



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members
FROM: Sean Murphy
Public Policy & Budget Analyst

DATE: April 30, 2015 at 3:42 PM

RE: HOUSING TRUST FUND LOAN – TAYLOR GARDENS

Item Schedule:

Briefing: May 5, 2015

Set Date:

Public Hearing:

Potential Action:

[View the Administration's proposal](#)

ISSUE AT-A-GLANCE

The Housing Authority of Salt Lake City (HASLC) has requested a \$750,000 loan to assist in the completion of a 112-unit mixed-income housing development for adults over 55 years of age. The development will also provide units intended for individuals with varying disabilities and special needs, including victims of domestic violence, veterans, and those transitioning from homelessness.

Construction began in the fall. The project is estimated to be now 1/4 - 1/3 complete and will likely reach completion on time even if this request is not approved. The Administration believes this is an opportunity to **assist one of the City's housing partners** in completing a project so that they will not be forced to over-extend their own commitment.

Goal of the briefing: *Receive a brief from the Administration regarding a Housing Trust Fund request from Taylor Gardens.*

POLICY QUESTIONS

This project is presented as a “mixed-income” with a “market” designation of 80% Area Median Income (AMI) or more. Specifically, the breakdown looks like this:

- o 66 affordable units — income restricted to 25 – 49% AMI
- o 46 market rate units — unit pricing targeted at 80% AMI



This development is project is designated for individuals over the age of 55. When compared to younger populations nearby, the “market rate” for these adults may be lower than the average for the area. If a greater number of individuals moving into this development are likely to be on fixed incomes, perhaps 80% of the AMI is the equivalent a higher percentage of AMI for a working-age household in the same neighborhood. (See the “HASLC Market Rate” section below for detail.)

- o As housing policy is now an Active Project for the Council this year, it may make sense to clearly define certain terminology to help focus future discussions. There seems to be a difference of opinion among Council Members and the Administration as to how “market rate” is defined. The Council may also want to consider defining differences in “market rate” designations for different segments of communities as well (age, disability, familial status, etc).

- 1. Is a target of 80% AMI and 25-49% AMI the “mix” of incomes the Council is interested in encouraging?**
- 2. Would the Council like the Administration to define what it considers “market rate”?**
- 3. Should that definition change when considering different populations in the city?**

The site for this project is described as a “high opportunity area” with close proximity to amenities such as transit options, employment opportunities, grocers and restaurants. Meanwhile, this development is in the Ballpark neighborhood of District 5, a neighborhood that currently holds a concentration of affordable housing units. (See the “Site and Neighborhood Considerations” section below for more detail.)

- 4. Does the Council wish to discuss weighing these two competing policy objectives – locating affordable housing in high-opportunity areas (where prospective tenants could take advantage of opportunities), while not concentrating affordable housing in any one area?**

ADDITIONAL & BACKGROUND INFORMATION

HASLC Market Rate

The Administration reached out to the Housing Authority for some clarification on their “market rate” designation:

It is HASLC’s internal policy to serve the low- to moderate-income families of the city. When the Housing Authority begins to review applications for the “market rate” apartments, they will assess their waitlist, which is typically filled with low- to moderate-income individuals that are at 80% AMI or less. If they are not able to fill those 46 units with individuals on the waitlist, the Housing Authority will then open the lease of the units to anyone at any income level. In the end, the “market rate” for these units will be priced to serve their clientele: Low-to-Moderate incomes at 80% AMI or below.

Site and Neighborhood Considerations

This site is in District 5’s **Ballpark neighborhood**, a community that currently holds a considerable share of affordable housing units citywide. At the same time, the Administration points to research showing the need for affordable housing for older adults in this area, where there is access to transit, employment, food options, grocers, etc. Similarly, the site of this project is immediately **adjacent to both HASLC’s offices and another 55- and over development, Taylor Springs**, which by all accounts, could be considered upscale in appearance. That 95-unit development received a \$500,000 loan from the Housing Trust Fund.

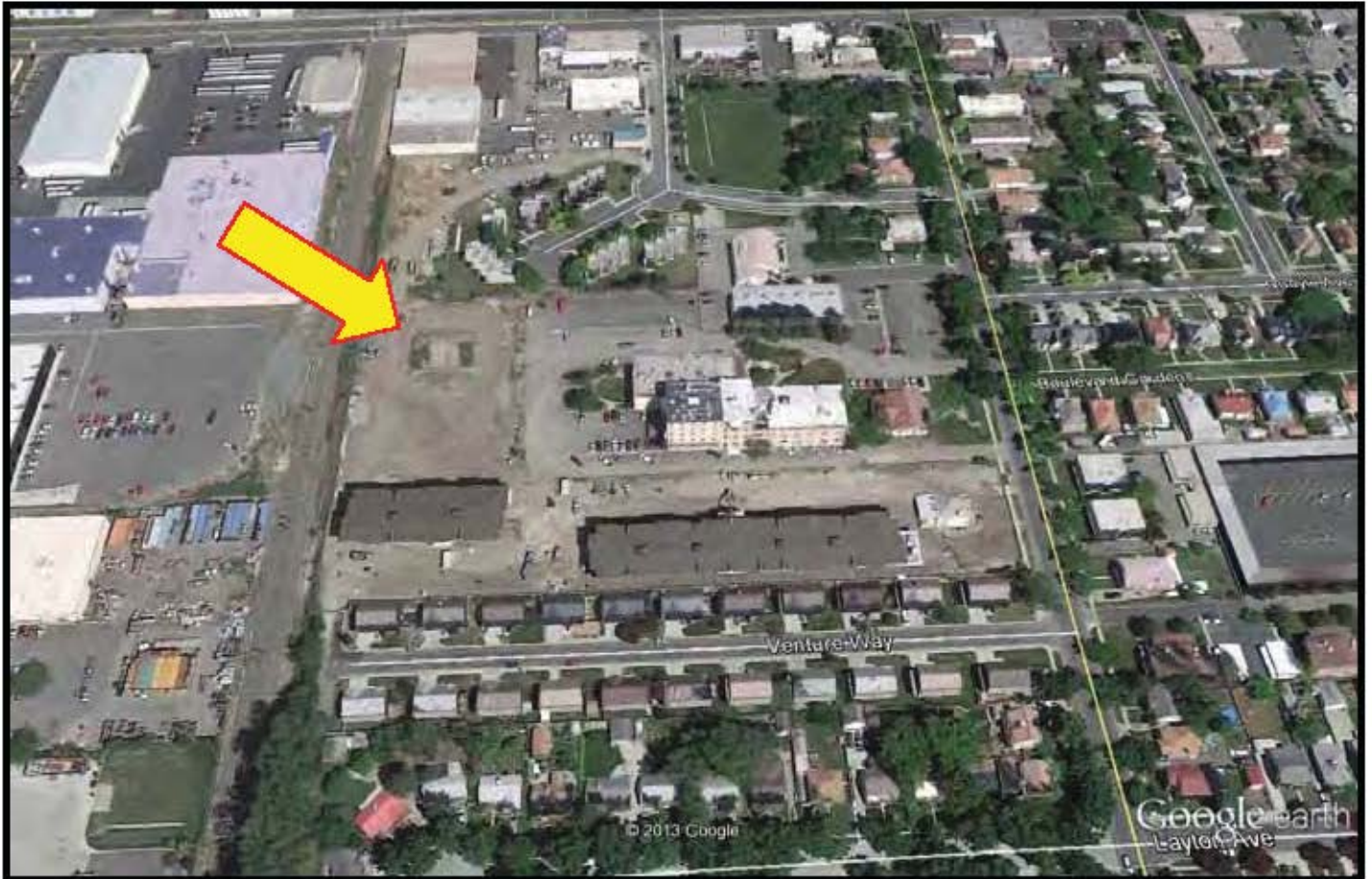
Please see Attachments A and B for detail of the site.

