

ERIN MENDENHALL
Mayor



DEPARTMENT of COMMUNITY
and NEIGHBORHOODS
Blake Thomas
Director

CITY COUNCIL TRANSMITTAL

[jill love](#)
jill love (Apr 23, 2024 13:23 MDT)
Jill Remington Love, Chief Administrative Officer

Date Received: 04/23/2024

Date sent to Council: 04/23/2024

TO: Salt Lake City Council
Victoria Petro, Chair

DATE: April 23, 2024

FROM: Blake Thomas, Director, Department of Community and Neighborhoods



SUBJECT: Informal Public Benefits Analysis for the development of an approximately 110-unit affordable housing project to be located at 2257 S 1100 East in exchange for a below-market ground lease of property or below-market interest rate on an acquisition loan.

STAFF CONTACT:

Tammy Hunsaker, Deputy Director, Community and Neighborhoods Department, 385-315-3315,
tammy.hunsaker@slcgov.com

DOCUMENT TYPE: Resolution

RECOMMENDATION: Consideration of the attached resolution approving the final terms of the transaction with Housing Assistance Management Enterprise (HAME) in order to facilitate the construction of a ~110-unit affordable housing project.

BUDGET IMPACT: N/A

BACKGROUND/DISCUSSION: Through the fiscal year 2024 (“FY24”) budget process, the City Council allocated \$5,633,510 of dormant Community Development Block Grant (CDBG) program income for either the City, the RDA, and/or the Housing Authority of Salt Lake City (HASLC) to acquire property for the development of affordable housing. Earlier this year, the Administration entered into discussions with the HASLC regarding 0.81 acres of property located at 2257 South 1100 East (“Property”). Acquisition of the Property will facilitate the development of approximately 110 units that are targeted to seniors, and that are a mix of one and two-bedrooms, with approximately 80% of the units affordable to households at 80% of the area median income (AMI) and below and approximately half of the units affordable to 50% AMI and below (“Project”).

This transmittal provides an overview of the Administration’s proposed funding commitment for the Project, including the potential for the Property to be acquired by the City and subsequently ground leased to the Project subject to authorization by the City Council of a below-market lease rate.

Development Team

The Project will be developed by Fairmont Heights Apartments, LP, a Utah Limited Partnership to be owned by HAME, a 501(c)(3) affiliated with HASLC for the purposes of affordable housing development, in Partnership with Lincoln Avenue Communities (collectively the “Developer”).

Funding Commitment Structure

The Administration intends to contribute the CDBG funds to the Project to facilitate its financial feasibility and timely development. The funding is proposed to be structured as one of the following options:

- *Option 1 – Loan:* The City would loan Developer, or its affiliates, the CDBG funds as an acquisition loan that converts to permanent financing. The acquisition loan would be structured with deferred payments, 0% interest that converts to 3% interest on February 1, 2026 if the loan has not converted to permanent financing by that time. Upon receipt of construction financing and tax credits through the Low Income Housing Tax Credit (LIHTC) program, the City’s short-term acquisition loan would convert to permanent financing with a 40-year term, 1% interest rate, and interest-only payments from cash flow, with the outstanding principal and interest due at loan maturity.
- *Option 2 – City Acquisition and Ground Lease:* The City would acquire the Property with the CDBG funds and subsequently ground lease the Property to Developer for a below market value (the “Ground Lease”), with the terms as further described in Exhibit A.

At this time, the Administration is requesting that the City Council approve the funding assistance terms for the Project. Refer to Exhibit A for the Administration’s proposed terms for the Ground Lease, Exhibit B for an informal public benefits analysis, and Exhibit C for a resolution that, if adopted by the City Council, would approve the funding terms. Note that the project was awarded a \$1,000,000 loan through the RDA’s Housing Development Loan Program. To allow for flexibility, the attached resolution would permit the Administration to issue the CDBG funds as either Option 1 or Option 2.

