
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: March 4, 2005

SUBJECT: **Study Relating to Donation for the Housing Authority
Section 8 Housing Choice Voucher Program**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

**ADMINISTRATIVE DEPT.
AND CONTACT PERSON:** Department of Management Services
Kay Christensen

NOTICE REQUIREMENTS: 14-day newspaper notice of public hearing published on February 22

KEY ELEMENTS:

In December 2004, the Housing Authority of Salt Lake City was notified by the U.S. Department of Housing and Urban Development that funding for the Section 8 Housing Choice Voucher Program would be significantly decreased in 2005 as compared with 2004. The shortfall has grown from an original estimate of \$740,000 to \$1,021,000. The reduced federal funding results in an immediate shortage of funds to provide for the full number of families currently in the program and the need to make a permanent reduction in the number of families served on a regular basis. At a briefing on January 6, the executive director of the Housing Authority requested that Salt Lake City contribute \$30,000 to assist with this emergency. Without the subsidy, it is probable that a number of families would not be able to pay their rent and would become homeless. At the briefing, the City Council asked the City Administration to prepare the necessary budget amendment to fund \$30,000 from fund balance of the general fund.

Prior to making a donation to a non-profit entity, state law (10-8-2) requires a study be made that identifies the net equivalent value received by a municipality in exchange for any contributions. The City Council must also hold a public hearing.

MATTERS AT ISSUE:

The Administration made the required study that highlights the additional demand for police and medical services for the City's homeless population. The study concludes that the net value to be received by maintaining housing constitutes adequate consideration, or equivalent value, for the benefit being provided by the appropriation.

The decrease of Section 8 Housing created an immediate emergency situation for over 100 families. On February 1st, the Salt Lake County Housing Authority took 30 of the current Section 8 clients into the County program and took another 20 families on March 1st. There is also natural attrition as families move or obtain better employment. At the January briefing, the executive director of the City's Housing Authority calculated that

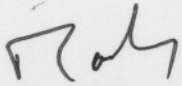
with the County Housing Authority's assistance and with natural attrition, the immediate emergency situation should be alleviated by the end of March. The Housing Authority will use \$60,000 of reserve funds along with a \$20,000 Olene Walker grant awarded from the state and the proposed \$30,000 from Salt Lake City to serve clients through the end of March. The Housing Authority is requesting the City's contribution to be provided by the end of March. Because the amount of the reduction in HUD funding was larger than originally estimated, the Housing Authority has had to take stronger enforcement action in order to achieve the necessary attrition to offset the funding shortfall.

POTENTIAL MOTION:

A hearing on budget amendment #5 is also scheduled for March 8th. Since the budget amendment includes the proposed donation, the public hearing relating to the donation and study must be held prior to considering the budget amendment. Following the public hearing, the Council may wish to consider the following motion:

I move that the Council adopt a resolution accepting the study performed in compliance with Utah Code Section 10-8-2 and authorizing a one-time \$30,000 contribution to the Housing Authority of Salt Lake City to mitigate recent federal funding cuts.

COUNCIL TRANSMITTAL

TO: Rocky J. Fluhart 
Chief Administrative Officer

FROM: Steve Fawcett 

SUBJECT: Approval of Transfer of Municipal Assets under
Utah Code Annotated Section 10-8-2

STAFF CONTACT: Kay Christensen
535-7677

DOCUMENT TYPE: Information on one Appropriation Request for
Public Inspection and Public Hearing as required
by UCA Section 10-8-2

BACKGROUND/DISCUSSION: This information is being provided in
compliance with UCA Section 10-8-2, which states the purposes for which a
municipal body may appropriate funds. The Statute sets forth a specified
process which must be followed to determine if a charitable contribution can
be made. The process has three steps:

1. A study must be performed that identifies the net equivalent value
received by the City in exchange for any City asset contributed. The benefit
may be intangible. The study must consider the following factors:

- a. The specific benefits to be received by the City;
 - b. The City's purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
 - c. Whether the appropriation is "necessary and appropriate" to accomplish the City's goals.
2. Notice of a public hearing must be published in a newspaper of general circulation at least 14 days prior to the date of the hearing, and the notice must include the availability of the completed study for public inspection.
 3. A public hearing must be held by the City Council and the Council must make a determination that the appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of the City, and that the net value received by the City will constitute adequate consideration or equivalent value for the benefit being provided by the appropriation.