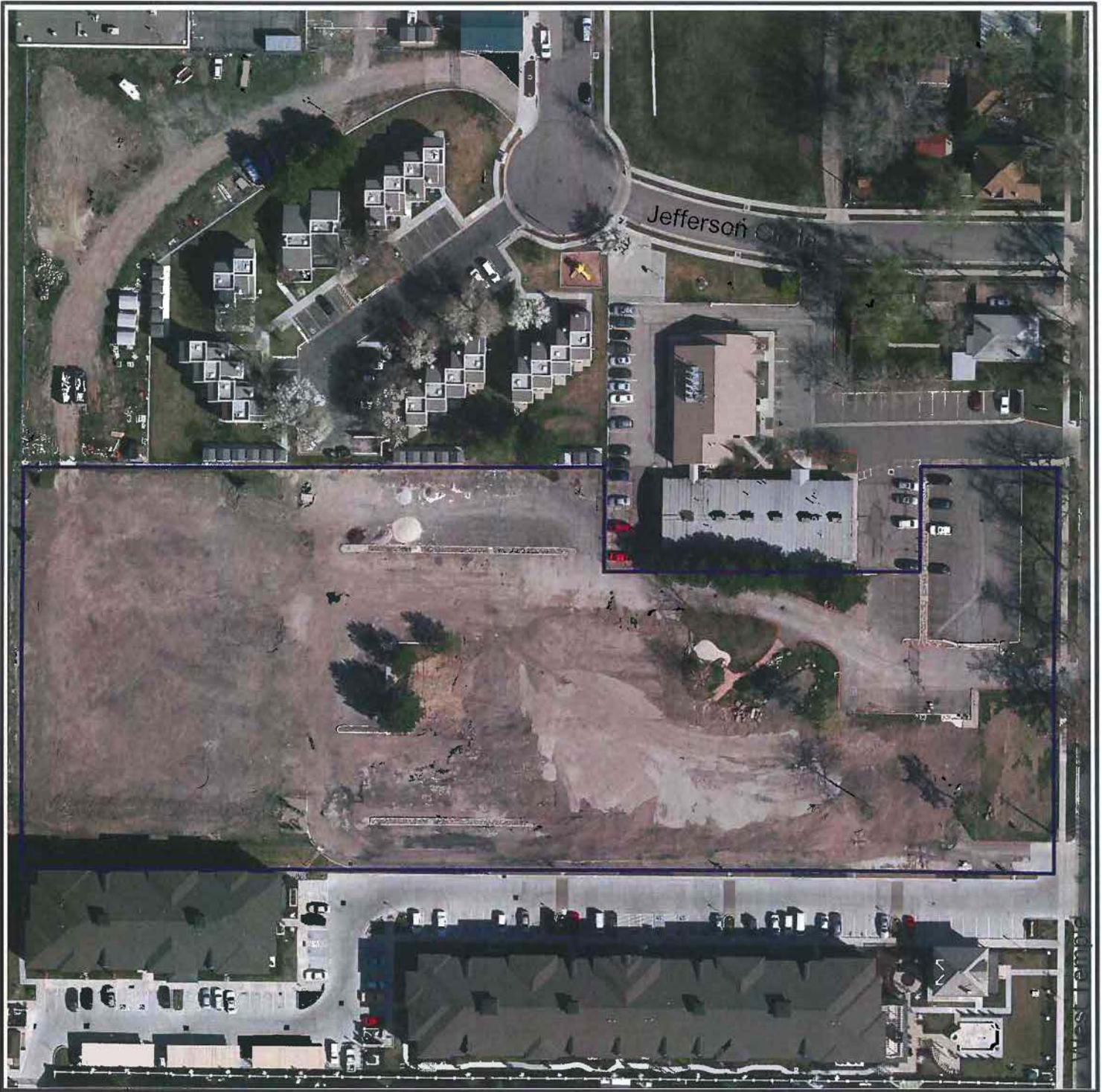
Project Underway

Typically, Housing Trust Fund loans are requested and approved before construction begins. This allows the City to work with applicants and ensure they have maximized private loan potential and discuss components of the development such as design and mix of affordability before the Fund commits any resources. HASLC was not planning to come to the City for a loan on this project initially. However, during pre-development site remediation, the HASLC ran into unforeseen environmental issues. The clean-up of these materials proved more costly than expected, and while the HASLC would be able to continue the project without this loan, HAND staff believe the loan would allow HASLC to invest their **capital in other projects that benefit the city's** residents.

AERIAL PHOTOGRAPH OF THE SITE AND IMMEDIATE SURROUNDINGS

NOTE: BUILDINGS ON SITE HAVE BEEN RAZED





AGRC Aerial Photograph
March 28, 2012

**PROPOSED BOULEVARD GARDENS
1800 SOUTH WEST TEMPLE
SALT LAKE CITY, UTAH**



Approximate Scale
1 inch = 100 feet

1130733



2012 Aerial Photograph of Site

Figure 10

SALT LAKE CITY CORPORATION
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
OFFICE OF THE DIRECTOR

RECEIVED
RALPH BECKER
MAYOR
APR 01 2015
By: *beck*

CITY COUNCIL TRANSMITTAL

[Signature]
David Everitt, Chief of Staff

Date Received: *4/1/2015*
Date sent to Council: *4/1/2015*

TO: Salt Lake City Council
Luke Garrott, Chair

DATE: March 27, 2015

FROM: Mary DeLaMare-Schaefer, CED Deputy Director

[Signature]

SUBJECT: Housing Trust Fund Loan to the Housing Authority of Salt Lake City in the amount of \$750,000 to assist with the construction of Taylor Gardens, a 112-unit apartment complex for seniors located at 1776 South West Temple (District 5).

STAFF CONTACT: Michael Akerlow, Housing & Neighborhood Development Director
801-535-7966, Michael.Akerlow@slcgov.com

Todd Reeder, Housing Development Program Specialist
801-535-7115, Todd.Reeder@slcgov.com

COUNCIL SPONSOR: Exempt

DOCUMENT TYPE: Adoption of a Resolution Authorizing a Loan from Salt Lake City's Housing Trust Fund to the Housing Authority of Salt Lake City.

RECOMMENDATION: That Council approves the attached resolution allowing the City to enter into a loan agreement with the Housing Authority of Salt Lake City.