Proposed Ground Lease Terms

While the Project is viable under Option 1, the Developer’s preference is Option 2 for more competitive financing applications. Since an affordable housing deed restriction will limit the Project’s value and annual generation of cash flow, the lease payment affordable to the Project is much lower than for a market-rate housing project. To balance the viability of the Project and while still providing rental income to the City, including the return of the City’s initial investment of \$5,633,510, the acquisition of the Property and Ground Lease is proposed to be structured as follows:

- City’s acquisition of the Property for \$7,040,000
 - City contributes \$5,633,510 in CDBG funds.
 - Developer contributes \$1,406,490, or the balance of the purchase price plus any closing and escrow fees.
- Annual Ground Lease payments:
 - Year 0-20: Developer’s \$1,406,490, or the final contribution to the purchase price, is consideration for the first 20 years of the Ground Lease.
 - Year 21-99: In year 21, the annual Ground Lease payment shall be subject to available cash flow and shall be \$70,000 with a 3% escalator, compounding annually, applied each year thereafter through the end of the term. This could equate to almost \$11 million dollars over years 21-99 of the term.

The term of the Ground Lease shall be the earlier of 99 years or upon discontinuation of the affordable housing use; notwithstanding the affordable housing use shall remain in effect for a minimum of 50 years.

Upon such termination, Developer shall have the option of acquiring the Property for the then current fair market value of the land.

Reasoning for a Below-Market Ground Lease

The high cost of land on the city's east side is a deterrent to the development of affordable housing, and projects developed on high valued land are less competitive for the 9% LIHTC program or related funding. The acquisition of the Property by the City and the subsequent Ground Lease to the Developer will make the Project more financially viable and its development timelier, as the Project is pursuing a 9% LIHTC award. Projects applying to the 9% LIHTC program are scored competitively, and a lower total development cost (TDC), which is based on land costs, soft costs, and construction costs, receive a higher score. The cost of the land would not be factored into the TDC under the Ground Lease scenario, thereby making the Project more competitive for a LIHTC award.

In addition to making the Project more competitive for a LIHTC award, the Ground Lease structure would further the City's priority of land ownership and long-term participation in development projects.

Public Benefits

A comprehensive analysis of public benefits is provided as Exhibit B, and a summary is as follows:

- Affordable housing is the key to reducing intergenerational poverty and increasing economic mobility.
- An adequate supply of safe and affordable housing is essential in reducing homelessness and the associated public costs.
- The location of the Project is deemed to be a "high opportunity area," or a neighborhood that provides economic and social benefits to residents living there. The development of affordable housing is challenging in these areas due to impediments such as high land costs, lack of buildable land, and zoning restrictions. The Project will provide geographic distribution of affordable housing for seniors near transit, healthcare, socialization opportunities, fitness centers, educational opportunities, fresh food, green space, and essential services.
- Affordable housing is an important social determinant of physical and mental health and well-being.
- By 2050, the number of adults aged 65 years and older is expected to double in the United States. A key lever to promote healthy aging in communities is affordable housing, especially for older adults who have limited incomes.
- Rental assistance for seniors in the form of rent subsidy is very rare as federal funding for such is limited. This project brings this very benefit to the public as HASLC has formally allocated and approved such subsidy for at least 15 years.

In addition to the public benefits listed above, the Project supports numerous goals and objectives in Housing SLC and Thriving in Place, such as new units of affordable housing, geographic distribution of affordable housing, partnerships with the HASLC, housing for seniors, long-term affordability, and access to transit.

Regulations and Environmental Compliance

In order to issue the funding for either Option 1 or Option 2, the Administration is required to ensure that City and U.S. Department of Housing and Urban Development (HUD) regulations are met. This includes complying with the federal requirement 24 CFR 58.5 regarding HUD environmental standards. The City is in the process of conducting an environmental assessment process that will inform the correct noticing and mitigation standards are met.

