




CITY COUNCIL TRANSMITTAL


Patrick Leary, Chief of Staff

Date Received: December 12, 2017
Date sent to Council: December 12, 2017

TO: Salt Lake City Council
Stan Penfold, Chair

DATE:

FROM: Mike Reberg, Community & Neighborhoods Director 

SUBJECT: Housing Trust Fund loan request from First Step House for \$402,250 for land acquisition for 426 Apartments, a permanent supportive housing development in District 4 represented by Councilmember Derek Kitchen

STAFF CONTACT: Melissa Jensen, Housing & Neighborhood Development Director
801-535-6035, Melissa.Jensen@slcgov.com

Lily Gray, Deputy Director
801-535-6264, Lily.Gray@slcgov.com

DOCUMENT TYPE: Resolution

RECOMMENDATION: That Council approves the attached resolution allowing the City to enter into a loan agreement with First Step House

BUDGET IMPACT: None

BACKGROUND/DISCUSSION:

Summary:

First Step House ("FSH") is currently under contract on a .2 acre site with a target closing date of November 20, 2017. The site currently has a vacant office building and FSH intends to redevelop the site with a projected 40 units of affordable housing. This would be a permanent supportive housing development with one-bedroom units. FSH intends to apply for 9% credits in fall of 2018.

FSH requested a short-term acquisition loan for the full acquisition amount of \$595,000. The Housing Trust Fund Advisory Board recommended approval of a lower amount based upon the available balance of funds and potential for the project to apply for HOME funds to fill a portion

of the financing needs. The projected cost of the development is \$7,345,835 and it is anticipated that this loan would be repaid by the construction and permanent financing.

The proposed project is located in Salt Lake City District 4 represented by Councilmember Derek Kitchen.

Background/Discussion:

Development of this site at 426 South 500 East would be the third phase of housing work by FSH. Phases one and two are located next door at 440 South 500 East. Phase one is the new treatment and housing facility, including 32 substance abuse treatment beds and 18 transitional housing beds. The Housing Trust Fund provided a \$700,000 loan to that project. Phase two is the 75-unit PSH project that is applying for 9% tax credits this round. This project would be Phase three, building on these previous components. The target construction start, assuming credits awarded in the fall 2018 round, would be April 2019 with an anticipated completion in September 2020. This additional 40 units of permanent supportive housing would serve those who, without significant support, would not be able to find or remain stably housed.

The development will use a Housing First model and deliver voluntary services. Services will be available on-site and 24-hour supervision will be provided. A licensed clinical social worker will manage the service delivery with a team of case managers and support specialists. FSH's service delivery philosophy is directly tied to their mission of helping people build lives of meaning, purpose and recovery. Their goal for every resident is to ensure they have access to the services they need, increase their quality of life, ensure harm reduction, improve health and well-being, and support the development of pro-social relationships. Their emphasis is on client-centered, pro-active engagement and support, trauma-informed care, increasing accessibility for all services, and reducing barriers to services.

The site is .2 acres and currently occupied by a vacant commercial building. FSH intends to use the commercial building for program space until ready to begin construction. The site is zoned TSA-UN-C. The site is 1,500 feet from TRAX and proximate to several important amenities including Smith's grocery and pharmacy which are across the street.

FSH is envisioning a five-story building with parking on the main level along with common area amenities, leasing office and lobby. The upper levels will contain one-bedroom apartments of about 540 square feet each.

The development will be fully compliant with all applicable Federal Fair Housing Act and American with Disabilities Act accessibility standards. The main lobby of the building will be accessible from the public sidewalk and the elevator will make all floor of the building accessible to wheelchairs. Five percent of the apartments will be fully accessible and the remaining apartments will be type "B" units or adaptable. Accessible parking stalls will be provided.

Unit Mix: 40 one-bedroom units

Affordability: Mix still to be determined but most units at or below 40% of AMI. FSH anticipates all units being supported by project based vouchers.

Loan Terms:

The Housing Trust Fund Advisory Board unanimously approved an acquisition loan of up to 95% of the appraised value or \$595,000, whichever is less. The final loan amount is contingent on the developer applying for HOME funds for the maximum eligible amount which is estimated at \$163,000. The estimated Housing Trust Fund loan amount is \$402,250 with the final amount to be set upon receipt of the appraisal, which came in at the purchase price. The loan was approved at 1% interest with interest only payments for a 4 year term with a balloon payment due at maturity. The repayment of the loan will be the close of the construction and permanent finance loans of the anticipated tax credit allocation. Salt Lake City will be in first position with a lien on the property. The Housing Trust Fund Advisory Board's approval was conditioned upon the applicant's appearance and presentation to the Community Council.

Borrower Information:

Founded in 1958, FSH has grown into a specialized, nonprofit substance abuse and behavioral health treatment center, and housing provider. Their mission is to help people build lives of meaning, purpose, and recovery. They currently operate two residential treatment centers, two outpatient facilities and five transitional housing facilities. FSH also provides housing case management for people participating in voucher programs. Additionally, FSH is in the process of developing a 75-unit permanent supportive housing development at 440 South 500 East.