BUDGET IMPACT: If approved, funding for the loan would come from the City's Housing Trust Fund; this has no impact on the General Fund.

BACKGROUND/DISCUSSION:

Applicant Information:

The Housing Authority of Salt Lake City (HASLC) is the City's public housing agency responsible for operating and managing public housing projects throughout the City. In addition, they administer a wide umbrella of Section 8-type programs. In 2007, HASLC received HUD

approval for the disposition of public housing, which allowed the Authority to dispose of 313 units. Of these, 148 were purchased by Housing Assistance Management Enterprise, a non-profit arm of HASLC. The other 165 units were sold and netted HASLC approximately \$22 million to create new housing to serve low to moderate income families of Salt Lake City. Currently, HASLC has completed 346 new housing units from this new funding source: Taylor Springs (95), Freedom Landing (110), Rendon Terrace (70) and Valor House (72).

The need for senior housing continues to grow as households downgrade from single family living to a more efficient and community-based housing option. As this population grows, there will be an impact on housing preferences and service demands. Due to the appeal of this type of housing throughout the city and specifically HASLC's most recent success with Taylor Springs (a 95-unit senior living affordable property adjacent to the Taylor Gardens site), HASLC determined that a similar project would be equally successful. Currently, there are 187 applicants on the waiting list for the Taylor Springs apartments and HASLC maintains a list of over 1,000 applicants waiting for senior housing.

Project Overview:

Taylor Gardens is a 112-unit mixed income project restricted to seniors 55 years of age and older. There will be 66 affordable units and 46 market rate units, with the affordable housing units targeted to 25-49% AMI. The 3.5-acre site is located between the Taylor Springs Apartments and the main offices of HASLC. The project consists of three residential buildings, a 3,000 square foot community building and 112 covered parking stalls.

The project was awarded \$987,791 of federal low income housing tax credits from Utah Housing Corporation in December 2013. Goldman Sachs has purchased these credits, which resulted in just over \$10 million in equity for the project.

The project will meet applicable accessible standards, however eleven units are designed specifically for mobility impaired individuals and one for auditory impairments. Taylor Gardens will target 17 units to special needs populations including victims of domestic violence, veterans and transitional homeless individuals. The transitional homeless tenants will pay rent at 25% of AMI, approximately \$248 per month.

Although construction commenced in October of 2014, HASLC would appreciate the opportunity to partner with the City to drive finance costs down further and alleviate some concerns about the amount of equity that HASLC must contribute to the project. This leveraging effort will enable the housing authority to continue addressing the city's affordable housing gap by investing in additional projects for low income residents and special populations.

Alignment with Current Initiatives, Policies, Plans and Assessments:

The preservation and creation of affordable housing are high priorities. Housing and Neighborhood Development (HAND) has reviewed the proposed application against the 2012 Comprehensive Housing Policy, the 2000 Salt Lake City Community Housing Plan and the 5000 DOORS Housing Initiative. Based on the review of these guiding documents, the applicant meets the following:

- Provide affordable housing - The current market fails to serve the extremely low income households with only 13% of the rentals in the city within the affordable range.
- Preserve and expand, as appropriate, the amount of subsidized housing in the city.
- New development encouraging mixed-use and mixed income projects.

- Provide access to opportunity – the location is geographically diverse, near several transit options, employment opportunities and food.
- Redevelop an underutilized asset and parcel of land for residential redevelopment.

5000 DOORS Initiative

Driven by the recent Housing Needs Assessment, the City's 5000 DOORS Housing Initiative launched in January 2015, targets funding and community support to 1600 *New Multi-Family Rental Units* by June 2020. HASLC has been very aggressive in meeting the needs of the city's low income population with the unit mix of Taylor Gardens. 66 units will be supplied for residents at 25-49% AMI, and the remaining 46 market rate units will be targeted to those at 80% AMI.

Leveraged Funding:

The entire cost of the project is expected to be approximately \$20 Million. HASLC has provided over 20% in equity from cash reserves. Additional lending includes tax credits, traditional bank lending, and the State's Olene Walker Housing Trust Fund. The City's Housing Trust Fund loan would provide 3.6% of the required funding to bring the project financing to completion.

Recommendation:

A. Housing Trust Fund Advisory Board's Recommendation

In a unanimous vote, the Housing Trust Fund Advisory Board voted to recommend approval of this loan request on November 20, 2014 under the following terms and conditions:

Amount: \$750,000
Maturity: 30 years
Interest Rate: 2%
Collateral: Trust Deed on Property – Second Mortgage Lien

B. Mayor's Recommendation

Mayor Becker's designee reviewed this issue on January 9, 2015, and recommended approval of the loan as approved by the Housing Trust Fund Advisory Board.

PUBLIC PROCESS: The Housing Trust Fund Advisory Board held a public meeting and reviewed this request on November 20, 2014. No other public process is necessary.

