
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: November 20, 2007

SUBJECT: Salt Lake County Housing Authority request for \$50,000 loan from CDBG Housing Match funds for construction Valley Horizon II project

STAFF REPORT BY: Jennifer Bruno, Policy Analyst

AFFECTED COUNCIL DISTRICTS: n/a

ADMINISTRATIVE DEPT:

AND CONTACT PERSON: LuAnn Clark, Housing and Neighborhood Development Director

POTENTIAL MOTIONS:

1. **["I move that the Council"]** Adopt a resolution authorizing a cash flow loan from Salt Lake City's Community Development Block Grant (CDBG) Housing Match Fund to Housing Opportunities, Inc, for the Valley Horizon II project, located at 3100 South 3600 West.
 2. **["I move that the Council"]** Not adopt a resolution authorizing a cash flow loan from Salt Lake City's Community Development Block Grant (CDBG) Housing Match Fund to Housing Opportunities, Inc, for the Valley Horizon II project, located at 3100 South 3600 West.
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The following information was provided previously for the Council Work Session on November 13, 2007. It is provided again for your reference.

KEY ELEMENTS:

- A. The Housing Authority of Salt Lake County is requesting a loan of \$50,000 from the City's CDBG Housing Match funds in order to construct the Valley Horizon II project.
 1. The Valley Horizon II project will provide permanent, supportive housing to 70 chronically homeless seniors.
 2. It will be located at 3100 South 3600 West in West Valley City.
 3. The total project costs are anticipated to be \$8,021,729
 4. The funding sources are as follows:

Potential

Crusade for Homeless	\$	100,000
Eccles Foundation	\$	300,000
West Valley City	\$	200,000
West Jordan City	\$	167,036
Salt Lake City	\$	50,000
<u>Salt Lake County</u>	<u>\$</u>	<u>288,000</u>
Total Potential	\$	1,105,036

Committed

US Bank	\$	5,066,693
Olene Walker	\$	1,250,000
SL County	\$	500,000
<u>US Bank (loan)</u>	<u>\$</u>	<u>100,000</u>
Total Committed	\$	6,916,693

Total Funding \$ 8,021,729

5. The Council may wish to clarify how the applicant intends to fill gaps if necessary if the potential funding sources are not secured.
- B. The request is for a \$50,000 loan from the CDBG Housing Match Funds line item.
1. Typically the administration requests \$100,000 every year from CDBG to contribute to this fund. They have not forwarded these requests in the last two to three years as there have not been many applications for use of these funds.
 2. The current balance of this fund is **\$339,236**. If this request is granted, the balance would be \$289,236. It should be noted that the Council is considering an additional request for use of these funds in the amount of \$200,000, which would bring the balance down to \$89,236.
 3. Because there are two applications this year which could deplete the fund if granted, the Administration has indicated they are forwarding a request for \$100,000 in the FY 2009 cycle of CDBG to replenish this fund.
 4. The resolution for the loan calls for a 30 year term with a 0% annual interest rate. The resolution allows for the agreement to be renegotiated by both parties at the end of the 30 year term. (*Staff note: If the Council were to apply a 3% interest rate to the loan, the total interest earned over the life of the loan would be \$26,529*)
 5. The City's money would be used for acquisition.
- C. The Housing Authority of Salt Lake County anticipates that approximately 80% of the new tenants will be residents from Salt Lake City who will be referred by partnering nonprofit service providers (including The Road Home, Valley Mental Health, Volunteers of America, and the Fourth Street Clinic).
- D. On September 10, 2007, the Community Development Capital Improvement Programs (CDCIP) board voted unanimously to support the approval of a loan to this project from the City's CDBG Housing Match Fund.
- E. On September 14, 2007, Mayor Anderson reviewed the request and gave his approval.

OPTIONS:

The Council may wish to consider the following options:

1. Forward the resolution to the next Council Meeting for consideration.
2. Request additional information.
3. Defer consideration of the request until after the Council has reviewed and adopted the Salt Lake City Housing Policy.