Alignment with Current Initiatives:

The preservation and creation of affordable housing are high priorities. Housing and Neighborhood Development (HAND) has reviewed the proposed application against the 2016 Housing Policy and Plan Salt Lake. Based on the review of these guiding documents, the applicant meets the following:

- Provide affordable rental housing in Salt Lake City for residents who make 80% or less of the area median income
- Increase diversity of housing types for all income levels throughout the City
- Decrease percent of income spent on housing for cost-burdened households
- Direct new growth toward areas with existing infrastructure and services that have the potential to be people-oriented
- Promote high density residential in areas served by transit
- Support homeless services

Fiscal Year 2017-18 Trust Fund Budget:

HTF FY17/18 Budget: \$4MM			
Status	Proposed Loan	Affordable Units	Total Units
Funded			
Closed/Closing	\$ 1,185,000	174	208
Awaiting Council Approval	\$ 2,402,250	358	421
Currently in Review			
Total	\$ 3,587,250	532	629
HTF FY17/18 Budget Remaining	\$ 412,750		

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 September 28, 2017 under the following terms and conditions:

Amount: \$402,250
Type: Short Term Loan
Interest/term: 1% interest rate – 4 year term with balloon payment – interest only payments
Repayment: Funds will be repaid at the closing of the construction loan from the tax credit equity and/or the construction loan proceeds.
Collateral: Lien on property
First position

B. Mayor's Recommendation

Mayor Biskupski reviewed this issue on October 10, 2017 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 September 28, 2017. No other public process is necessary.

EXHIBITS:

Attachment A: Resolution

Attachment B: Staff Evaluation

Attachment C: Administrative Approval

Attachment D: Loan Application

Attachment E: Project Vicinity Map

Attachment A: Resolution

RESOLUTION NO. ____ OF 2017

Authorizing a Loan from Salt Lake City's Housing Trust Fund
To First Step House
(426 Apartments Project)

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, First Step House ("FSH") has applied to the City for a loan to purchase real property located at 426 South 500 East, Salt Lake City, Utah (the "Property"); and

WHEREAS, when complete, the site is projected to include 40 units, the majority to be tax credit units targeting those at 40% area median income and below.

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

1. That the City Council hereby approves issuing a single loan in the total amount of \$402,250 to FSH with the requirement that the loan proceeds shall be used to acquire the Property for the development of an affordable housing project. The loan documents that correspond to this loan shall include the following terms:

Loan Amount:	\$402,250
Loan Maturity:	4 year term
Interest Rate:	1% per annum
Amortization:	30-year amortization
Interest Only:	Only interest will be paid during the term with a balloon at maturity
Collateral:	First-Position Trust Deed on the Property

2. That Jacqueline M. Biskupski, Mayor of Salt Lake City, Utah, following approval of the City Attorney, is hereby authorized to execute the requisite loan 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 _____, 2017.

SALT LAKE CITY COUNCIL

By _____
CHAIR

ATTEST:

CITY RECORDER

Approved As To Form Salt Lake City Attorney's Office By: <u>Kimberly K. Chytraus</u> Kimberly K. Chytraus Date: <u>11-2-2017</u>
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Attachment B: Staff Evaluation

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

Date: September 22, 2017

Name of Organization: First Step House (FSH)

Name of Project: 426 Apartments

Location of Project: 426 South 500 East, Salt Lake City, UT 84102

I. Executive Summary:

First Step House is currently under contract on a .2 acre site with a target closing date of November 20, 2017. The site currently has a vacant office building and First Step House intends to redevelop the site with a projected 40 units of affordable housing. This would be a permanent supportive housing development with one-bedroom units. FSH intends to apply for 9% credits in fall of 2018.

FSH is applying for a short-term acquisition loan for the property of \$595,000 which would be repaid at construction loan closing through tax credit equity and/or construction loan proceeds. They are requesting a loan term of 4 years at a 1% interest rate. FSH has requested that the board consider a combination grant/loan in which a portion (proposal of half) would not be repaid. The projected cost of the development is \$7,345,835 and it is anticipated that this loan would be repaid by the construction and permanent financing. If the loan needed to be modified to become part of the permanent financing, it would represent 8% of the total cost and \$14,875 per unit. That scenario is provided for reference on leverage.

The proposed project is located in Salt Lake City District 4 represented by Councilmember Derek Kitchen.

II. Borrower Information:

Founded in 1958, First Step House has grown into a specialized, nonprofit substance abuse and behavioral health treatment center, and housing provider. Their mission is to help people build lives of meaning, purpose, and recovery. They currently operate two residential treatment centers, two outpatient facilities and five transitional housing facilities. FSH also provides housing case management for people participating in voucher programs. Additionally, FSH is in the process of developing a 75-unit permanent supportive housing development at 440 South 500 East.

III. Proposed Loan Terms:

Amount:	\$595,000
Type:	Short-term loan
Interest/term:	1% interest rate – 4 year term with balloon payment – interest only loan
Repayment:	Funds will be repaid at the closing of the construction loan from the tax credit equity and/or the construction loan proceeds. FSH has requested the board consider a combination grant/loan (proposal that half be in the form of a grant)
Collateral:	Lien on property First position

IV. Project Overview:

Development of this site would be the third phase of housing work by First Step House. Phases one and two are located next door at 440 South 500 East. Phase one is the new treatment and housing facility, including 32 substance abuse treatment beds and 18 transitional housing beds. The Housing Trust Fund provided a \$700,000 loan to that project. Phase two is the 75-unit PSH project that is applying for 9% tax credits this round. This project would be Phase three, building on these previous components. The target construction start, assuming credits awarded in the fall 2018 round, would be April 2019 with an anticipated completion in September 2020. This additional 40 units of permanent supportive housing would serve those who, without significant support, would not be able to find or remain stably housed.