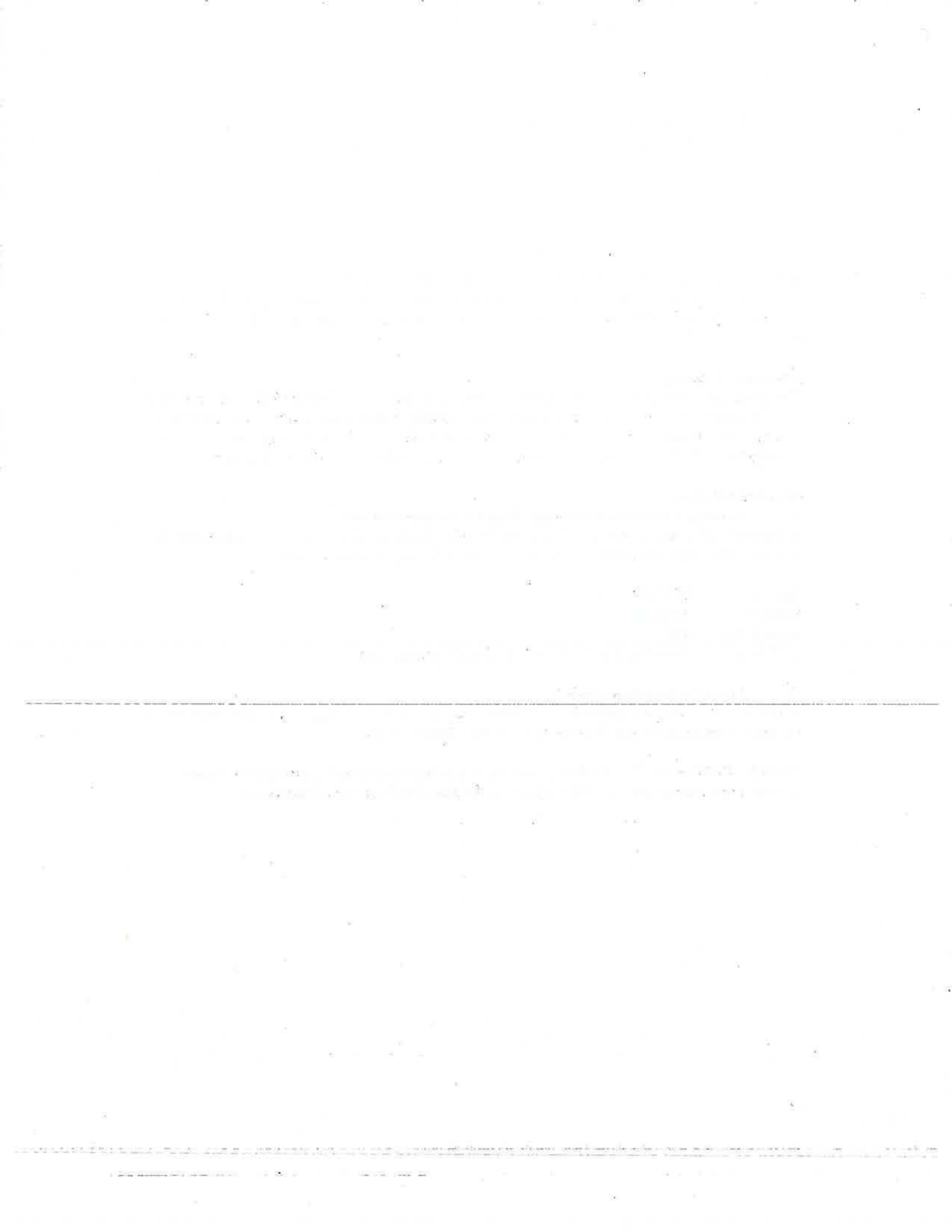


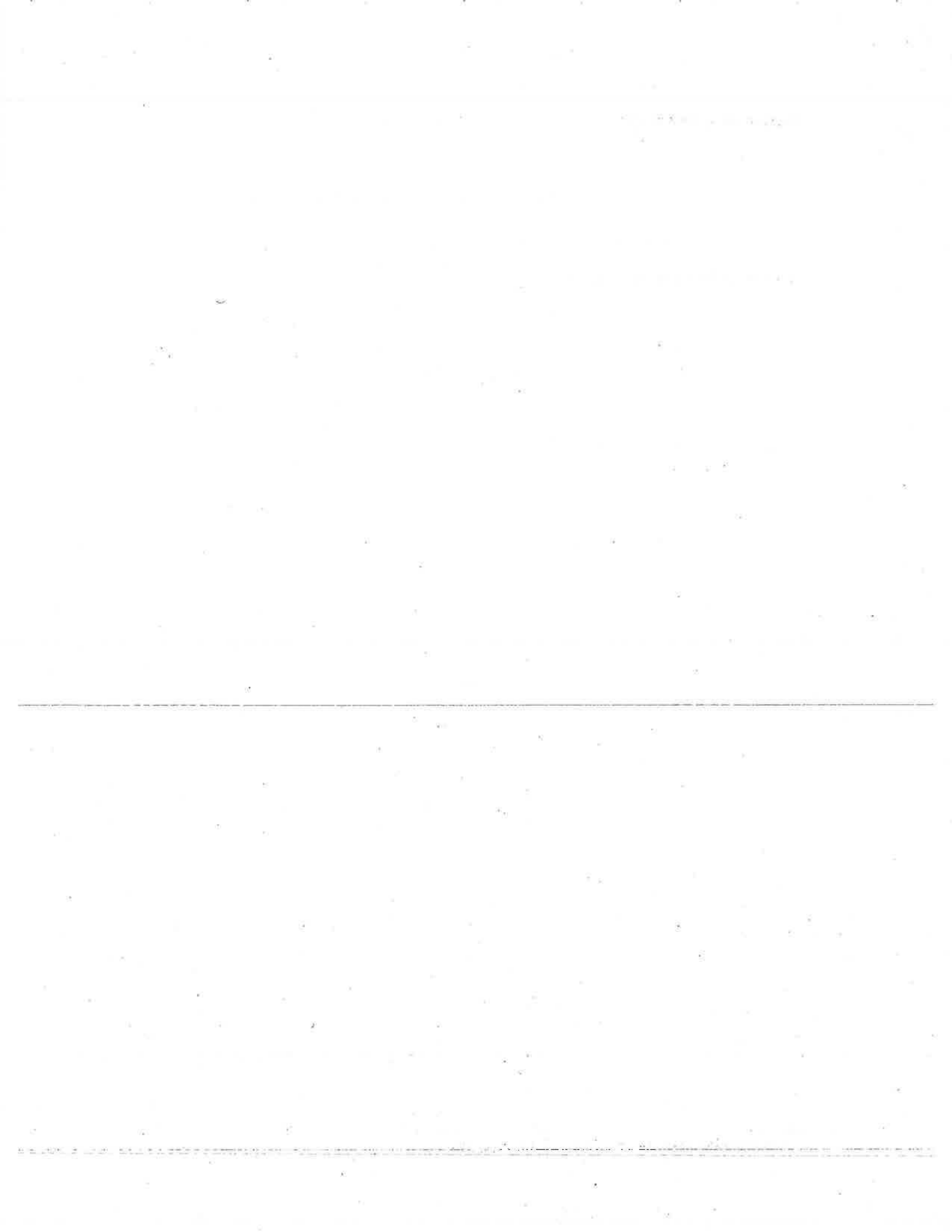
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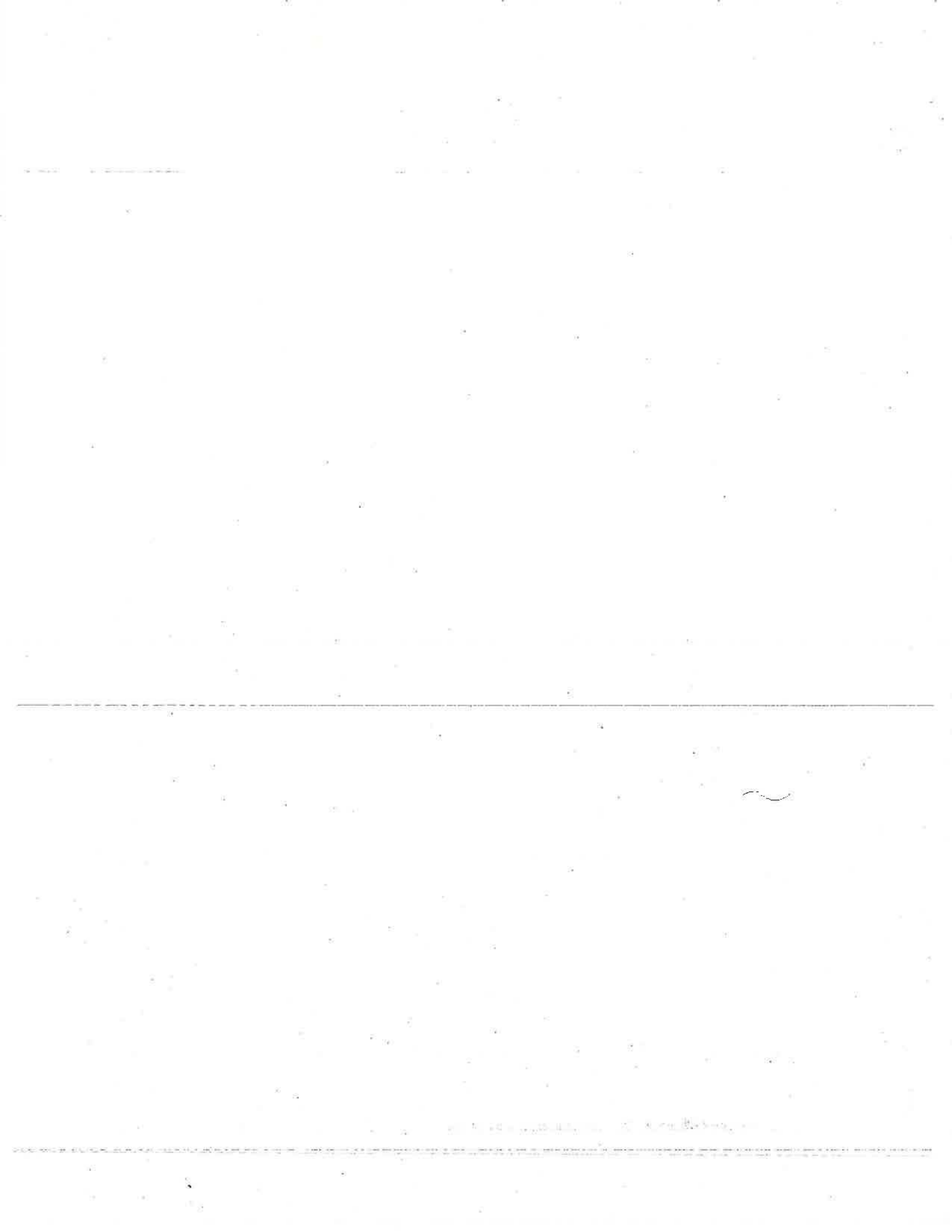
Attachment C: Administrative Approval