Attached is a study done by the Administration which must now go through the next two phases of the process outlined in UCA 10-8-2. We request that the Council publish the study as required and set a hearing date.

MEMORANDUM

TO: Steve Fawcett

FROM: Kay Christensen

DATE: January 10, 2005

SUBJECT: Non-Departmental Budget – Emergency Funding for the Housing Authority of Salt Lake City’s Section 8 Housing Choice Voucher Program: Study to Comply with Utah Code Annotated Section 10-8-2

Salt Lake City Corporation recommends a contribution of \$30,000 from the City’s Non-Departmental Budget to the Housing Authority of Salt Lake City (HASLC) to help alleviate a shortfall in their Section 8 Housing Choice Voucher Program.

UCA 10-8-2 states the purposes for which a municipal body may appropriate public funds and the factors that must be considered in determining the propriety of such an appropriation.

To ensure that a contribution by the City to the Housing Authority is in compliance with UCA 10-8-2, the following study has been performed. This study will consider the following factors:

- (1) The specific benefits to be received by the City;
- (2) The City’s purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is “necessary and appropriate” to accomplish the City’s goals.

Benefits and Costs to Salt Lake City:

In December the Housing Authority of Salt Lake City was notified by the U.S. Department of Housing and Urban Development (HUD) that funding for their Section 8 Housing Choice Voucher Program for the 2005 calendar year would be \$740,000 less than the funding provided in 2004. Funding in 2004 had allowed the Housing Authority to assist 2,139 families with subsidized housing. The decreased funding would provide for no more than 2,049 families. This means a permanent cut of 90 in the number of families the Housing Authority can assist with Section 8 housing subsidies.

The decrease also created an immediate emergency situation for 119 families who would not have sufficient funds to pay their rent in January. The HASLC Board met and authorized the use of \$60,000 in reserve funds (dropping the fund to the lowest level permitted) to support the program through January. The funds requested from the City, coupled with a request for \$20,000 from the State, will help support the program through February. The Housing Authority is also working out a plan to have the Salt Lake County Housing Authority take 50 of the current Section 8 clients into the County program permanently in February. This is possible because the Housing Authority of Salt Lake City is over leased and the Housing Authority of Salt Lake County is not. If this transfer is completed, the emergency situation will be alleviated, as attrition will handle the remaining clients (20 in February and 25 in March). Approximately 7,000 people will remain on the Housing Authority's Section 8 waiting list.

While the number of families impacted by this funding emergency is 119, the number of individuals is, obviously, much greater. Some of the families consist of a single mother and two children, but some families have as many as eight children. Therefore, the minimum number of people affected is 357, but the actual total is much higher. Many of the families have a working parent earning \$6 an hour, which would allow for a payment of \$300 a month for rent and utilities. The subsidy allows for a rent payment of \$650. If the rent cannot be paid, the family will be served with an eviction notice and will probably become homeless. People moving from subsidized housing would be highly unlikely to have the money for deposits and up front rent payments necessary to make a move on such short notice. The average annual income of families in the Section 8 program is \$10,804. The best situation they could hope for would be very substandard housing for a family.

If the families cut from subsidized housing enter the homeless population, the costs to the community are staggering. It is clearly in the best interest of Salt Lake City to prevent homelessness to the extent possible.

The service unit cost at the overflow shelter last winter was \$18.38. That is all of the costs to provide one individual one night of shelter. The cost to provide one person nighttime shelter for 2 months is \$1,100. If the minimum number of people affected by the Housing Authority shortfall were to enter the homeless population, the cost to provide shelter for them from the first of February to the end of March would be \$397,700.