The development will use a Housing First model and deliver voluntary services based on the SAMHSA Permanent Supportive Housing toolkit. Services will be available on-site and 24-hour supervision will be provided. A licensed clinical social worker will manage the service delivery with a team of case managers and support specialists. FSH's service delivery philosophy is directly tied to their mission of helping people build lives of meaning, purpose and recovery. Their goal for every resident is to ensure they have access to the services they need, increase their quality of life, ensure harm reduction, improve health and well-being, and support the development of pro-social relationships. Their emphasis is on client-centered, pro-active engagement and support, trauma-informed care, increasing accessibility for all services, and reducing barriers to services.

The site is .2 acres and currently occupied by a vacant commercial building. FSH intends to use the commercial building for program space until ready to begin construction. The site is zoned TSA-UN-C. The site is 1,500 feet from TRAX and proximate to several important amenities including Smith's grocery and pharmacy which are across the street.

FSH is envisioning a five-story building with parking on the main level along with common area amenities, leasing office and lobby. The upper levels will contain one-bedroom apartments of about 540 square feet each.

The development will be fully compliant with all applicable Federal Fair Housing Act and American with Disabilities Act accessibility standards. The main lobby of the building will be accessible from the public sidewalk and the elevator will make all floor of the building accessible to wheelchairs. Five percent of the apartments will be fully accessible and the remaining apartments will be type "B" units or adaptable. Accessible parking stalls will be provided.

Unit Mix: 40 one-bedroom units

Affordability: Mix still to be determined but most units at or below 40% of AMI. FSH anticipates all units being supported by project based vouchers.

V. Application Overview

Housing Trust Fund Eligibility		
Parameters	Requirement	Project
Cost per unit	<50%	\$ 14,875 / 8% (if loan were long-term)
Benefit LMI populations	<100% AMI	Yes, most units at 40% AMI
LEED Certification	Exemption: 18.95.040.D	National Green Building Standard
Zoning	Information only	(TSA-UN-C) Transit Station Area - Urban Neighborhood
Affordability Term	55 Years	Compliant

Community Outreach:

FSH has not yet engaged with the community. They plan to engage post-closing on the site.

VI. Financial Review:

Due to the unique nature of this short term acquisition loan a traditional underwriting was not performed as the projected project operating income is not the source of repayment. Rather, the borrower's success is dependent upon their ability to secure low income housing tax credits and subsequently close the construction loan in a timely manner. While the borrower and terms

herein give a 4 year time period for repayment, if they are successful in securing credits in fall 2018, the repayment would occur within 3 years. Staff estimates that there will be a pay off in April 2019 at which time the Housing Trust Fund would be made whole while advancing a critical project in our community.

In the event that FSH is unable to perform, the Housing Trust Fund loan would be in first position with the property as collateral. The purchase price of the land at \$68.30 per square foot is below the average of comparable properties included in the appraisal or \$74.40.

Without the Housing Trust Fund acquisition loan, FSH would need to invest retained earnings to purchase the property. This would translate into less funds available for FSH to allocate towards their service provision. An alternative that could be considered in lieu or in combination with the Housing Trust Fund would be for FSH to apply for HOME funds for development.

Board Options:

1) Recommended by Staff:

The board could consider requesting the typical acquisition loan term of 3 years instead of the proposed 4. The board could consider a loan structure in lieu of a proposed combination loan/grant. The board could consider requesting that the developer apply for HOME funds for all or some of the acquisition cost.

2) Consider other terms

- Interest rate
- Loan term
- Loan amount

3) Deny the request

Fiscal Year 2017-18 Trust Fund Budget:

HTF FY17/18 Budget: \$4MM			
Status	Proposed Loan	Affordable Units	Total Units
Funded			
Closed/Closing	\$ 1,185,000	174	208
Awaiting Council Approval			
Currently in Review	\$ 2,895,000	358	421
Total	\$ 4,080,000	532	629
HTF FY17/18 Budget Remaining	\$ (80,000)		

Attachment C: Administrative Approval

SALT LAKE CITY HOUSING TRUST FUND
Administrative Approval

TO: Jacqueline M. Biskupski, Mayor
Patrick Leary, Chief of Staff

DATE: October 10, 2017

FROM: Lily Gray, Housing and Neighborhood Development, Deputy Director

SUBJECT: Housing Trust Fund loan request from First Step House for \$402,250 for land acquisition for 426 Apartments, a permanent supportive housing development

STAFF CONTACTS: Melissa Jensen at 801-535-6035
Lily Gray at 801-535-6264

ACTION REQUIRED: Approval of new loan request

BUDGET IMPACT: None

BACKGROUND INFORMATION:

First Step House ("FSH") is currently under contract on a .2 acre site with a target closing date of November 20, 2017. The site currently has a vacant office building and FSH intends to redevelop the site with a projected 40 units of affordable housing. This would be a permanent supportive housing development with one-bedroom units. FSH intends to apply for 9% credits in fall of 2018.

FSH requested a short-term acquisition loan for the full acquisition amount of \$595,000. The Housing Trust Fund Advisory Board recommended approval of a lower amount based upon the available balance of funds and potential for the project to apply for HOME funds to fill a portion of the financing needs. The projected cost of the development is \$7,345,835 and it is anticipated that this loan would be repaid by the construction and permanent financing.

The proposed project is located in Salt Lake City District 4 represented by Councilmember Derek Kitchen.

Founded in 1958, FSH has grown into a specialized, nonprofit substance abuse and behavioral health treatment center, and housing provider. Their mission is to help people build lives of meaning, purpose, and recovery. They currently operate two residential treatment centers, two outpatient facilities and five transitional housing facilities. FSH also provides housing case management for people participating in voucher programs. Additionally, FSH is in the process of developing a 75-unit permanent supportive housing development at 440 South 500 East.