Attachment D: Loan Application



Attachment A: Resolution

RE: HTF Loan Application by the Housing Authority of Salt Lake City



RESOLUTION NO. _____ OF 2015
AUTHORIZING A LOAN FROM
SALT LAKE CITY'S HOUSING TRUST FUND
TO HOUSING AUTHORITY OF SALT LAKE

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, the Housing Authority of Salt Lake City has applied to the City for a loan to facilitate the construction of Taylor Gardens, a mixed income senior housing project located at 1776 South West Temple; and

WHEREAS, when complete, the Taylor Gardens apartment project will consist of 112 units restricted to seniors at 55 years and older, including 66 affordable units available to persons with a range of area median incomes between 25% and 49%.

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

1. That the City Council hereby approves issuing a loan in the amount of \$750,000.00 to the Housing Authority of Salt Lake City at 2% interest per annum for 30 years with the requirement that the Housing Authority of Salt Lake City use the loan funds for construction of the Taylor Gardens apartments located at 1776 South West Temple in Salt Lake City, Utah.

2. That Ralph Becker, 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.

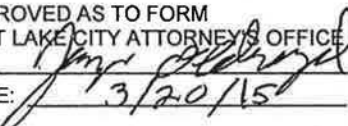
Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2015.

SALT LAKE CITY COUNCIL

By: _____
CHAIR

ATTEST:

CITY RECORDER

APPROVED AS TO FORM
SALT LAKE CITY ATTORNEY'S OFFICE
BY: 
DATE: 3/20/15

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

REPORT OF THE COMMITTEE ON THE PROGRESS OF THE WORK OF THE DEPARTMENT OF CHEMISTRY
FOR THE YEAR 1900

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY
CHICAGO, ILL., 1901

REPORT OF THE COMMITTEE ON THE PROGRESS OF THE WORK OF THE DEPARTMENT OF CHEMISTRY
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THE UNIVERSITY OF CHICAGO

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Attachment B: Staff Evaluation of Taylor Gardens

**SALT LAKE CITY HOUSING TRUST FUND
LOAN EVALUATION**

Date: November 20, 2014

Name of Organization: Housing Authority of Salt Lake City (HASLC)

Name of Project: Taylor Gardens

Location of Project: 1776 South West Temple – District 5

Executive Summary:

The Housing Authority of Salt Lake City (HASLC) is requesting a \$750,000 loan from the Housing Trust Fund (HTF) to develop a 112-unit Low Income Housing Tax Credit (LIHTC) apartment project for seniors. The average AMI of people being served in the affordable units is 44%.

The land for Taylor Gardens was purchased by the HASLC in 2007 and tax credits were awarded to the project last December. Because of higher construction costs, the project went through several redesigns in an effort to bring costs down to a more acceptable level. In addition, several environmental issues were identified and have been resolved, satisfying compliance entities, project investors and ultimately the safety of the tenants.

The applicant is seeking funds from both the SLC HTF and the State's Olene Walker Housing Trust Fund in an effort to reduce the long term costs of carrying traditional debt and to leverage public funding sources. This leveraging effort will enable the housing authority to continue addressing the City's affordable housing gap by investing in additional projects for low income residents and special populations.

It is the recommendation of staff to approve the loan request of \$750,000 at 2% for 30 years.

The Project:

Taylor Gardens will be a 112-unit mixed income project restricted to seniors at 55 years of age and older. There will be 66 affordable units and 46 market rate units. The 3.5-acre site is located between the Taylor Springs Apartments (a similar HASLC senior apartment project), and the main offices of HASLC. The project will be made up of three residential buildings, a 3,000 square foot community building and 112 covered parking stalls.

The project was awarded \$987,791 of federal low income housing tax credits from Utah Housing Corporation in December 2013. Goldman Sachs has committed to purchase these credits, which resulted in just over \$10 million in equity to the project.

The entire project will be accessible, however eleven units are designed specifically for mobility impaired individuals and one for auditory impairments. Furthermore, six units will be targeted for victims of domestic violence, six units for veterans and five units for transitional homeless individuals. The transitional homeless tenants will pay rent at 25% of AMI, approximately \$263 per month.

Unit Mix: 98 One-Bedroom (690 sf) / 14 Two-Bedroom (910 sf)

Affordable Units

AMI	# of Units	Unit Type	Rent
25%	4	1 Bedroom (BR)	\$248
39%	8	1 BR	\$428
45%	35	1 BR	\$507
49%	12	1 BR	\$557
25%	1	2 BR	\$292
45%	4	2 BR	\$602
49%	2	2 BR	\$663
	66	Total	

Market Rate Units

80%	39	1 BR	\$800
80%	7	2 BR	\$900
	46	Total	

LEED Requirements

The City code requires that City funded projects meet a minimum of LEED certified as determined by the U.S. Green Building Council. The proposed project has earned enough for a Silver certification.

Zoning:

RO Residential / Office District

- Multi-family dwellings are a permitted use.
- Suitable for a combination of residential dwellings and office use – the applicant's office headquarters are also located in this zone.
- Maximum building height is 60 feet.