MASTER PLAN AND POLICY CONSIDERATIONS:

A. The Council is continuing to finalize the Housing Policy before adoption. Council Members in the past however, have supported the policy of distributing affordable housing throughout the County, and have contributed funds to projects that are not in City boundaries.

B. The Council's current adopted Housing Policy (1999) states the following:

I. Affordable and Transitional Housing

The City Council supports:

1. Salt Lake City residents having access to housing that does not consume more than 30 percent of their gross income.
2. The analysis of the impacts of fees and current zoning on affordable housing.
3. The type of business growth that is compatible with affordable housing needs in the City.
4. Development of programs to meet the housing needs of all individuals employed by and working or living within Salt Lake City.
5. Policies and programs that encourage home ownership without jeopardizing an adequate supply of affordable rental housing.
6. The dispersal of affordable and transitional housing Citywide and valley-wide. In particular, the Council supports the establishment of smaller transitional housing programs, with a minimum of one four-plex per Council District.
7. The citywide development of single room occupancy housing (SROs).
8. The City providing examples of how affordable housing can be built, offering incentives for innovative projects that developers may not initially be willing to undertake and serving as a facilitator/partner to maximize housing opportunities.

II. Citywide Cross Section of Housing

The City Council supports:

1. A citywide variety of residential housing units, including affordable housing.
2. Accommodating different types and intensities of residential development.

III. Housing Stock Preservation, Rehabilitation and Replacement

The City Council advocates:

1. Policies and programs that preserve or replace the City's housing stock including, the requirement of, at a minimum, a unit-for-unit replacement or a monetary contribution by developers to the City's Housing Trust Fund in lieu of replacement.
2. The City promoting housing safety and quality through adequately funding by fees the City's apartment inspection program and programs that assist home and apartment owners in rehabilitating and maintaining housing units.

IV. Funding Mechanisms

The City Council supports:

1. Increasing the housing stock via public-nonprofit and/or for profit partnerships.
2. Establishing a public document that outlines annual sources and uses of funds for housing and housing programs.
3. Maximizing public reviews and input relating to use of City housing monies.

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: Lyn Creswell, Chief Administrative Officer **DATE:** October 9, 2007

FROM: Louis Zunguze, Community Development Director 

SUBJECT: Housing Opportunities, Inc., a nonprofit organization created by the Housing Authority of the County of Salt Lake, requests a cash flow loan from CDBG Housing Match funds in the amount of \$50,000 in order to construct the Valley Horizon II project that will provide permanent, supportive housing to 70 chronically homeless seniors

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

ACTION REQUIRED: Adoption of the Resolution by the City Council

DOCUMENT TYPE: Resolution

BUDGET IMPACT: None

DISCUSSION:

Issue Origin: Housing Opportunities, Inc., a nonprofit organization created by the Housing Authority of the County of Salt Lake, is requesting a cash flow loan from CDBG Housing Match funds in the amount of \$50,000 in order to construct the Valley Horizon II project, to be located at 3100 South 3600 West in West Valley City, that will provide permanent, supportive housing to 70 chronically homeless seniors.

Analysis: Valley Horizon II is a facility that will offer 70 chronically homeless seniors permanent supportive housing. In order to provide these seniors with comprehensive services, Housing Opportunities, Inc., will take the lead on coordinating services in addition to partnering with other local homeless service providers such as The Road Home, Valley Mental Health, Volunteers of America, and the Fourth Street Clinic. The applicant anticipates that 80% of the new tenants will be residents from Salt Lake City who will be referred by partnering nonprofit service providers.

Valley Horizon II is an important project because there is a gap between the amount of financial resources available to seniors, the amount of housing needed by seniors, and the amount of affordable housing available to them. The unfortunate consequence of this gap is a growing

number of chronically homeless seniors. It is estimated these numbers will continue to rise as the “Baby Boomers” continue to age. This project can help bridge this widening gap.

