
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: June 3, 2005

SUBJECT: Salt Lake City RDA Housing Trust Fund Loan to Neighborhood Housing Services to Purchase Property at 158 North 600 South for the Rosewood Senior Housing Project

AFFECTED COUNCIL DISTRICTS: District 3

STAFF REPORT BY: Gary Mumford

ADMINISTRATIVE DEPT. Housing and Neighborhood Development

AND CONTACT PERSON: LuAnn Clark

The Council held a briefing regarding this proposed loan on May 31, 2005 in which the following was discussed:

- The current balance of the RDA Housing Trust Fund is \$345,805. Approval of this loan will leave a balance of \$45,805. The RDA funding for the current year is just being released in the amount of \$508,950, which will provide a balance of \$554,755. The balance in the City's Housing Trust Fund is \$2,240,165 for a combined total of about \$2,800,000 for both Housing Trust Funds. Repayments from existing housing loans will continue to add to the trust fund balances.
- Salt Lake City's past housing policy and draft policy require mixed income units in housing projects. The past and draft policies allow for review on a case by case basis for special needs housing such as for the elderly. A portion of the proposed Rosewood units will be for higher income families.

POTENTIAL MOTIONS:

1. ["I move that the Council"] **Adopt a resolution authorizing a \$300,000 loan from the Salt Lake City RDA Housing Trust Fund to Salt Lake Neighborhood Housing Services for the Rosewood Project land acquisition.**
2. ["I move that the Council"] **Deny the loan request.**

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

Neighborhood Housing Services (NHS) purchased property at 158 North 600 West for the construction of senior housing. The property was purchased on March 25, 2005 with funds temporarily borrowed from construction money for the Hodges Lane Development in order to prevent the acquisition of the property by another developer whose development plans would not have been consistent with the NHS neighborhood revitalization plans for this area. NHS desires to fund the purchase with a three-year loan from the City. NHS will apply for a HUD Section 202 loan and if unsuccessful will apply for other types of financing. The City's loan will be repaid from the permanent financing. The Housing Trust Fund Advisory Board recommends a \$300,000 loan at 2% interest over three years from the RDA Housing Trust Fund.

Neighborhood Housing Services is proposing a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units. NHS is finalizing project details with the Salt Lake City Planning Division. Preliminary briefings were held with the community council, but the final design will be presented for the community council's consideration once the project has been finalized. The Housing Trust Fund Advisory Board is recommending this loan from the RDA Housing Trust Fund.

The transmittal points out that Neighborhood Housing Services has a long track record with development of both rental and home ownership housing projects. New housing development on this site will eliminate a blighted, vacant property. The project will strengthen the residential component of this community and help revitalize the neighborhood.

MAY 06 2005

A. LOUIS ZUNGUZE
PLANNING DIRECTOR

BRENT B. WILDE
DEPUTY PLANNING DIRECTOR

DOUGLAS L. WHEELWRIGHT, AICP
DEPUTY PLANNING DIRECTOR

SALT LAKE CITY CORPORATION
COMMUNITY DEVELOPMENT
PLANNING AND ZONING DIVISION

ROSS C. ANDERSON
MAYOR

COUNCIL TRANSMITTAL

TO: Rocky J. Fluhart, Chief Administrative Officer

DATE: May 3, 2005

FROM: Louis Zunguze, Community Development Director

SUBJECT: A resolution authorizing the Mayor to execute a loan agreement between Salt Lake City Corporation and Salt Lake Neighborhood Housing Services for the acquisition of property located at 158 North 600 West for the potential construction of a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units.

STAFF CONTACT: LuAnn Clark at 535-6136

ACTION REQUIRED: Adoption of a Resolution by City Council

DOCUMENT TYPE: Resolution

BUDGET IMPACT: None

DISCUSSION: The Neighborhood Housing Services (NHS) is requesting a short term, \$300,000 loan at 2% interest over three years. NHS recently purchased property located at 158 North 600 West for the potential construction of a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units. NHS is still finalizing project design details with the Salt Lake City Planning Division relative to the project as well as a potential purchase of the abutting city-owned property for the development of additional senior housing.