Housing Trust Fund Eligibility:

- Affordable Housing for rental units – Annualized rent does not exceed 30% of annual income of a family whose income equals 60% or less of the area median income.
- No more than 50% of the per-unit cost shall come from the Housing Trust Fund. Total per unit cost is \$184,656. HTF Loan per unit is \$6,696.
- The term of affordability for rental housing units will be fifty years, enforced in the loan documents. A Declaration of Restrictive Covenants has been recorded against the property enforcing the fifty year affordability period.

HASLC Proposed Loan Terms:

Amount: \$750,000
Interest/term: 2% interest rate for 30 years.
Repayment: Cash flow from operations.
Collateral: Trust Deed recorded against the property.

Financial Review:

SOURCES OF FUNDS:	
Senior Loan – UCRC (1 st position)	\$3,900,000
SLC Housing Trust Fund (2nd)	750,000
Olene Walker Housing Trust Fund (3 rd)	1,000,000
Housing Authority of SL (soft debt based on cash flow)	4,400,000
Tax Credit Equity	10,370,769
Remaining income during lease up	159,949
Utility Rebates	100,800
TOTAL \$20,681,518	

USES OF FUNDS:	
Land	\$0
Construction Costs	15,939,001
Development Expenses	2,668,322
Reserves	319,673
Developer Fee	1,181,366
Interest & Loan Expenses	515,978
Surplus	57,178
TOTAL \$20,681,518	

SLC HTF Loan: \$750,000
\$11,363 per affordable unit
3.6% of total funding required
13.2% of total hard debt

Total Hard Debt Loans: \$5,650,000
 Total Soft Debt Loan: \$4,400,000 (HASLC)

Appraised Value:

As an unrestricted market rent property: \$10,410,000

As a rent restricted property: \$6,770,000
 Value of Tax Credits (Goldman Sachs): \$10,370,000
 Total Value: \$17,140,000

Loan to Value with all Hard Debt Loans:

54% based on estimated value of \$10 million
 33% based on LIHTC project and equity of \$17 million

Operations		Year 1	Year 2	Year 3
Gross Rent		\$844,452	\$869,786	\$895,879
less Vacancy	5.0%	(\$42,223)	(\$43,489)	(\$44,794)
Other Income		\$45,870	\$47,246	\$48,663
Effective Gross Income		\$848,099	\$873,543	\$899,748
less Operating Expenses		(\$460,320)	(\$474,130)	(\$488,353)
Net Operating Income		\$387,779	\$399,413	\$411,395
Debt Service				
UCRC Mortgage		(\$259,186)	(\$259,186)	(\$259,186)
SLC HTF		(\$33,266)	(\$33,266)	(\$33,266)
OWHTF		(\$41,414)	(\$41,414)	(\$41,414)
HASLC				
Total Debt Service		(\$333,866)	(\$333,866)	(\$333,866)
Cash Flow Available		\$53,913	\$65,547	\$77,529

Debt Coverage Ratio: 1.16 based on Year 1 estimates (1.23 in Year 3)

Operating Expenses in Year 1: \$4,110 per unit (3% increase per year)

Ability to Repay Loan:

HASLC provided a detailed analysis of the project and demonstrated that there would be sufficient cash to repay all of the debt against the property including the HTF loan. Based on their pro-forma the debt coverage ratio to cover all of the debt recorded against the property is an acceptable 1.16.

Borrower Capacity:

The HASLC was created in October 1970 as a public housing authority to provide and promote affordable housing for low-income persons residing in Salt Lake City. They have an excellent track record of developing, owning and operating

affordable housing throughout the City. Over the last several years, HASLC has constructed hundreds of affordable housing units that vary in style, population served and location. They are one of the most financially sound and well-managed public housing authorities in our region.

Salt Lake City Housing Policies and Plans:

The preservation and creation of affordable housing are high priorities. The City will continue to provide financial assistance to projects that meet the goals of the Housing Policy, City Master Plans and address needs from the recent Housing Needs Assessment. Based on the review of these guiding documents, the applicant meets the following:

- Provide affordable housing - The current market fails to serve the extremely low income households with only 13% of the rentals in the city within the affordable range.
- Preserve and expand, as appropriate, the amount of subsidized housing in the City.
- New development encouraging mixed-use and mixed income projects.
- Provide access to opportunity – the location is geographically diverse, near several transit options, employment opportunities and food.
- Redevelop an underutilized asset and parcel of land for residential redevelopment.

Project Strengths:

- Demand of senior housing for quality projects is high.
- Significant financial contribution from the HASLC.
- Operating income estimates reflect that there is sufficient cash to pay back loan.
- 17 units set aside for special needs populations.

Project Weaknesses:

- Concentration of affordable projects in the neighborhood.
- Costs to develop exceed value of the project.

Board Options:

- 1) Staff Recommendation:
\$750,000 at 2% for 30 years (PMT=\$33,266/year)
- 2) Consider other amount/terms
- 3) Deny the request

Fiscal Year 2014-15 Trust Fund Budget:

Beginning Balance: \$6,500,000

Loans Funded:

First Step House – New Construction (\$700,000)

Loans in Process:

NeighborWorks SL – Line of Credit (\$750,000)

Shelter the Homeless – Renovation (\$265,000)

Proposed Loan:

Housing Authority of Salt Lake (\$750,000)

Ending Balance: \$4,035,000

Attachment C: Administrative Approval

RE: HTF Loan Application by the Housing Authority of Salt Lake City

SALT LAKE CITY HOUSING TRUST FUND
Administrative Approval

TO: Ralph Becker, Mayor
David Everitt, Chief of Staff

DATE: January 9, 2014

FROM: Mike Akerlow, Housing and Neighborhood Development, Director

SUBJECT: The Housing Authority of Salt Lake City (HASLC) is requesting a **\$750,000** Housing Trust Fund loan to develop a 112-unit apartment project for seniors located at 1776 South West Temple (District 5).

STAFF CONTACTS: Mike Akerlow at 801-535-7966
Todd Reeder at 801-535-7115

ACTION REQUIRED: Approval of new loan request

BUDGET IMPACT: None

DISCUSSION:

The Housing Authority of Salt Lake City (HASLC) is requesting a \$750,000 loan from the Housing Trust Fund (HTF) to develop a 112-unit Low Income Housing Tax Credit (LIHTC) apartment project for seniors, restricted at 55 years of age and older. The average AMI of people being served in the affordable units is 44%.

The land for Taylor Gardens was purchased by the HASLC in 2007 and tax credits were awarded to the project last December. Because of higher construction costs, the project went through several redesigns in an effort to bring costs down to a more acceptable level. In addition, several environmental issues were identified and have been resolved, satisfying compliance entities, project investors and ultimately the safety of the tenants.

The project was awarded \$987,791 of federal low income housing tax credits from Utah Housing Corporation in December 2013. Goldman Sachs has committed to purchase these credits, which resulted in just over \$10 million in equity to the project.

The applicant is seeking funds from both the SLC HTF and the State's Olene Walker Housing Trust Fund in an effort to reduce the long term costs of carrying traditional debt and to leverage public funding sources. This leveraging effort will enable the housing authority to continue addressing the City's affordable housing gap by investing in additional projects for low income residents and special populations.

