

HOUSING AUTHORITY OF SALT LAKE CITY

POTENTIAL SALE OF PUBLIC HOUSING

MARCH 2006

We currently own 637 units of public housing including elderly high-rises, small family complexes, duplexes, houses, and others. We could potentially sell 387 units, 1 senior high-rise and most of our family units.

PROS

1. Proceeds of \$25+ million can be used to expand the number of units we now have. Example – 150 units of new construction (the most expensive).

USES	\$ 19 million construction budget
SOURCES	\$ 4 million equity from sold public housing
	\$ 6 million bonds
	\$5.5 million tax credit equity
	\$3.5 million other
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TOTAL	\$ 19 million

2. \$25 million produces 900 – 1200 units which would increase current stock from 637 to 900 -1200 affordable and mixed-income units.
3. Housing Authority receives a Section 8 voucher replacement for each unit sold, or 387 NEW vouchers plus use of the proceeds as described above.
4. Increases our monthly subsidy since we will project base some vouchers in new projects. Public housing monthly subsidy is approximately \$273 a unit (includes capital repairs). Replacement vouchers monthly rent is: \$572 – 1 bedroom; \$690 – 2 bedroom; \$971 – 3 bedroom; \$1130 – 4 bedroom.
5. Negates expensive rehab on old public housing properties.
6. Takes away expensive Public Housing Asset Based Management, REAC and PHAS requirements since we will own only 250 units making us a “small” agency. Our public housing administrative budget has been cut by 20% in 5 years making implementation difficult.
7. Sets an Agency development/growth pattern for the next 5 – 10 years.
8. Increases 35 first time owners through the City’s program. We will sell 35 homes to the City and attach a rental subsidy voucher so low income Public Housing residents will qualify for the homes.

9. Puts more homeowners in neighborhoods through the remaining 56 houses.
10. Stabilizes more neighborhoods since we will manage the new 900 – 1200 units according to our great management standards.
11. Targets some development to coincide with City's growth/development goals.

CONS

1. We would own only 250 Public Housing units which is considered small. (This is also a pro.)
2. Public perception may be negative.
3. Private sector may view our building/gaining more properties as competition.
4. Tenants may pay less in public housing for rent vs. voucher rent, (approximately \$20.00).
5. Some tenants who receive a voucher may not want to move from their existing house though they will receive a voucher and relocation assistance.
6. Costs associated with relocation, writing the plan, and disposing of the assets will be taken from the net proceeds.

Submitted on March 22, 2006, by the Executive Director and the Board of Commissioners -

**Rosemary Kappes
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ANNUAL REPORT TO MAYOR ANDERSON AND THE SALT LAKE CITY COUNCIL

HOUSING AUTHORITY OF SALT LAKE CITY March 2006

1. Goal –

Sell up to 637 Public Housing units to expand our affordable housing stock. We will receive new vouchers (according to HUD availability) for each unit we sell, plus the proceeds from the sale (\$25-28 million) which will expand our current affordable housing stock. Please see attached.

2. HUD Budgets -

Approximately \$1,000,000 was lost in early 2005 from our HUD Section 8 Voucher budget along with other losses by other Housing Authorities nationally. However, thanks to Senators Bennett, Hatch and Congressman Matheson, Congress restored some of this money. We do not know how much we will receive, but it will restore some of the families we lost from the program. We continue to receive cuts in our HUD programs, specifically Public Housing and Section 8. In addition, we are very concerned about the proposed cuts to the CDBG program

3. HUD and VA Funds Received in 2005 -

- Sunrise Apartments - HUD Continuum of Care \$587,382
- Sunrise Apartments - VA Grant \$232,500 plus per diem for housed homeless Vets
- Homeless transitional housing - renewal of other HUD Continuum of Care grants for homeless transitional housing
- Self Sufficiency - renewal of two HUD Grants - \$150,000
- One new HUD Elderly Services Grant, 3 years - \$350,000
- Public Housing - HUD Capital Grant - \$826,505 for repairs. This is down from \$874,613 last year and down from a high of \$960,000 in the 1990's.

4. HUD Scores for Programs -

Public Housing (PHAS) = High Performer
Section 8 (SEMAP) 100% = High Performer

5. Financially Sound with Clean Audits

ANNUAL REPORT TO MAYOR ANDERSON AND THE SALT LAKE CITY COUNCIL

HOUSING ASSISTANCE MANAGEMENT ENTERPRISE (HAME) March 2006

1. Sunrise Apartments – 100 units (Studio and 1 bedroom)

Permanent housing for the formerly homeless will begin construction spring 2006 and be complete in 10 months. Over \$9 million was raised for the project (including \$700,000 from the RDA) so a construction loan will not be necessary. MJSA was selected as the architect, and Ascent Construction as the contractor. Construction will begin in April 2006.

2. State Homeless Pilot (Pathways) –

Through a State pilot program, we have moved 17 chronic homeless individuals into privately owned apartments. These are hard to serve clients. We provide (through the State) rental assistance and VOA and The Road Home provide the case management. The Legislature approved additional funds in March 2006 to carry this pilot to other cities. James Woods of the University of Utah is conducting a study on this group to determine cost savings of being housed vs. being homeless.

3. Jefferson School Phase II –

Complete and 86% leased which is ahead of schedule by 3 months. JSA I remains 97%+ occupied and highly successful.

4. Cambridge Cove - (formerly Kingswood Apartments)

Occupancy has increased from an average of 87% to 94% thanks to a better market and the good reputation of the property.

5. Upcoming –

Sale of Public Housing will be replaced by mixed-income developments built or acquired by HAME. Potential properties are now being considered.

ANNUAL REPORT TO MAYOR ANDERSON AND THE SALT LAKE CITY COUNCIL

HOUSING DEVELOPMENT CORPORATION March 2006

The Housing Development Corporation is a non-profit arm of the Housing Authority of Salt Lake City. The City guaranteed a bond in 1985 and the following projects were produced:

1. Projects Owned -

<u>Project Name</u>	<u>Type</u>	<u>#Units</u>
Riverside – 610 S 900 W	Elderly	41
Ben Albert – 130 S 500 E	Elderly (51%)	68
Canterbury – 1841 W Morton Drive	Family	78
Hawthorne Court – 727 E 600 S	Mixed	<u>88</u>
TOTAL		275

2. Occupancy, Rents and Maintenance –

Occupancy increased to an average of 96% due to a better market. Rental concessions and flat rental increases were common in the real estate market last year. All the properties are nicely maintained and managed.

3. Capital and Other Repairs –

Roofs, poly pipe and swamp coolers need replacing at Canterbury. The other properties were rehabbed in 2003 through a new bond sale.

4. Financial Information -

Cash flow on the properties continues to be tight, but we are making bond payments and covering operations through rental income.

Repayment to Salt Lake City Corporation on the first loan in the amount of \$800,000 is scheduled to begin in April of 2007. We will ask to have these payments postponed. Due to the soft market of the last few years, the HDC has been unable to accumulate any reserves. In some cases the Housing Authority has needed to loan the property funds for emergency Capital Repairs.