It was the intent of NHS to apply for property acquisition funding from the Housing Trust Fund prior to the actual purchase of the property. During the development of the housing policies, however, no applications were being accepted for Housing Trust Fund loans. Therefore, NHS borrowed funds from their Hodges project in order to acquire this property and prevent the acquisition of the property by another developer whose development plans would not have been consistent with the NHS neighborhood revitalization plans for this area.

On April 7, 2005 the Housing Trust Fund Advisory Board recommended approval of the new loan request for \$300,000 at 2% interest over three years from the RDA Housing Trust Fund.

The current balance of the RDA's Housing Trust Fund is \$345,805; approval of this loan request would leave the fund balance at \$45,805. This does not include the current year's RDA allocation which has not been transferred due to questions raised on the amount to be received from Salt Lake County.

Copies of the staff report, the Housing Trust Fund Advisory Board minutes, and required resolution are attached.

RESOLUTION NO. _____ OF 2005

AUTHORIZING A LOAN FROM
SALT LAKE CITY'S RDA HOUSING TRUST FUND
TO SALT LAKE NEIGHBORHOOD HOUSING SERVICES FOR
THE ROSEWOOD PROJECT

WHEREAS, Salt Lake City Corporation (the City) has a Housing Trust Fund to encourage affordable and special needs housing development within the City; and

WHEREAS, Salt Lake Neighborhood Housing Services has applied to the City for a \$300,000 loan at 2% over three years for the purpose of property acquisition for the potential construction of a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units to be located at 158 North 600 West in Salt Lake City.

THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah:

1. It does hereby approve Salt Lake City to enter into a loan agreement with the Salt Lake Neighborhood Housing Services for \$300,000 at 2% for three years from Salt Lake City's RDA Housing Trust Fund.

2. Salt Lake Neighborhood Housing Services will use the loan for the purpose of property acquisition and potential development of senior housing located at 158 North 600 in Salt Lake City, Utah.

3. Ross C. Anderson, Mayor of Salt Lake City, Utah, following approval of the City Attorney, is hereby authorized to execute the requisite loan agreement documents on behalf of Salt Lake City Corporation and to act in accordance with their terms.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2005.

SALT LAKE CITY COUNCIL

By: _____
CHAIR

ATTEST:

APPROVED AS TO FORM
SALT LAKE CITY ATTORNEY'S OFFICE
BY: W. Spaulding
DATE: 9/21/2005

CHIEF DEPUTY CITY RECORDER

**EVALUATION
SALT LAKE CITY HOUSING TRUST FUND**

Name of Organization: SL Neighborhood Housing Services, Inc.

Name of Project: Rosewood Property Acquisition

Location of Project: 158 North 600 West

Project Description:

NHS recently purchased property located at 158 North 600 West for the potential construction of a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units. NHS is still finalizing project design details with the Salt Lake City Planning Division relative to the project as well as a potential purchase of the abutting city-owned property for the development of additional senior housing.

Amount and terms requested: \$300,000 at 2% over 3 years

Is the entire project eligible for Housing Trust Fund money? Yes

Are the funds leveraged with non-government dollars? Yes

NHS is seeking either HUD202 funding or 9% tax credit funding. They will borrow funds from a traditional lending institution for project construction. NHS purchased the property on March 25th and borrowed their contribution toward the acquisition costs from their Hodges project. If their request is approved, NHS will use the Housing Trust Fund moneys to replace those borrowed funds.

It was the intent of NHS to apply for property acquisition funding from the Housing Trust Fund prior to the actual purchase of the property. Due to no applications being accepted for Trust Fund loans during the development of new housing policies, however, NHS borrowed funds from their Hodges project in order to acquire the property to ensure the site remains available for the development of affordable housing.

Does the requesting agency have sufficient cash flow to repay the loan?

The city loan will be repaid from the permanent financing for the project.

Does the project have demonstrated community support?

The applicant has requested to be placed on the Fairpark Community Council's May agenda.

Does the requesting agency have a track record of owning, operating and maintaining this type of housing project?

NHS has a long track record with local community business development, with the development of both rental and home ownership housing projects, with single and

multi-family housing developments and with purchasing blighted properties for new housing construction and/or rehabilitation.

NHS does not have a track record of owning, operating or maintaining senior housing projects but will establish a partnership with a senior housing property management company with a good track record.