PROJECT OVERVIEW:

Development of this site would be the third phase of housing work by FSH. Phases one and two are located next door at 440 South 500 East. Phase one is the new treatment and housing facility, including 32 substance abuse treatment beds and 18 transitional housing beds. The Housing Trust Fund provided a \$700,000 loan to that project. Phase two is the 75-unit PSH project that is

applying for 9% tax credits this round. This project would be Phase three, building on these previous components. The target construction start, assuming credits awarded in the fall 2018 round, would be April 2019 with an anticipated completion in September 2020. This additional 40 units of permanent supportive housing would serve those who, without significant support, would not be able to find or remain stably housed.

The development will use a Housing First model and deliver voluntary services. Services will be available on-site and 24-hour supervision will be provided. A licensed clinical social worker will manage the service delivery with a team of case managers and support specialists. FSH's service delivery philosophy is directly tied to their mission of helping people build lives of meaning, purpose and recovery. Their goal for every resident is to ensure they have access to the services they need, increase their quality of life, ensure harm reduction, improve health and well-being, and support the development of pro-social relationships. Their emphasis is on client-centered, pro-active engagement and support, trauma-informed care, increasing accessibility for all services, and reducing barriers to services.

The site is .2 acres and currently occupied by a vacant commercial building. FSH intends to use the commercial building for program space until ready to begin construction. The site is zoned TSA-UN-C. The site is 1,500 feet from TRAX and proximate to several important amenities including Smith's grocery and pharmacy which are across the street.

FSH is envisioning a five-story building with parking on the main level along with common area amenities, leasing office and lobby. The upper levels will contain one-bedroom apartments of about 540 square feet each.

The development will be fully compliant with all applicable Federal Fair Housing Act and American with Disabilities Act accessibility standards. The main lobby of the building will be accessible from the public sidewalk and the elevator will make all floor of the building accessible to wheelchairs. Five percent of the apartments will be fully accessible and the remaining apartments will be type "B" units or adaptable. Accessible parking stalls will be provided.

Unit Mix: 40 one-bedroom units

Affordability: Mix still to be determined but most units at or below 40% of AMI. FSH anticipates all units being supported by project based vouchers.

Community Outreach:

FSH has not yet engaged with the community. They plan to engage post-closing on the site. The Housing Trust Fund Advisory Board's approval was conditioned upon the applicant's appearance and presentation to the Community Council.

LOAN TERMS:

The Housing Trust Fund Advisory Board unanimously approved an acquisition loan of up to 95% of the appraised value or \$595,000, whichever is less. The final loan amount is contingent on the developer applying for HOME funds for the maximum eligible amount which is estimated at \$163,000. The estimated Housing Trust Fund loan amount is \$402,250 with the final amount to be set upon receipt of the appraisal. The loan was approved at 1% interest with interest only payments for a 4 year term with a balloon payment due a maturity. The repayment of the loan will be the close of the construction and permanent finance loans of the anticipated tax credit allocation. Salt Lake City will be in first position with a lien on the property. The Housing Trust

Fund Advisory Board's approval was conditioned upon the applicant's appearance and presentation to the Community Council.

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 September 28, 2017 under the following terms and conditions:

Amount: \$402,250
Type: Short Term Loan
Interest/term: 1% interest rate – 4 year term with balloon payment – interest only payments
Repayment: Funds will be repaid at the closing of the construction loan from the tax credit equity and/or the construction loan proceeds.
Collateral: Lien on property
First position

PUBLIC PROCESS: The Housing Trust Fund Advisory Board held a public meeting and reviewed this request on September 28, 2017. No other public process is necessary.

Fiscal Year 2017-18 Trust Fund Budget:

HTF FY17/18 Budget: \$4MM				
Status	Proposed Loan		Affordable Units	Total Units
Funded				
Closed/Closing	\$	1,185,000	174	208
Awaiting Council Approval				
Currently in Review	\$	2,402,250	358	421
Total	\$	3,587,250	532	629
HTF FY17/18				
Budget Remaining	\$	412,750		

APPROVAL OF A HOUSING TRUST FUND LOAN TO FIRST STEP HOUSE AS RECOMMENDED BY THE HOUSING TRUST FUND ADVISORY BOARD:

By: Jacqueline M. Biskupski
Jacqueline M. Biskupski, Mayor, or designee

Date: 10-10-17

Attachment D: Loan Application

**FUNDING APPLICATION
SALT LAKE CITY HOUSING TRUST FUND
Cover Sheet**

Project Name: 426 Apartments

Applicant/Organization: First Step House (FSH)

Mailing Address: 411 North Grant St. Salt Lake City, UT 84116

Contact Person: Shawn McMillen

Phone Number: 801-359-8862, ext. 2114

Fax Number: 801-359-8510

E-mail: smcmillen@firststephouse.org

Federal Employee Identification Number: 87-0290963

Project Name: 426 Apartments

Project Location: 426 South 500 East Salt Lake City, UT 84102

Amount Requested: \$595,000

Terms Requested*: FSH requests that the Salt Lake City Housing Trust Fund consider a combination grant-loan. Loan terms are requested for 4 years instead of 3 years. We are also requesting a 1% interest rate on the loan.

* Please see Housing Trust Fund term sheet for preferred terms. Deviations are considered on a case-by-case basis as needed by other financing sources and project specific characteristics (i.e. supportive housing for vulnerable populations).

