
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 2, 2007

SUBJECT: **Request from the Housing Authority of Salt Lake County for commitment of Community Development Block Grant and HOME Investment Partnerships Program funding for construction of the Grace Mary Manor Apartment project**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

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

The County Housing Authority has made applications for funding from the City's 2007-08 Community Development Block Grant (CDBG) and from the City's 2007-08 HOME Investment Partnerships Program for construction of an 84-unit housing complex for chronically homeless individuals to be built in South Salt Lake. Construction cannot begin prior to funding commitments. Since the County Housing Authority has lined up the other funding, the director asked Salt Lake City if there is anyway that the City could give a commitment outside of the regular process.

MATTERS AT ISSUE

The proposed \$8.9 million housing complex to be located at 57 W Gregson Avenue in South Salt Lake will consist of 84 studio units of new housing with supportive services. The three-story complex will have social interaction areas both inside and outside including a community room and basketball court. The County Housing Authority has firm funding commitments from tax credits, the Crusade for the Homeless, the Eccles Foundation, and Salt Lake County. A commitment from the Olene Walker Housing Loan Fund is expected in January.

The County Housing Authority made a request from Salt Lake City for a \$130,000 grant from the City's 2007-08 CDBG allocation and a \$200,000 loan from the City's 2007-08 HOME allocation. The City Administration suggests that rather than funding from the 2007-08 CDBG allocation, the \$130,000 come from CDBG housing matching funds that have accumulated from several prior years and have already been appropriated by the City Council. Approximately \$350,000 of match funds has accumulated. The project qualifies for the housing match funds. No formal Council action would be required if the Council is okay with using the housing matching funds to cover the CDBG portion of the funding.

Recaptured HOME funds could also be used rather than the 2007-08 HOME allocation for the \$200,000 loan. However, this would require formal Council action. In budget amendment #2, recaptured HOME funds of \$267,614 were placed in a holding account. Traditionally, recaptured HOME funds are added to the new allocation and the combined amount is awarded in the annual process. The transmittal includes a log of all HOME funding requests for 2007-08, which show a total request of \$1,875,000 while the City's 2007-08 allocation will likely be only \$1,300,000. Therefore, not all applications for

HOME funding can be awarded. The Council may wish to review the log to determine whether the request from the County Housing Authority would likely be awarded funding. The actual funds for the project would not be released until much later in 2007.

If the Council is willing to consider the funding requests outside of the normal timeline, the Community Development/Capital Improvement Project Board will review the CDBG request, and the Housing Trust Fund Advisory Board will review the HOME request, in special sessions and make their recommendations to the Mayor and the City Council. The Mayor will then review the project and make a recommendation to the City Council for consideration of a commitment. So if the Council is willing to consider the funding outside of the annual process, a resolution will be provided to the Council in February for formal consideration.

OPTIONS:

1. The Council may wish to indicate whether it supports using \$130,000 of CDBG housing matching funds for the County Housing Authority housing project in South Salt Lake for chronically homeless individuals.
2. Following a review of the log of all requests for HOME funding for 2007-08, the Council may wish to express its belief whether the County Housing Authority request is a project that would likely be approved. If so, the Administration can proceed with review by the Housing Trust Fund Advisory Board and forward a recommendation to the Council for formal consideration.
3. Defer funding commitments until the annual process.
4. Request additional information.

BACKGROUND OF ANNUAL PROCESS:

The City's standard process for awarding CDBG and HOME grants and loans is:

1. January/February – The Community Development/Capital Improvement Projects Board reviews requests and makes recommendations to the Mayor and the City Council.
2. March – The Mayor presents his funding recommendations in a formal Council meeting.
3. March – A public hearing is held following adequate notice.
4. March/April – The Council holds one or more work sessions to discuss the requests for funding.
5. April – The Council adopts a funding action plan and approves an interlocal cooperation agreement between the City and the U.S. Department of Housing and Urban Development.