Other funding sources for this project include the following:

Crusade for the Homeless	\$ 100,000
Eccles Foundation	\$ 300,000
West Valley City	\$ 200,000
City of West Jordan	\$ 167,036

Total project costs are anticipated to be \$8,021,729. Funds from Salt Lake City will be used for excavation and construction. Construction completion is anticipated in September 2008.

The City currently has \$339,326 in the Housing Match fund from past years that is available for these kinds of projects. Funding this project would leave the fund balance at \$289,326.

Recommendation: Mayor Anderson reviewed this request on September 14, 2007 and gave his approval for the project.

PUBLIC PROCESS:

The CD/CIP Board voted unanimously to support the approval of this project from the City’s CDBG Housing Match Fund on September 10, 2007.

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ATTACHMENT A
Resolution

RESOLUTION NO. _____ OF 2007
AUTHORIZING A CASH FLOW LOAN FROM
SALT LAKE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
HOUSING MATCH FUND
TO HOUSING OPPORTUNITIES, INC., FOR
THE VALLEY HORIZON II PROJECT

WHEREAS, Salt Lake City Corporation (the City) has a Community Development Block Grant, (CDBG) Housing Match Fund to encourage affordable housing development within the City; and

WHEREAS, Housing Opportunities, Inc., a Utah nonprofit organization, in partnership with the Housing Authority of the County of Salt Lake, has applied to the City for a cash flow loan from the City's CDBG Housing Match Fund in order to construct the Valley Horizon II project that will provide permanent, supportive housing to 70 chronically homeless seniors.

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 cash flow loan agreement with Housing Opportunities, Inc., from the City's CDBG Housing Match Fund for \$50,000.00, with a zero percent (0%) annual interest rate over thirty (30) years with terms of the agreement to be renegotiated by both parties at the end of the thirty (30) year term.

2. Housing Opportunities, Inc., will use the loan funds to construct the Valley Horizon Project II to be located in West Valley City. The loan requested from the City's CDBG Housing Match Fund will be leveraged with funds provided by the Crusade for the Homeless, the Eccles Foundation, West Valley City and the City of West Jordan. It is anticipated the total cost of the project will be \$8,021,729.00.

3. Ross C. Anderson, Mayor of Salt Lake City, Utah, following approval of the City Attorney, is hereby authorized to execute the requisite cash flow 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 _____, 2007.

SALT LAKE CITY COUNCIL

By: _____
CHAIR

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
SALT LAKE CITY ATTORNEY'S OFFICE
BY: Melanie D. Weil
DATE: September 18, 2007

ATTACHMENT B
Application

August 31, 2007



3595 South Main St.
Salt Lake City, UT 84115
(801) 284-4400

Sandra Marler
Salt Lake City Corporation
CD Programs Administrator and Sister Cities Coordinator
451 South State Street, Room 406
Salt Lake City, Utah 84111

Dear Sandra:

On behalf of Housing Opportunities, Inc., I am requesting that our application for the 2008-2009 Salt Lake City Community Development Block Grant requesting fund requesting \$50,000 be pulled. Instead, I would ask that our application be transferred to the Salt Lake City Community Block Development Grant Housing Match. This funding will help build Valley Horizon II, a tax credit project which will provide permanent supportive housing to 70 chronically homeless seniors, a special needs population consisting of disabled individuals aged 55 and older.

Housing Opportunities, Inc. (HOI) is a non-profit 501(c)3 organization, founded in 1994 through a partnership with the Housing Authority of the County of Salt Lake. HOI's mission is to provide affordable housing opportunities and supportive services to low-income individuals and families. Throughout its history, HOI has been committed to developing and managing affordable housing projects for many different special needs populations. We are pleased to continue this tradition with the Valley Horizon II project.