Please contact Lily Gray at 801-535-6264 if you have questions or need assistance completing this application. Lily.Gray@slcgov.com

Project Description
Part I

1. Please provide the following site information:

Address: 426 South 500 East

Council District: 4

APN: 16-06-407-019

Acreage: .2 acres (8,712 SF)

Current Use of the Site: Currently vacant

Status of Site Control: Under contract; conducting due diligence prior to closing on November 20, 2017

Current Property Owner: Terrapin Enterprises of Utah, LLC

Attachments requested: site location map, preliminary title report, market study (if available), appraisal (if available), environmental clearances/reports (if available)

Please see the attached title report, site location map, building outline, survey drawing, land sale comps, and confirmation from the Salt Lake City Building Services Division that the building could be demolished for the apartment project; currently working on soils report, phase 1 environmental, asbestos review, and appraisal. These reports are expected to be completed in the next two weeks.

2. Provide a summary of the project (how many total units, how many affordable units, type of project, etc.).

We anticipate that the 426 Apartments will include a projected 40 one-bedroom units of affordable housing (8 apartments per floor for 5 floors). We will target serving low-income individuals and families with an income of 40% AMI or below. These units will be permanent supportive housing units with behavioral health services provided, as needed, on site to support the stability of our residents.

3. Provide a design description of the project, including information on exterior, units and common spaces. Please attach site plan, floor plan, and elevation of your project, if available. Please address how your project will be accessible/visit-able.

Our project will be a five-story podium type building with parking on the main level along with lobby, elevator, leasing office, and stairs. The upper levels will contain one-bedroom apartments of about 540 square feet each. Community spaces will include a computer room, common area room, laundries, janitor closets and mechanical rooms. The exterior of the building will be a combination of brick, split faced block, fiber cement panels painted and metal panels and trim. In accordance with the TSA zone the building will be placed within five feet of the front property line; however, the 500 East street has a wide landscaped setback and sidewalk which will still provide ample landscaping in front of the building.

The main lobby of the building will be accessible from the public sidewalk and the elevator will make all floors of the building accessible to wheelchairs. Five percent of the apartments will be fully accessible and the remaining apartments will be type "B" units or adaptable. Accessible parking stalls will be provided on the first level near the lobby.

4. 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 426 Apartment project conforms with the City's Master plan, *Plan Salt Lake*, (adopted in 2015) for Housing and for the specific transit area zoned as TSA-UN-C. Specifically, the project is aligned with the 2040 targets for housing that include 1) Increase the diversity of housing types for all income levels throughout the city; 2) Decrease the percent of income spent on housing for cost-burdened households. Our project is also meets the following Master Plan Initiatives: 1) Ensure access to affordable housing citywide (including rental and very low income; 2) Encourage housing options that accommodate aging in place, 3) Direct new growth toward areas with existing infrastructure and services that have the potential to be people-oriented, 4) Promote energy efficient housing and rehabilitation of existing housing stock, 5) Promote high density residential in areas served by transit, and 6) Support homeless services.

In addition, the proposed project is aligned with the *Central Community Future Land Use* Master Plan for high density transit oriented development (50 or more dwelling units/acre) and our project will help the City meet the following Plan objectives: 1) Protect and improve the quality of life for everyone living in the community, regardless of age or ability; 2) Improve and support community involvement, public participation, and neighborhood activism in the Central Community; 3) Provide a basis for funding specific programs that assist housing, capital improvement programs, and public services; 4) Provide opportunities for smarter and more creative development practices to better serve the community; 5) Encourage specific types of growth in designated parts of the community.

5. What is the property zoned? Does the proposed project require a zoning change?

TSA-UN-C: Urban Neighborhood Transit Station. We do not require a zoning change.

6. 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.

NA

- 7. Provide a breakdown of the number of units that will be provided for the various percentages of area median income (i.e. 30%, 50%, 60%, 80%, Market Rate), along with a list of the rents that will be charged to each group. If the project is targeting a specific population (i.e. senior, special needs, family), please provide that information.**

The units are planned be a mix dedicated to 30%, 50%, and 60% AMI. The breakdown for the number within each AMI category is still TBD, but the majority will be dedicated to 40% AMI and below. The target population will include those having a history of mental illness, homelessness, and a substance use disorder. We project to have all units supported by project-based vouchers. The intent is to serve those who, without significant support, would not be able to find or keep private market housing

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

If needed, First Step House is prepared to invest retained earnings to purchase the property; however, using funds for this purpose equates to less funds allocated to substance use disorder treatment and housing services for those with minimal resources and critical health needs.

- 9. How do you intend to use funds provided by Salt Lake City Corporation?**

Funds provided by Salt Lake City Corporation will be used to purchase the site (land and building) where the apartments will be built.

- 10. 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 your plan to address the impact. If relocation is required, please describe the relocation plan.**

The building is currently vacant.

- 11. How many square feet will the project contain? 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 is estimated to include 40,215 square feet. We will meet all standards and guidelines outlined by the National Green Building Standard. Our architect, Harold Woodruff, has many years of experience in designing projects that adhere to these standards and guidelines, including our Recovery Campus which provides treatment and housing to 52 Veterans. Our project will achieve the standards set by the National Green Building Standard in the six key areas: Site Design, Resource Efficiency, Water Efficiency, Energy Efficiency, Indoor Environmental Quality, and Building Operation and Maintenance.

12. Please provide a project schedule with key milestones (i.e. site acquisition, design, permitting, financing commitments, construction start and completion dates), indicating which steps are completed.