The homeless shelter system would be overrun by such numbers and we would see an increase of families on the street, or living in extremely substandard conditions. There would be serious health consequences as a result. In addition, children would be uprooted from their schools and their educational and social progress would be jeopardized.

Sometimes the homeless are the victims of criminals in the transient population. These crimes create service demands for the Police Department. To the extent that these crimes are avoided because people are not in the high risk homeless population, \$60 to \$120 in cost is avoided by the Police Department and the City for each incident avoided.

The City benefits directly by avoiding the need for police and paramedic calls and indirectly from the positive perception that Salt Lake City cares for its people and from an increased perception of safety.

Meeting Salt Lake City's Purposes and Enhancing the Quality of Life for Residents:

Salt Lake City Corporation has adopted a performance measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, Public Safety and Growth/Quality of Life. The accompanying goals include reducing crime, increasing the perception of safety, strengthening neighborhoods by investing in quality of life initiatives, and promoting community-based problem solving.

At least three of the City's eight identified focus areas would be positively impacted by a contribution to the Housing Authority of Salt Lake City Section 8 Housing Choice Voucher Program.

In addition, the Salt Lake City Council has established the goal of having access to housing for Salt Lake City residents that does not consume more than 30 percent of their gross income.

Accomplishing Salt Lake City's Goals: The proposed contribution is necessary and appropriate to accomplish Salt Lake City's goals in the areas of reducing crime, increasing the reality and perception of safety and investing in quality of life initiatives. Homeless individuals who do not have shelter in the winter cold are in a crisis situation. The availability of a warm and safe shelter averts that crisis. The homeless are often a target of crime, and their presence unfortunately often causes those who come in contact with them to feel less safe. The City clearly benefits when all those within the City's borders are safe and protected and able to improve their quality of life. If a child is provided stability in his or her home and school environment the child is much more likely to remain in school and grow into a well adjusted and contributing adult.

This contribution is necessary and appropriate.

RESOLUTION NO. _____ OF 2005
(ACCEPTING THE STUDY PERFORMED
IN COMPLIANCE WITH *UTAH CODE* SECTION 10-8-2)
AND AUTHORIZING A ONE-TIME \$30,000.00 CONTRIBUTION TO THE HOUSING
AUTHORITY OF SALT LAKE CITY
TO MITIGATE RECENT FEDERAL FUNDING CUTS

WHEREAS, the U.S. Department of Housing and Urban Development (HUD), decreased the Section 8 budget of the Housing Authority of Salt Lake City (Housing Authority) in the amount of \$740,810 beginning on January 1, 2005; and

WHEREAS, Salt Lake City (the City) desires to prevent the loss of housing and/or housing subsidies for its residents with the greatest need; and

WHEREAS, the City established housing as a major goal in 2003; and

WHEREAS, the City has funds available to help meet the emergency needs of low-income residents and communities; and

WHEREAS, this City Council has received and reviewed a study prepared by the City's Department of Management Services in compliance with the requirements of *Utah Code* Section 10-8-2 pertaining to a proposed \$30,000.00 grant to the Housing Authority to help mitigate the said January 1, 2005 Section 8 budget reduction, and public notice has been given at least 14 days prior hereto in a newspaper of general circulation within the City; and in consideration of that study, the City Council hereby finds:

1. The Section 8 funding in 2004 had allowed the Housing Authority to assist 2,139 families with subsidized housing. The decreased Section 8 funding would provide for no more than 2,049 families. This means a permanent cut of 90 in the number of families the Housing Authority can assist with Section 8 housing subsidies.