A. LOUIS ZUNGUZE
DIRECTOR

BRENT B. WILDE
DEPUTY DIRECTOR

SALT LAKE CITY CORPORATION
DEPT. OF COMMUNITY DEVELOPMENT
OFFICE OF THE DIRECTOR

ROSS C. "ROCKY" ANDERSON
MAYOR

CITY COUNCIL TRANSMITTAL

TO: Rocky Fluhart, Chief Administrative Officer *Steve L. Faulstich* **DATE:** December 20, 2006
FROM: Louis Zunguze, Community Development Director *[Signature]*
SUBJECT: A request from the Housing Authority of Salt Lake County for a grant from the City's 2007-08 Community Development Block Grant (CDBG) allocation and a cash flow loan from the City's HOME Investment Partnerships Program (HOME) allocation for the construction of the Grace Mary Manor Apartment project to be located at 57 West Gregson Avenue

STAFF CONTACTS: LuAnn Clark, Housing & Neighborhood Development Director, at 535-6136 or luann.clark@slcgov.com

RECOMMENDATION: That the City Council hold a briefing

DOCUMENT TYPE: Briefing

BUDGET IMPACT: None

DISCUSSION:

Issue Origin:

The Housing Authority of the County of Salt Lake has requested funding from Salt Lake City's 2007-08 CDBG and HOME allocations for construction of the Grace Mary Manor apartment project to be located at 57 West Gregson Avenue. The project will consist of 84 units of new housing with supportive services for chronically homeless individuals. The County Housing Authority has firm commitments from other funding sources including Low-Income Housing Tax Credits, the Crusade for the Homeless, the Eccles Foundation, and Salt Lake County. The board of the State of Utah's Olene Walker Housing Loan Fund will meet in January, at which time the County Housing Authority expects to receive a firm commitment for funding from that organization. The total cost of the project will be approximately \$8.9 million, but construction cannot begin without commitments from all of the funding sources.

The County Housing Authority is asking the City for consideration of their funding request, and a funding commitment if their request is approved, outside the usual federal budget time frame in order to meet critical deadlines and begin construction of the project in March 2007. The City will prepare the necessary environmental reviews before any work begins on the site. The actual funds for the project would not be released until much later in 2007.

Analysis:

The request is for a \$130,000 grant from the City's 2007-08 CDBG allocation and a \$200,000 cash flow loan from the City's 2007-08 HOME allocation. The County Housing Authority has requested the CDBG funds for landscaping and fencing for the project. The City has available matching funds for this request, if the Council chooses to approve it. The CDBG request will qualify for housing match funds that the City has set aside almost every year for matching housing projects which may need funding outside of the annual CDBG funding cycle. The last two projects for which the City used matching funds were the Safe Haven and Valor House projects.

Should the City Council approve this request for consideration outside the usual timeframe, the newly combined Community Development/Capital Improvement Projects (CDCIP) Board will review the CDBG request in a special session and make their recommendation to the Mayor and the City Council. The Mayor will then review the project and forward his recommendation to the City Council for the final funding decision. The final approval process of the County's request would be handled through the City's regular process, meeting the federal government's requirement for public review.

The County Housing Authority is also requesting a \$200,000 cash flow loan from the City's HOME allocation. The HOME funds do not have a matching fund account similar to the CDBG program. In Budget Amendment 2, approved by the City Council on December 12, 2006, however, program income in the amount of \$267,614 was placed in the holding account for next year's allocation. The Administration is requesting that the City Council consider using the recaptured funds so the request from the Housing Authority of the County of Salt Lake can be reviewed before the City's annual allocation process. Please note that the one other occasion the City Council chose to allocate program income funds outside the regular annual allocation process is when the City funded projects with HOME program income in 2004. If the City Council approves the Administration's request, the Housing Trust Fund Advisory Board will review the request and make their recommendations to the Mayor and the City Council. The Mayor will then review the project and forward his recommendation to the City Council for a final funding decision.

The Housing and Neighborhood Development (HAND) Division estimates the City's 2007-08 HOME allocation will be approximately \$1.3 million. Applications were submitted in the amount of \$1,875,000 (see Attachment A), which includes the County Housing Authority's request. The allocation of the program funds to the County Housing Authority would limit the amount of funds the other HOME subrecipients may receive during the annual process. HAND is in the process of closing out several past-year HOME accounts and anticipates additional HOME funds to be available for recapture. The County Housing Authority has also committed to decrease the amount they have requested from Salt Lake City if any additional funding becomes available. It is important to note that with the rise in construction costs that HAND has been seeing on their projects, the availability of additional funds is not a certainty.