- Site acquisition: November, 2017
- LIHTC application: October, 2018
- Design: November, 2017 - July, 2018
- Permitting: August, 2018 - January, 2019
- Financing Commitments: January, 2019
- Construction start: April, 2019
- Construction end: September, 2020

**Project Funding
Part II**

1. Please list the sources of all funds as of the date of the application. Please indicate which funding sources are already committed and expected commitment dates. If this is a tax credit project, please provide one complete copy of the tax credit application. Please provide breakdown of Federal and State LIHTC (if assumed) and tax credit equity pricing assumption.

We plan to submit a LIHTC application in October, 2018.

Permanent Sources of Funding/Post Construction: TBD

	Source	Amount
Equity	_____	_____
1 st Mortgage	_____	_____
2 nd Mortgage	_____	_____
Other Secured Debts	_____	_____
Unsecured Debt	_____	_____
Other	_____	_____
Total Sources	_____	_____

1a. **Ratio of Salt Lake City Trust Funding to total funding: 100%**

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.**

Uses:

Land/Building Acquisition Cost	\$595,000
Rehabilitation/Construction Cost	\$ 6,233,325
A/E, Permit and other fees	\$ 517,510
Other, please specify	<hr/>

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

The projected value of the project at time of completion is \$8,000,000.

4. **Please attach operating projections for the project for the first fifteen 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. If the project is receiving any operating subsidies, please provide information on commitment.**

TBD

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

LIHTC- equity fund.

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

First position lien on the property.

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.**

TBD: LIHTC application to be submitted October, 2018.

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 property is currently under contract and scheduled to close on November 20, 2017 (please see the attached contract documents, closing timeline, and

comparables). The land comparables show a range of land prices of \$41.67 per SF to \$160.70 per SF. The average sales price is \$74.40 per SF. The property we are seeking to purchase is .2 acres (8,712 SF). For the purchase of the land only, FSH will be paying \$68.30 per SF. We are requesting that SLC HTF fund 100% of the purchase price with a combination 1% loan and a grant.

- 10. Please state the number of years you will maintain this property as affordable. Housing Trust Fund requires a 55 year affordability period enforced by deed restriction for rental housing.**

55 years.

- 11. Please list community assets, amenities and services in the area including their distance from the project (such assets might include transit, grocery stores, parks, schools, etc...). If the project includes any community amenity spaces, please specify.**

The 426 Apartment project is 1500 feet from the TRAX public transit station. In addition, First Step House will provide transportation for residents as needed for medical, legal, employment/benefits appointments and recreational/social outings. There is a large (2-story) Smith's grocery store and pharmacy across the street as well as alternative retail services within walking distance of the project. The project is in close vicinity to cultural facilities including a library, museums, theaters and urban community centers. All cultural facilities are accessible via public transit (within walking distance). Behavioral health services will be provided on site. Other social services (Department of Workforce Services, Social Security Administration, Criminal Justice Services) are located within either walking distance or a short ride via public transit. Our project is in close proximity to Liberty Park and Sugarhouse Park (playground, restrooms, basketball, tennis, jogging/walking path, volleyball, pavilion picnic tables, swimming pool, horseshoes). These parks are accessible via public transit. Both parks are large parks that service urban areas. As such, their facilities are designed to handle large groups of people. The project is located in central Salt Lake City surrounded by hospitals within a 3-5 mile radius, including University of Utah Healthcare, LDS Hospital, and Intermountain Healthcare. Emergency ambulance vehicles will be able to make it to the site within 3-5 minutes.

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.

X____(b) The Applicant has the status indicated below and is organized or to be organized under the laws of Salt Lake City, Utah 84102

____ A corporation

X____ A nonprofit or charitable institution or corporation

____ A partnership known as or to be known as:

____ 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:

February 14, 1958

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.

1. Chanin M. Christensen, Esq., Board Chair
VP Human Resources, Merrick Bank Corporation
2. Joe Culbertson, MD, Vice-Chair
Psychiatrist, Lakeview Hospital
3. Brandy Farmer, Secretary

Community Activist & Chair of Civico Mexicano

4. Annette Fleckenstein, PhD

Professor, University of Utah School of Dentistry

5. Jacob C. Smith

Audit Manager, Price Waterhouse Cooper, LLP

6. Ken Jackson

VP & Manager, Accounting EnerBank USA

7. Pamela Gold

VP Sales and Account Management, Utah and Idaho Markets, United Healthcare

8. Kerry Bate

Prior Executive Director of the Housing Authority of the County of Salt Lake (HACSL)

9. Shawn McMillen

Executive Director, First Step House

4. Please provide a brief description of your organization.

Founded in 1958, First Step House has grown into a specialized, nonprofit substance abuse and behavioral health treatment center, and housing provider. Our mission is to help people build lives of meaning, purpose, and recovery. To achieve this mission, First Step House seeks to address the unique needs of each patient by offering a wide range of services and by implementing evidence-based treatment programs. Our mission statement underlies all that we do at First Step House. We believe that an essential element in the process of recovering from substance abuse is helping people find, or rediscover, a deep sense of meaning and purpose in their lives. This begins by showing compassion and respect for every patient we serve. During the recovery process, we work to provide the scaffolding our patients need to thrive. Examples of this include increasing people's connection to support groups, providing individual and group therapy, helping patients find affordable housing, addressing health concerns, and helping people who are legally involved. As the people we work with stabilize in recovery, we encourage them to give back to the community. We work hard to provide recovery services for those with the greatest need and find a deep sense of purpose in this work.