Project Strengths:

NHS has successfully built, developed, owned and rehabilitated many, varied housing projects.

NHS previously paid off two City loans: One for \$210,000 for the Hodges housing project and one for \$89,550 for the Pugsley housing project.

The project meets priority goals of the Salt Lake Community Housing Plan to increase the city's housing stock, particularly by increasing the number of affordable, senior housing units.

Acquisition of this property preserves the site for affordable housing development.

The project will remain permanently affordable.

New housing development on this site will eliminate a blighted, vacant property.

The project will strengthen the residential component of this community and help revitalize the neighborhood.

Project Weaknesses:

Final funding information for the project is not available at this time.

Final site design is not available for the project at this time.

No letter of community council support is available at this time.

Board Options

Approve the loan as requested.

Deny the request.

HOUSING TRUST FUND ADVISORY BOARD

Meeting of April 7, 2005

The following board members were in attendance: Curtis Anderson, Karen Cahoon, William Dalton, Cara Lingstuyl, Kent Moore, and Peter Morgan. Staff members in attendance were LuAnn Clark, Director of Housing and Neighborhood Development, Sandi Marler, CD Programs Administrator, Jan Davis, Administrative Secretary and City Council staff Janice Jardine.

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

Cara Lingstuyl motioned to approve the December 9th minutes. Peter Morgan seconded the motion. All voted "Aye." The motion passed.

The Board asked about the status of the current housing funds. LuAnn Clark stated that at present, HTF has available \$2.2 million and the RDA fund has available \$345,000. This year's RDA allocation of \$500,000 has not been transferred due to some questions raised on the amount to be received from Salt Lake County.

Consider a request from Utah Nonprofit Housing Corporation for an additional loan in the amount of \$150,000 loan at 2% over 30 years to construct the Liberty Wells Retirement Community project to be located at 260 East 800 South and to defer payments on the loan until January 2006.

Mr. Marion Willey of Utah Nonprofit Housing Corporation was present to provide details and answer questions pertaining to the project.

Mr. Willey explained that the request for additional funds to construct the project was due to the significant increase in construction costs. Mr. Willey said that changes have been made to keep the project within budget amounts but the project has been affected by higher construction costs. Mr. Willey said that UNHC applied for and received additional tax credits to compensate for some of the costs and that they will be meeting with the State to request additional funds.

A lengthy discussion followed between Board members and Mr. Willey regarding his inadequate details on the construction cost overruns, the proposed original budget for construction costs and an insufficient construction reserve. Mr. Willey indicated that he will sort out all of the details regarding the exceeded construction costs, the amount of funds needed to offset these costs and present this information to them.

Following further discussion, the Board members agreed they were in favor of the project and UNHC's accomplishments, but the facts and figures supporting the project were confusing and would need to be clarified.

Cara Lingstuyl motioned to approve the loan request for \$150,000 at 2% over 30 years. Karen Cahoon seconded the motion. William Dalton requested to amend the motion to state that a subcommittee be created to re-evaluate the loan and be authorized to change the loan amount based on the findings of their meeting. Ms. Lingstuyl and Ms. Cahoon accepted the amendment to the motion and the second. All voted "Aye." Peter Morgan abstained from the vote. The motion passed. A sub-committee was created with Peter Morgan, Curtis Anderson and William Dalton.

Note: The subcommittee met Monday, April 11 with Marion Willey to review appropriate documents and information from Utah Nonprofit as it relates to the additional loan amount. The subcommittee reviewed the updated cost details and voted to recommend approval of the loan request in the amount of \$100,000 at 2% for 30 years. An e-mail was sent to the Board asking them to confirm the subcommittee's recommendation.

Consider a request from Utah Nonprofit Housing Corporation to defer payments on the Liberty Wells Retirement Community Housing Trust Fund loan approved in December 2003 until January 2006.

A discussion followed on how the deferred interest and principal would be recovered.

Cara Lingstuyt motioned to defer payments on the existing loan approved in December 2003 until January 2006. Curtis Anderson seconded the motion. All voted "Aye." Peter Morgan abstained from the vote. The motion passed.