2. The decrease has also created an immediate emergency situation for 119 families who would not have sufficient funds to pay their rent in January 2005. The Housing Authority Board met and authorized the use of \$60,000 in reserve funds (dropping the fund to the lowest level permitted) to support the program through January. The funds requested from the City, coupled with a request for \$20,000 from the State, will help support the program through February. The Housing Authority is also working out a plan to have the Salt Lake County Housing Authority take 50 of the current Section 8 clients into the County program permanently in February. This is possible because the Housing Authority of Salt Lake City is over leased and the Housing Authority of Salt Lake County is not. If this transfer is completed, the emergency situation will be alleviated, as attrition will handle the remaining clients (20 in February and 25 in March). Approximately 7,000 people will remain on the Housing Authority's Section 8 waiting list.

3. While the number of families impacted by this funding emergency is 119, the number of individuals is, obviously, much greater. Some of the families consist of a single mother and two children, but some families have as many as eight children. Therefore, the minimum number of people affected is 357, but the actual total is much higher. Many of the families have a working parent earning \$6 an hour, which would allow for a payment of \$300 a month for rent and utilities. The subsidy allows for a rent payment of \$650. If the rent cannot be paid, the

family will be served with an eviction notice and will probably become homeless. People moving from subsidized housing would be highly unlikely to have the money for deposits and up front rent payments necessary to make a move on such short notice. The average annual income of families in the Section 8 program is \$10,804. The best situation they could hope for would be very substandard housing for a family.

4. If the families cut from subsidized housing enter the homeless population, the costs to the community are staggering. It is clearly in the best interest of Salt Lake City to prevent homelessness to the extent possible.

5. The service unit cost at the overflow shelter last winter was \$18.38. That is all of the costs to provide one individual one night of shelter. The cost to provide one person nighttime shelter for 2 months is \$1,100. If the minimum number of people affected by the Housing Authority shortfall were to enter the homeless population, the cost to provide shelter for them from the first of February to the end of March would be \$397,700. The homeless shelter system would be overrun by such numbers and the City would see an increase of families on the street, or living in extremely substandard conditions. There would be serious health consequences as a result. In addition, children would be uprooted from their schools and their educational and social progress would be jeopardized.

6. Sometimes the homeless are the victims of criminals in the transient population. These crimes create service demands for the Police Department. To the extent that these crimes are avoided because people are not in the high risk homeless population, \$60 to \$120 in cost is avoided by the Police Department and the City for each incident avoided. The City benefits directly by avoiding the need for police and paramedic calls and indirectly from the positive perception that Salt Lake City cares for its people and from an increased perception of safety.

7. Salt Lake City Corporation has adopted a performance measurement tool called the Balanced Scorecard to assist the City in articulating strategic goals, measures and targets for all departments and divisions within the City. The Balanced Scorecard is divided into eight focus areas, including Community Building/Diversity, Public Safety and Growth/Quality of Life. The accompanying goals include reducing crime, increasing the perception of safety, strengthening neighborhoods by investing in quality of life initiatives, and promoting community-based problem solving. At least three of the City's eight identified focus areas would be positively impacted by a contribution to the Housing Authority of Salt Lake City Section 8 Housing Choice Voucher Program.

8. In addition, the Salt Lake City Council has established the goal of having access to housing for Salt Lake City residents that does not consume more than 30 percent of their gross income.

9. In the judgment of the City Council, this appropriation will provide for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of Salt Lake City; and

10. The net value to be received by the City will constitute adequate consideration, or equivalent value, for the benefit being provided by the appropriation;

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

1. The Salt Lake City Council does hereby approve Salt Lake City to enter into a one-time grant agreement with the Housing Authority of Salt Lake City, for a \$30,000.00 grant.

2. The Housing Authority of Salt Lake City will use the funds to supplement its existing resources to help mitigate the January 1, 2005 Section 8 budget reduction.

3. Ross C. Anderson, Mayor of Salt Lake City, Utah, following approval of the City Attorney, is hereby authorized to execute the requisite grant 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
DATE: 1/12/2005
BY: [Signature]

CHIEF DEPUTY CITY RECORDER