FSH currently operates two residential treatment centers and two outpatient facilities in Salt Lake City, Utah, including 1) Recovery Campus: a 32-bed residential treatment center and housing facility (18 transitional housing units) for veterans located at 440 South 500 East, 2) Grant Street: a 64-bed residential treatment center located in the Fairpark neighborhood, 3) 2200 South State St.: an outpatient facility that serves a daily census of 75-100 patients, and 4) REACH: an outpatient facility, located at 660 South 200 East, dedicated to serving our pay for success program participants enrolled in the REACH (Recovery, Engagement, Assessment, Career, and Housing) program. This program will serve over 200 people in a 5-year period with the goal of reducing criminal recidivism for high-utilizers of the Salt Lake County jail. We also operate five transitional housing facilities that are licensed recovery residences. These facilities provide housing for up to 48 people at one time for patients receiving outpatient treatment services.

Through our programs and services, we serve over 500 individuals per year who struggle with chronic, and often severe, substance use and co-occurring behavioral health disorders. Sixty-five percent of our patients have a co-occurring mental health disorder, 30% of our patients are veterans, and a large majority of our patients have significant, co-morbid health conditions, such as diabetes, high blood pressure, and severe dental problems. Most of our patients enter treatment with a history of unstable housing or homelessness (54%) and criminal involvement (76.7%). Our patients typically arrive at our doorstep unemployed with very little resources, lack of family support, and numerous barriers to overcome. Although the majority of our patients come from the Salt Lake Metro area, First Step House is also a resource for communities throughout the state of Utah that lack sufficient and affordable substance abuse treatment programs.

5. Who will be responsible for this project? Please identify the following project roles.

Applicant and Developer: First Step House

Development Consultant: BlueLine Development, Inc.

Owner: First Step House

Property Management: Housing Authority of the County of Salt Lake

Service Provider (if applicable): First Step House and Salt Lake County

Division of Behavioral Health Services (DBHS) – Provider Network

Architect: Harold Woodruff Architects

GC: TBD

Other:

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

First Step House has developed capacity through decades of service to those with behavioral health and substance use disorders. For well over 30 years, we have been providing housing, treatment, and essential behavioral services

for low-income individuals diagnosed with behavioral health and substance use disorders. In addition, FSH has over 50 years of property management experience. Our organization currently manages two residential treatment centers, two outpatient treatment centers, and five separate transitional housing facilities that provide housing for those transitioning from residential substance abuse treatment into the community, as well as, individuals participating in mental health court. All individuals in transitional housing (with the exception of those enrolled in the mental health court) also participate in outpatient treatment at FSH. In addition, FSH provides housing case management for people participating in voucher programs throughout the community, including HARP (housing assistance rental program). All FSH properties have been, and are currently, managed internally. FSH Property Managers work with the executive staff and clinicians to ensure that supportive services are provided and clients have adequate and appropriate access to care.

Through the years, we have developed capacity to respond to the needs of our patients and our community, including designing and implementing treatment and housing programs to address the needs of specific populations (e.g., Fatherhood Addiction Intervention program, Homeless Fathers Housed programs, and the FSH Rapid Rehousing program). In 2013, we purchased property located at 440 South 500 East with the intent of building a Recovery Campus for Veterans. After raising over 4 million dollars through a mix of loans and grants, the Recovery Campus was completed and now provides 34 treatment beds and 18 single occupancy transitional housing units for veterans.

We have extensive experience working with our target population's identified housing and supportive services need. Through our Veterans Administration grant programs, as well as the State of Utah Unified Funding program, Salt Lake County Continuum of Care (CoC) HUD housing programs, TANF funding and the Salt Lake County Community Development Block Grant (CDBG), we have been able to develop permanent housing case management services for those with co-occurring disorders, the chronically homeless, homeless, and those at risk for homelessness. These services include the ability to conduct needs assessments with all clients to determine program eligibility and develop service plans. Service plan goals may include employment, life skills, pro-social engagement, relapse prevention, health, or financial stability objectives (such as SSI or SSDI).

Finally, we are in the final stages of submitting a LIHTC application to fund the construction of a 75-unit permanent supportive housing project located at 440 South 500 East. During the design phase for this project, FSH staff attended a 4 month permanent supportive housing training. In addition, to developing a better understanding of the funding and development of this project, we learned invaluable information about how best to serve residents of a PSH project, from outreach to service delivery and evaluation.

7. List any projects where your organization had previously received City and/or RDA funding.

1. \$750,000 (Housing Trust Fund loan at 1%) for the Recovery Campus
2. \$75,523 (CDBG grant) for the Recovery Campus kitchen
3. \$66,000 (CDBG grant) for the Fire Suppression Project at 411 North Grant St. Treatment Facility
4. \$152, 270 (HOME Funds) for Transitional Housing Renovations

8. Who will manage the property once it has been acquired/developed? Provide information on the property management firm and any proposed resident services.

It is projected, but not confirmed, that the Housing Authority of County of Salt Lake (HACSL) will serve as the property manager for the 426 Apartments. HACSL is an experienced property manager with specific PSH experience. Due to the chronic nature of substance abuse and behavioral health disorders, as well as the presence of other physical health problems and limited support systems, we anticipate that our residents will require multiple services, delivered over time, to sustain stability. Just as stable housing is a predictor of recovery success, successful service engagement and delivery will help residents remain in stable housing. Our project will use a Housing First model and deliver voluntary services based on the SAMHSA Permanent Supportive Housing toolkit. Fidelity checks to the PSH model will be carried semi-annually, as prescribed by the model.