LOAN TERMS:

Staff recommends a loan of \$750,000 to develop Taylor Gardens Senior Apartments. The loan will be amortized over 30 years and charged an interest rate of 2%. The repayment of the loan will be the cash flow from operations and the collateral will be a second mortgage lien on the property.

COMMUNITY PLANS & POLICIES:

The preservation and creation of affordable housing are high priorities. The City will continue to provide financial assistance to projects that meet the goals of the Housing Policy, City Master Plans and address needs from the recent Housing Needs Assessment. Based on the review of these guiding documents, the applicant meets the following:

- Provide affordable housing - The current market fails to serve the extremely low income households with only 13% of the rentals in the city within the affordable range.
- Preserve and expand, as appropriate, the amount of subsidized housing in the City.
- New development encouraging mixed-use and mixed income projects.
- Provide access to opportunity – the location is geographically diverse, near several transit options, employment opportunities and food.
- Redevelop an underutilized asset and parcel of land for residential redevelopment.

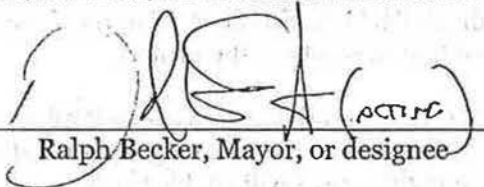
Fiscal Year 2014-15 Housing Trust Fund Budget:	\$6,500,000
Loans Funded	(\$700,000)
Loans in Process	(\$1,015,000)
Proposed Loan	<u>(\$750,000)</u>

Fiscal Year 2014-15 Housing Trust Fund Balance: **\$4,035,000**

HOUSING TRUST FUND ADVISORY BOARD'S RECOMMENDATIONS:

On November 20, 2014 the Housing Trust Fund Advisory Board unanimously voted to recommend the approval of this loan.

APPROVAL OF A HTF LOAN TO SHELTER THE HOMELESS AS RECOMMENDED BY THE HOUSING TRUST FUND ADVISORY BOARD:

By:  (Mayor)
Ralph Becker, Mayor, or designee

Date: 1-9-15

Attachment D: Loan Application

RE: HTF Loan Application by the Housing Authority of Salt Lake City

FUNDING APPLICATION
SALT LAKE CITY HOUSING TRUST FUND
Cover Sheet

Project Name: Taylor Gardens

Applicant/Organization: Housing Authority of Salt Lake City in behalf of Taylor Gardens, LLC, a Utah limited liability company.

Mailing Address: 1776 S. West Temple

Salt Lake City, Utah 84115

Contact Person: Terry Feveryear, Executive Director
Dave Miner, Consultant, (801) 486-2005, dminer@mbc-ut.com

Phone Number: 801-428-0560

Fax Number: 801-487-3641

E-mail: tfeveryear@qwestoffice.net

Federal Employee Identification Number (owner's EIN): 45-4129975.

Project Name: Taylor Gardens

Project Location: 1790 S West Temple, SLC, UT 84115

Amount Requested: \$750,000.

Terms Requested: 2nd position loan, 30 year amortization, 2% interest rate.

Please contact Todd Reeder at 535-7115 if you have questions or need assistance completing this application. The application is typed in Microsoft Word and is available electronically.

Project Description
Part I

1. Describe the scope of the project (how many total units, how many affordable units, type of project, etc.). Please address how your project will be accessible/visit-able. Please attach site plan, floor plan, and elevation of your project, if available.

This will be a newly constructed 112-unit mixed income project with 66 affordable units and 46 market rate units. All of them will be leased to people 55+ years old with 98 one bedroom units and 14 two bedroom units. The site is between the Taylor Springs Apartments and the Salt Lake City Housing Authority's main office at 1790 S West Temple. It is in a Qualified Census Tract. The average AMI of people being served in the affordable units is 44%.

The project obtained \$987,791 of federal low income housing tax credits from Utah Housing Corporation in December of 2013. Goldman Sachs has committed to purchase these credits at a price of \$1.05 per credit resulting in over \$10,000,000 of tax credit equity. Furthermore, the Housing Authority has purchased the land at a cost of over \$3,000,000 and will lease it to the project owner for a nominal amount.

The entire project will be accessible with eleven units designed specifically for mobility impaired individuals and one for auditory impairments. Furthermore, six units will be targeted for victims of domestic violence, six units for veterans and five units for transitional homeless individuals. The transitional homeless tenants will pay rent at 25% of AMI (About \$263/month for a 1 bedroom apartment).

Floor plans and site plans are attached.

2. Does the project conform to the City's Master Plans for the area? Please indicate which master plan(s). Briefly restate the master plan objectives the project will meet.

The project is located within the Central Community Master Plan area. The land fronting West Temple is planned Community Commercial and the area behind it is planned for low density residential (1-15 du/acre).

3. What is the property zoned?

The property is zoned Residential Office. "The residential/office district is intended to provide a suitable environment for a combination of residential dwellings and office use." Multifamily is a permitted use.

The project has received all City approvals and a building permit can be issued at any time.

- All new construction projects will need to be reviewed by the appropriate Community Council. Please provide a copy of the Community Council's response to the review of your project.

[to be provided]

- Please include a breakdown of the number of units that will be provided for the various percentages of area median income (i.e., how many units for those at 80%, 50% AMI, etc.), along with a list of the rents that will be charged to each group.

# of BR	Size	Unit Count	AMI Target	Pro Forma Rent
Affordable units				
1	690	4	25%	\$248
1	690	8	39%	\$428
1	690	35	45%	\$507
1	690	12	49%	\$557
2	910	1	25%	\$292
2	910	4	45%	\$602
2	910	2	49%	\$663
Market rate units				
1	690	39	80%	\$800
2	910	7	80%	\$900
Total units:		112		
TC units:		66		
Market units:		46		

- How will the project be accomplished if the Salt Lake City Trust Fund is unable to fund this request?

If this loan cannot be made the project would have to rely upon additional funding from the senior mortgage loan at a much higher interest rate (approximately 5.27%) and from Housing Authority funds. The additional

funding by the Housing Authority would reduce the resources available to create additional affordable housing throughout the City.

7. How do you intend to use funds provided by Salt Lake City Corporation?

Salt Lake City HTF loan proceeds will be used for general project construction and will be one of the first sources drawn upon.

8. Are there tenants currently living in the project? Will they be able to remain in the project once it has been completed? Please explain how the tenants will be affected by the project and the steps you have taken to deal with their issues.

The site has no tenants.

9. How many square feet will the project contain?

The project contains approximately 80,360 square feet of leasable space contained in three residential buildings plus a clubhouse/leasing office.

Please describe how the project will meet the requirements of LEED Standards in City Funded Construction (Chapter 18.95 adopted in 2006) if the project is for new construction or major renovation of a multi-family residential building that will contain more than 10,000 square feet. As an alternative to a LEED certification, please describe how the project will meet the standards and design guidelines as outlined by the National Green Building Standard.

The project has been designed to meet Energy Star 3.0 and LEED for Homes – Midrise (Silver).