Recommendation:

Mayor Anderson has agreed to consider this request for funding, and he supports using the City's CDBG housing match funds and HOME program income funds in order to meet the critical funding commitment and construction deadlines for this housing project.

PUBLIC PROCESS:

This request for funding will be reviewed by the CDCIP Board and the Housing Trust Fund Advisory Board, whose recommendations will be forwarded to the Mayor. The Mayor will review the project and make his recommendation to the City Council for the final funding decision.

RELEVANT ORDINANCES:

Ordinance 77 of 2006 – The Community Development and Capital Improvement Project Advisory Board

Chapter 2.80 – The Housing Trust Fund Advisory Board

Attachment A: HOME Log

**SALT LAKE CITY HOME PROGRAM
FUNDING RECOMMENDATIONS FOR 33rd YEAR (2007-08)**

#	ORGANIZATION	DESCRIPTION	PREV. AMOUNT	PREV. YEAR	REQUEST AMOUNT	RECOMMENDATIONS		
						HTF	MAYOR	COUNCIL
1	SL Community Development Corporation 501 East 1700 South Own in Salt Lake Program	To provide a loan/grant for 35 low/mod first time home buyers for down payment assistance or closing costs. If buyer resides in the home for 15 years, the funding becomes a grant, otherwise, the owner repays the \$5000 at the time of the sale.	175,000 135,000 125,000 75,000 50,000 75,000	06/07 05/06 04/05 03/04 02/03 01/02	175,000			
2	SL Community Development Corporation 501 East 1700 South Property Acquisition	Funding for acquisition, new construction or rehabilitation of one property in order to provide affordable housing for one low- or moderate-income household.	125,000 0 180,000 135,000 192,500 100,000	06/07 05/06 04/05 03/04 02/03 01/02	125,000			
3	Housing Opportunities, Inc. Housing Authority of the County of Salt Lake 3595 South Main Street	Funds for construction of the Gregson II apartment project to be located at 57 West Gregson Avenue (3052 South) to provide permanent affordable housing for 84 chronically homeless individuals.	New		200,000			
4	Neighborhood Housing Services 622 West 500 North CHDO application Rebuild & Revitalize Blight project	Funding to target and acquire boarded and/or vacant properties in the Glendale, Poplar Grove, Fairpark, Rose Park, Lower West Capitol Hill neighborhoods and develop them into affordable housing for first time home buyers earning 80% of the median income or less. NHS is seeking approval to expand their services to the West Liberty Wells neighborhoods. They anticipate providing services to 300 people.	456,172 370,479 464,532 217,953 477,800 580,000	06/07 05/06 04/05 03/04 02/03 01/02	600,000			
5	The Road Home 210 South Rio Grande TBRA program	To provide tenant based rental assistance and supportive services to homeless, special needs and other at-risk populations in order to transition them into permanent housing and maximize stability. They anticipate serving 30-35 households.	75,000 75,000 75,000	06/07 05/06 04/05	75,000			

SALT LAKE CITY HOME PROGRAM
 FUNDING RECOMMENDATIONS FOR 33rd YEAR (2007-08)

#	ORGANIZATION	DESCRIPTION	PREV. AMOUNT	PREV. YEAR	REQUEST AMOUNT	RECOMMENDATIONS		
						HTF	MAYOR	COUNCIL
6	SLC Housing & Neighborhood Development 451 S. State Street, Rm 406	Funding for homeowner rehabilitation, First Time Home Buyer Assistance, and financial services programs. They anticipate providing 110 housing rehabilitations and funding 30 First Time Home Buyer projects.	570,000 570,000 570,000 570,000 570,000 508,550	06/07 05/06 04/05 03/04 02/03 01/02	570,000			
7	Administrative Costs SLC - HAND 451 S. State Street, Rm 406	Funding to administer the HOME program (10% of the total HOME allocation). ****Amount to be determined by actual grant amount	129,214 137,384 145,504 145,302 135,400 135,000	06/07 05/06 04/05 03/04 02/03 01/02	127,275			
		TOTALS			1,872,275	0	0	0
		GRANT AMOUNT						
		Reallocated Funds						
		Total Recommendation						
		Available Balance						