Services will be available on-site and 24-hour supervision will be provided. A licensed clinical social worker will manage the service delivery with a team of case managers and peer support specialists. Our case managers will assertively engage with clients and ensure that services are available if, and when, they are needed, reducing barriers to service access and delivery. FSH will utilize the Relational Outreach and Engagement Model (ROEM) to engage and develop trusting relationships between residents and case managers. In addition to ROEM, our case managers will assertively provide SSI/SSDI outreach and assistance (based on the SOAR – SSI/SSDI Outreach, Access, and Recovery- training) in all cases where a person's assessment indicates a need for SSI/SSDI outreach and/or assistance. Case managers will utilize the SPDAT and VI-SPDAT tools, for each client, to determine their housing and health needs, social support, financial, transportation, social insurance and disability, self-care and life-planning, and the activities of daily living. Services will be prioritized based on assessment results.

Our service delivery philosophy is directly tied to our mission statement: we help people build lives of meaning, purpose, and recovery. Our goal for every resident of our PSH facility is to ensure that they have access to the services they need, increase their quality of life, ensure harm reduction, improve health and well-being, and support the development of pro-social relationships. Our emphasis is on client-centered, pro-active engagement and support, trauma-informed care, increasing accessibility for all services, and reducing barriers to services.

Current Ownership Information
Part IV

1. Who is the current owner of the property?

Terrapin Enterprises of Utah, LLC

2. Who is the current manager of the property?

Terrapin Enterprises of Utah, LLC

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.

NA

Certification

I (we) Shawn M. McMillen certify that this Applicant Disclosure of Ownership and Control is true and correct to the best of my (our) knowledge and belief.

Shawn M. McMillen
Signature

Signature

Executive Director
Title

Title

411 N. Grant St
Salt Lake City, UT 84116
Address and Zip Code

Address and Zip Code

Date: 9/14/17

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.



Signature

Signature

Executive Director

Title

Title

9/14/17

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.

Signature

Signature

Title

Title

Date

Date

NOTE: PLEASE PROVIDE THREE (3) 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

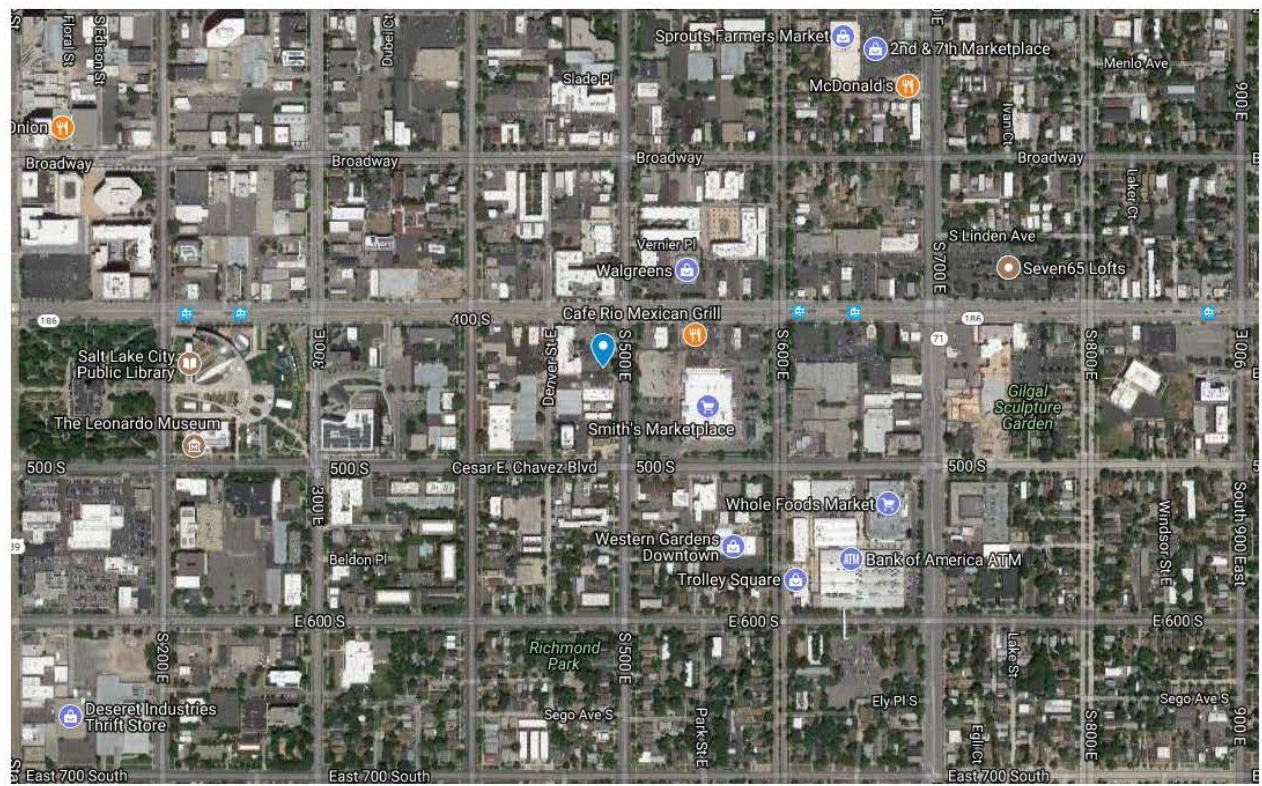
Part V

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.

Housing Trust Fund money may not be used for administrative expenses.

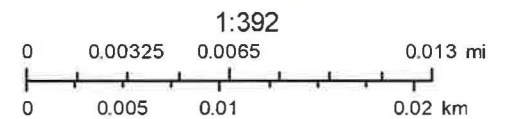
Attachment E: Project Vicinity Map



My Map



August 8, 2017



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey,

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