Valley Horizon II is an important project because seniors comprise a significant number of the local homeless population. According to Allen Ainsworth of Wasatch Homeless Healthcare, their agency served 290 individuals age 55 and over between January and July of this year. Last year Volunteers of America's Adult Detox Center served 104 people in this age group. These numbers are expected to grow in the coming years as homeless "Baby Boomers" continue to age along with their non-homeless counterparts.

Another function of the Valley Horizon II project is to meet the individual needs of homeless seniors. The Utah state-funded "Pathways" project has learned that this specific homeless population is particularly vulnerable due to their age-related high health risks compounded by lack of access to health care. For this already health-compromised population, being without shelter is oftentimes a devastating blow. By providing this population with permanent supportive housing, our project will save lives.

In addition to rising numbers and individual needs, projects like Valley Horizon II are also cost effective. National statistics show that chronically homeless individuals represent 10% of the total homeless population, yet consume over 50% of the resources allocated for homelessness. It is for these reasons that the federal, state, and local governments have joined forces to end chronic homelessness.



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EXECUTIVE SUMMARY, VALLEY HORIZON II PROJECT COMMUNITY BLOCK DEVELOPMENT GRANT HOUSING FUND APPLICATION

Project Description:

Valley Horizon II is a facility HOI is constructing at 3100 South 3600 West, West Valley City, that will offer 70 chronically homeless seniors permanent supportive housing. In order to provide these seniors with comprehensive services, HOI will take the lead on coordinating services in addition to partnering with other local homeless service providers such as: The Road Home, Valley Mental Health, Volunteers of America, and the Fourth Street Clinic. We anticipate completing construction and opening this facility in September 2008.

Valley Horizon II is an important project because there is a gap between the amount of financial resources available to seniors, the amount of housing needed by seniors, and the amount of affordable housing available to seniors. The unfortunate consequence of this gap is a growing number of chronically homeless seniors. It is estimated that these numbers will continue to rise as the "Baby Boomer" generation continues to age. The purpose of the Valley Horizon II project is to bridge the gap of affordable housing for chronically homeless seniors by providing housing, rental subsidies, and services to help insure successful tenancy for this particularly vulnerable segment of the population. The Valley Horizon II project will meet the unique needs of an already health-compromised population to which homelessness is all too frequently a devastating blow. By providing this population with permanent supportive housing, our project will save lives.

Funding Sources:

Name of Potential Donor:	Amount Asked for:
Crusade for the Homeless	\$100,000
Eccles Foundation	\$300,000
West Valley City	\$200,000
City of West Jordan	\$167,036
Salt Lake City Corporation	\$50,000

Name of Committed Donors:	Amount Pledged or Received
US Bank (Tax Credits)	\$5,066,693
Olene Walker Housing Loan Fund	\$1,250,000
Salt Lake County	\$500,000
US Bank (Loan)	\$100,000

Use of Funds:

HOI projects construction costs for Valley Horizon II facility at \$6,335,908. Total Project cost is projected at \$8,021,729. If awarded, all monies from the Salt Lake City CDBG Housing Match Fund would be applied to site work (excavation and construction).

Timeline of Project Development:

Construction on the Valley Horizon II project is slated to begin on November 1, 2007 and end on September 1, 2008. From September 1, 2008 through March 1, 2009 HOI will lease up the project. We anticipate leasing units to approximately 12 people every month, obtaining a full capacity of 70 residents by March 1, 2009.



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Funding Sources:

Name of Potential Donor:

- Crusade for the Homeless
- Eccles Foundation
- West Valley City
- City of West Jordan
- Salt Lake City Corporation

Amount Asked for:

- \$100,000
- \$300,000
- \$200,000
- \$167,036
- \$50,000

Name of Committed Donors:

- US Bank (Tax Credits)
- Olene Walker Housing Loan Fund
- Salt Lake County
- US Bank (Loan)

Amount Pledged or Received

- \$5,066,693
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- \$500,000
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