Consider a request from Morse Health and Housing for a loan in the amount of \$300,000 at 3% over 40 years to rehabilitate some of the units in the Cedar Pointe Condominium/Apartment project located at 731 South 300 East.

Mr. Jonathan Morse of Morse Health and Housing was present to provide details and answer questions pertaining to the project.

Mr. Morse described in detail the extensive rehabilitation to the exterior and interior and provided a breakdown of the project funding sources. Mr. Morse said that the rehabilitation would significantly improve the community and improve housing for existing and future residents. Mr. Morse said that they have the support of the Central City Community Council.

The Board inquired about complaints received from tenants in regards to the rehabilitation of MH&H project Laurelwood Apartments. Specific complaints were as follows: 1) that the elderly and disabled were given less than a 24 hour notice to move to another apartment without assistance; 2) rent costs and additional fees for storage units and 3) the interior rehabilitation of the units was much less than the work on the exterior of the building.

Mr. Morse stated that the statements are erroneous and contends that the rent is in line with his loan agreements, and that the interiors of their units are very nice, and that he was unaware of any additional costs.

A lengthy discussion followed in regard to a clarification on the costs, particularly the developer fee. Mr. Morse provided a breakdown on the fees and said that the developer fee calculation is based on certain percentages from the tax credits. The term of the loan was discussed and Mr. Morse indicated that he would change the amortization from 40 years to 30 years.

Peter Morgan motioned to approve the loan request for \$300,000 at 3% for 30 years. William Dalton seconded the motion. Peter Morgan and William Dalton voted "Aye." Cara Lingstuyt, Karen Cahoon and Curtis Anderson opposed. The motion failed.

Cara Lingstuyt motioned to deny the loan request. The motioned failed.

The Board continued the discussion of the request and they agreed that before they would approve the loan request, they would need clarification on the fee structure, specifically, the formula that was used to calculate the developer fee, and that the complaints from the tenants from the Laurelwood Apartments rehab project would need to be addressed.

Consider a request from Salt Lake Neighborhood Housing Services for a loan in the amount of \$300,000 at 2% over three years for acquisition of property located at 158 North 600 West for the potential construction of a combination of 10-12 town homes for seniors and a multi-unit senior housing project consisting of approximately 40-44 units.

Maria Garciaz from Salt Lake Neighborhood Housing Services was present to provide details and answer questions pertaining to the project.

Ms. Garciaz described the project in detail stating that low-income senior housing is in demand and that the project will contribute to the overall revitalization of the neighborhood. Ms. Garciaz outlined the history and acquisition of the property. Ms. Garciaz indicated that the project is in the development stage, and that NHS is still finalizing project details with the City Planning Division.

Ms. Garciaz said that no long-term permanent funding has been secured but NHS has hired a consultant to recommend the best source of funds to develop a senior housing project. Ms. Garciaz said it was their intent to apply for property acquisition funding from the Housing Trust Fund prior to the actual purchase of the property. However, due to no applications being accepted for Trust Fund loans they borrowed funds from their Hodges project in order to acquire the property due to the need to close quickly on the property. Another offer had been made for the property from a group whose plans for the property would not have been consistent with NHS's revitalization plans for the neighborhood. The Housing Trust fund loan will be used to payoff the borrowed funds for the acquisition of the property.

Cara Lingstuyt motioned to approve the loan request for \$300,000 at 2% over 3 years. Peter Morgan seconded the motion. All voted "Aye." The motion passed.

Discuss draft Housing Policies

A lengthy discussion ensued between Board members and Staff on the Salt Lake City's Housing Policies preliminary draft. In conclusion, the Board suggested the following changes/additions.

- 1) Section M. City Funded Projects should be omitted. The Board agreed that to encourage a balance of affordable housing for rental and ownership in all neighborhoods within the City, incentives need to be established allowing developers to develop in better neighborhoods.
- 2) The Board would like to include environmental regulations particularly water conservation on the City's Housing Policies.
- 3) Investigate a mandatory inclusionary zoning ordinance and recommended incentives for developers to include affordable housing in their developments.
- 4) RDA and HTF to following the same housing goals and policies.

Schedule next meeting

The next HTF Advisory Board meeting is scheduled for Thursday, May 19, 2005.

There being no further business, the meeting adjourned at 2:22 p.m.