Project Funding Part II

1. Please list the sources of all funds as of the date of the application. **If this is a tax credit project, please provide one complete copy of the tax credit application.**

Permanent Sources of Funding/Post Construction:

	Source	Amount
Equity	Goldman Sachs Bank, USA	\$10,370,000
Land equity	Housing Authority of Salt Lake City	\$3,100,000
1 st Mortgage	Utah Community Reinvestment Corp	\$3,900,000
2 nd Mortgage	SLC HTF	\$ 750,000
3 rd Mortgage	OWHLF	\$1,000,000
4 th Mortgage	SLC HA cash flow loan	\$4,400,000
Other	Rebates, etc.	\$ 158,000
Total Sources		\$23,678,000

1a. Ratio of Salt Lake City Trust Funding to total funding: 1:31.6 (3.17%)

2. Please list the uses of all funds for the proposed project, being as specific as possible. The total of Uses of Funds should equal the total project cost.

Please see attached expense detail on pages 2 and 3 of our budget and pro forma. The land cost is not included because it is a ground lease.

3. What will be the value of the project at the time of completion?

An independent appraisal by Western States Multifamily dated August 20, 2104 determined a value of the property at stabilization of \$10,410,000 and an additional \$10,370,000 for the tax credits for an aggregate value of \$20,780,000.

4. Please attach sales or operating projections for the project for the first five years after completion. Please list below the assumptions made to prepare the operating projection. Please show revenue and expense categories in as much detail as possible.

See pages 3-6 of the attached budget/pro forma.

5. What is the source of repayment of the funds?

The loan will be repaid from net operating income of the project.

6. What type of security is being offered to the City?

The City will have a second lien on project revenues. Payment is NOT subject to available cash flow. The City may record a deed of trust, if desired. The \$1,000,000 OWHLF loan and the \$4,400,000 Housing Authority's loan, the land equity and tax credit equity will all be behind the City's loan.

7. Please list all other governmental grants, loans, tax credits, licenses, etc., necessary for this project to proceed. Please include information on the status of all funding required for the completion of this project.

The only funding that hasn't been completely committed is the SLC HTF loan and the UCRC senior loan. The UCRC loan has received loan committee approval and we expect a release of their formal loan commitment within two weeks. We actually expect to close on the partnership and the funding sources and begin construction within about two weeks.

8. Please describe the purchase terms under which the applicant will/has acquire(d) the property. How much of the purchase price will be paid with equity provided by the applicant? By others?

The land has already been acquired by the Housing Authority entirely with its own funds. The Housing Authority will lease the site to the project owner for a nominal fee.

9. If an appraisal of the property has been obtained, please attach a copy.

Please see attached appraisal from Western States Multifamily dated August 20, 2014.

10. Please state the number of years you will maintain this property as affordable.

The Land Use Regulatory Agreement with Utah Housing Corporation requires a minimum affordability period of 50 years.

Applicant Information
Part III

1. Please check each of the following which is true for the Applicant

(a) The Applicant is an individual doing business under his/her own name.

(b) The Applicant has the status indicated below and is organized or to be organized under the laws of Utah

A corporation

A nonprofit or charitable institution or corporation

A partnership known as or to be known as:

Taylor Gardens, LLC, a Utah limited liability company

A business association or joint venture known as or to be known as: _____

A Federal, State or local government or instrumentality thereof

Individual known as: _____

Social Security Number of Individual: _____

Other (explain): _____

2. If the Applicant is not an individual or a government agency, give date of organization:

The Housing Authority was organized in 1969 by resolution of the City Council of Salt Lake City. The borrower was organized on January 3, 2012.

3. Please provide a list of the officers, director or trustees, board of trustees or board of directors, or partners of the applicant's organization.

The Housing Authority will be the managing member of the borrower and is governed by a Board of Commissioners appointed by the Mayor and City Council of Salt Lake City. Current board members are: Valda Tarbet, Chairman; Michael Clara, Vice Chair; Phil Bernal, Michael Mamo, Dave Mansell, Alfonsa Price and Palmer DePaulis.

4. Who will manage the property once it has been acquired?

Upon completion of the project the property will be managed by HAME, a wholly-owned subsidiary of the Housing Authority.

5. Please provide a brief description of your organization.

Please see attached Development Resume.

6. Who will be responsible for this project?

The Housing Authority of Salt Lake City will be the managing member of the owner and as such will have both responsibility for both day-to-day and long-term management of the property.

7. Please provide examples of experience your organization has with this type of project.

Please see attached Development Resume.

Current Ownership Information
Part IV

1. Who is the current owner of the property?

The Housing Authority of Salt Lake City.

2. Who is the current manager of the property?

None. The site is vacant.

3. Please provide a list of the officers, director or trustees, board of trustees or board of directors, or partners of the organization that currently owns the property.

Current board members are: Valda Tarbet, Chairman; Michael Clara, Vice Chair; Phil Bernal, Michael Mamo, Dave Mansell, Alfonsa Price and Palmer DePaulis.

Certification

I (we) Housing Authority of Salt Lake City certify that this Applicant Disclosure of Ownership and Control is true and correct to the best of my (our) knowledge and belief.

Robyn Cardona
Signature

Signature

Finance Director
Title

Title

1776 S. West Temple, SLC, UT 84115
Address and Zip Code

Address and Zip Code

Date: 10-15-14

Date: _____

PREPARATION OF LOAN DOCUMENTS

Applicant understands and agrees with Salt Lake City Corporation's policy that all loan documents required from Salt Lake City Corporation, necessary for closing of the loan, will be processed and signed two weeks prior to the loan closing date and that no changes to those loan documents and/or requests for additional documents and/or letters requiring the Mayor's signature will be made during the two week period prior to the loan closing.

Robert Cadava
Signature

Signature

Finance Director
Title

Title

10-15-14
Date

Date

ACCESS TO TAX CREDIT APPLICATION INFORMATION

Applicant agrees to grant Salt Lake City Housing and Neighborhood Development permission to access information contained in their Low-Income Housing Tax Credit Application filed with the Utah Housing Corporation and/or any Private Activity Bond applications.

Robert Cadava
Signature

Signature

Finance Director
Title

Title

10-15-14
Date

Date

NOTE: PLEASE PROVIDE FOURTEEN (14) COPIES OF YOUR ENTIRE APPLICATION AT THE TIME THE APPLICATION IS SUBMITTED AND ONE (1) COPY OF YOUR TAX CREDIT APPLICATION and APPRAISAL.

Eligible Activities for Salt Lake City Housing Trust Funds
Part V

As set forth in Salt Lake Ordinance 78-00 of 2000, funds are provided to Salt Lake City's Housing Trust Fund to be used exclusively to assist with affordable and special needs housing in the City. Fund moneys may be used for:

1. Acquisition, leasing, rehabilitation, or new construction of housing units for ownership or rental, including transitional housing;
2. Emergency home repairs;
3. Retrofitting to provide access for persons with disabilities;
4. Down payment and closing cost assistance;
5. Construction and gap financing;
6. Land acquisition for affordable and special needs housing units
7. Technical assistance;
8. Other activities and expenses incurred that directly assist in providing affordable and special needs housing.

Fund moneys may not be used for administrative expenses.

