Park and lower West Capitol Hill. | NA | NA | 50,000 | 31,429 | 31,429 | |
| 3 | Salt Lake City Housing and Neighborhood Development 451 S. State - Room 425 | HAND will provide down payment assistance to 15 low- to moderate-income first time home buyers. | NA | NA | 75,000 | 50,000 | 50,000 | |
| | | TOTALS | | | 215,000 | 81,429 | 81,429 | 0 |
| | | GRANT AMOUNT | | | 81,429 | 81,429 | 81,429 | 81,429 |
| | | Available Balance | | | -133,571 | 0 | 0 | 81,429 |

9/30/2004

**SALT LAKE CITY ADDI PROGRAM
FUNDING RECOMMENDATIONS FOR 2004-2005**

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| # | ORGANIZATION | DESCRIPTION | PREV. AMOUNT | PREV. YEAR | REQUEST AMOUNT | RECOMMENDATIONS | | |
|---|---|--|-----------------|---------------|-------------------|-----------------|--------|---------|
| | | | | | | HTF | MAYOR | COUNCIL |
| 1 | SL Community Development Corporation Own in Salt Lake Program 501 East 1700 South | CDC will provide 10-30 downpayment assistance grants ranging between \$1000 and \$10,000 to low-income families. Individual family needs will determine the actual amount of the grant. | NA | NA | 87,518 | | | |
| 2 | Salt Lake Neighborhood Housing Services 622 West 500 North | NHS will provide 15-20 downpayment and closing cost assistance or first mortgage interest subsidies to low-income, first time home buyers purchasing homes in west side neighborhoods including Glendale, Poplar Grove, Fairpark, Rose Park and lower West Capitol Hill. | NA | NA | 50,000 | 46,089 | 46,089 | |
| 3 | Salt Lake City Housing and Neighborhood Development 451 S. State - Room 425 | HAND will provide down payment assistance to 15 low- to moderate-income first time home buyers. | NA | NA | 75,000 | 50,000 | 50,000 | |
| | | TOTALS | | | 212,518 | 96,089 | 96,089 | 0 |
| | | GRANT AMOUNT | | | 96,089 | 96,089 | 96,089 | 96,089 |
| | | Available Balance | | | -116,429 | 0 | 0 | 96,089 |

HOUSING TRUST FUND ADVISORY BOARD

Meeting of August 19, 2004

The following board members were in attendance: Curtis Anderson, John Francis, Daniel Greenwood, Cara Lingstuyl, Kent Moore, Peter Morgan, and Nancy Pace. Staff members in attendance were LuAnn Clark, Director of Housing and Neighborhood Development, Sandi Marler, CD Programs Administrator, and Jan Davis, Administrative Secretary.

Chairperson Kent Moore called the meeting to order at 12:14 p.m.

Cara Lingstuyl motioned to approve the July 22nd minutes. Peter Morgan seconded the motion. All voted "Aye." The motion passed.

Consider request from Peter Corroon to assign the Housing Trust Fund loan, approved in August 2002, for the Second West Apartment Project to Multi-Ethnic Development Corporation. This is a mixed-use project consisting of 25 units of affordable housing and 2000 square feet of retail space on the ground floor located at 925 South 200 West.

Mr. Peter Corroon of Green Street Partners, Inc. and Ms. Claudia O'Grady of Multi-Ethnic Development Corporation were present to provide details of the transfer of ownership of the Second West Apartment Project.

Mr. Corroon said that he is requesting approval from the Board for MEDC to assume the HTF loan to the Second West Apartments. Mr. Corroon said that the Second West Apartments are rental affordable housing. Ms. O'Grady explained that she had restructured the project financing by acquiring additional funding from the Olene Walker Trust Fund as well as State Tax Credits, which will allow the tenant rental rates to be reduced. Ms. O'Grady said that the developer, Peter Corroon, made the commitment to defer a portion of the developer fee as part of the financing and that he will receive his developer fee from available cashflow from the project over the next 15 years. Ms. LuAnn Clark stated that the HTF loan will be paid before the developer fee. Ms. O'Grady said that they have received approval from all of the other funding entities.

The Board inquired about the conditions of the loan and Ms. Clark explained that the loan transfer was not required by the tax credit investor due to mismanagement issues, but rather, due to a decision by Mr. Corroon to transfer ownership of Green Street Partners Development Corporation to Multi-Ethnic Development Corporation. Ms. Clark said that the loan is non-transferable without the approval of the HTF Board, Mayor and City Council.

Ms. Cara Lingstuyl expressed her concern regarding MEDC's management capabilities. Ms. O'Grady responded that they will not be managing the property, nor do they manage any of their properties. Ms. O'Grady confirmed that the Sellers Group will be managing and that they have a good reputation.

Peter Morgan motioned to approve the assignment of the City's Housing Trust Fund loan on the Second West Apartment Project from Green Street Development Corporation to Multi-Ethnic Development Corporation. Nancy Pace seconded the motion. All voted "Aye" with the exception of John Francis who opposed. Cara Lingstuyl abstained from the vote. The motion passed.

Review American Dream Downpayment Initiative (ADDI) applications.

Ms. LuAnn Clark explained that as part of the HOME Program, the American Dream Downpayment Initiative is designed to provide funding for downpayment assistance, closing costs and rehabilitation in conjunction with home purchases for eligible low-income first-time homebuyers. Ms. Clark said funding is now available for 2003/2004 and 2004/2005.

The Board discussed the applications for ADDI funds, each applicant's qualifications and how they would utilize the funds in promoting affordability of homeownership. They also discussed the appropriate allocation for each applicant from total funds available in the amount of \$177,518. The Board further discussed the fact that the Community Development Corporation had just been awarded \$125,000 from the City's 2004-05 HOME funds and expressed concern that they might not be able to spend additional funds in a timely manner. The Board viewed these funds as one-time funds and expressed a strong desire to see these funds used for lower income individuals who need larger subsidies than most first time home buyers.

The applications below represent the Board's recommendation for ADDI funds for 2003/2004 and 2004/2005.

Cara Lingstuyt motioned to approve the following funding. John Francis seconded the motion. All voted "Aye." The motion passed.

- 1) Salt Lake Neighborhood Housing Services to receive \$77,518 of ADDI funds.
- 2) Salt Lake City Housing and Neighborhood Development to receive \$100,000 of ADDI funds.

Schedule next meeting

The next HTF Advisory Board meeting is scheduled for Thursday, October 7, 2004.

There being no further business, the meeting adjourned at 1:09 p.m.