PUBLIC PROCESS: Under Utah law, after first holding a public hearing, a municipality may “authorize municipal services or other nonmonetary assistance to be provided to a nonprofit entity, whether or not the municipality receives consideration in return.” Utah Code §10-8- 2(1)(a)(v). Because HASLC is a special purpose government agency and HAME is a nonprofit entity, the City may waive the fair-market rental rates it would ordinarily be required to receive for use of City-owned property so long as the municipal legislative body first holds a public hearing regarding the waiver and authorizes the Administration to enter into the land lease for the below-market lease rates. While a formal public benefits analysis is not required pursuant to Utah law, an informal public benefits analysis is provided as *Attachment B* to provide an analysis of the public benefits to be received in exchange for a waiver of the fair-market rents for a land lease.

EXHIBITS:

- A. Ground Lease Term Sheet
- B. Public Benefits Analysis
- C. Resolution

EXHIBIT A
GROUND LEASE TERM SHEET
FAIRMONT HEIGHTS
2257 South 1100 East

GROUND LEASE TERMS	
Project Description:	One or more affordable housing buildings, targeted to seniors, that may be developed in one or more phases, with approximately 110 units, that are a mix of one and two-bedrooms, with approximately 80% of the units affordable to households at 80% of the area median income (AMI) and below and approximately half of the units affordable to 50% AMI and below (“Project”).
Lessee:	Housing Assistance Management Enterprise (“HAME”) or its affiliates.
Term:	The earlier of 99 years or upon discontinuation of the affordable housing use; notwithstanding the affordable housing use shall remain in effect for a minimum of 50 years. Upon termination of the affordable housing use at or after 50 years, Lessee shall have the option to maintain ownership of the Project and to acquire the land for the current fair market value of the land, unless a discounted purchase price is approved at that time by the Salt Lake City Council.
Term Commencement Date:	The ground lease shall be executed upon closing on the City’s acquisition of the property. The City shall acquire the property for a price equal to \$7,040,000 plus any applicable closing and escrow costs and fees, which is anticipated to be paid as follows: (i) \$5,633,510 shall be paid by the City, and (ii) the balance of the purchase price plus any closing and escrow fees and costs will be paid by Lessee.
Ground Lease Payment:	Years 0 – 20: The amount paid by Lessee for the purchase of the property shall be credited as compensation for the first 20 years of the term. Years 21 – 99: Beginning in year 21, an annual ground lease payment of \$70,000 shall be paid out of surplus cash flow, with a 3% escalator beginning in year 22 through the end of the term. If sufficient surplus cash flow is not available in a particular year, the respective ground lease payment shall be reduced accordingly.
Timeliness Requirement:	Lessee or an affiliate thereof shall entitle, finance, permit, and commence construction on the first phase of the Project on or before June 30, 2026. If Lessee does not commence construction on the first phase of the Project on or before June 30, 2026, and if the ground lease has been executed as of such date, the City may terminate the ground lease and, upon termination of the ground lease, shall refund Lessee for the remaining years of the term. Termination of the lease by the City shall be subject to budget approval by the Salt Lake City Council to refund any balance due for the remaining years of the term.
Subordination:	The ground lease may be subordinated to one or more Land Use Regulatory Agreement recorded by Utah Housing Corporation. In addition, the ground lease may be subject to standstill provisions as may be required by the Project’s tax credit investor and lenders.
Affordability Requirement:	Upon and after commencement of redevelopment of the property, the Project shall be developed and continuously operated as affordable housing, with a majority of the units affordable and restricted to households earning up to 80% of the AMI and below. Over the first 50 years of the term, approximately 80% of the units shall be affordable to households at 80% AMI, with approximately half of the units affordable to 50% AMI and below. After the first 50 years of the term, the affordability levels of the units may be adjusted upon approval by the City notwithstanding at least 80% of the units shall be affordable to 80% AMI and below at all times.
Tenant Selection and Fair Housing:	Upon and after commencement of redevelopment of the property, the Project shall comply with federal fair housing laws and tenant selection policies pursuant to the low-income housing tax credit (LIHTC) program or its successor.
Reporting Requirement:	On an annual basis, Lessee will submit to City a report on the project’s financial status, including the submission of audited financial statements, and sufficient information to demonstrate compliance with the City’s ground lease, containing such information a reasonably requested by City.

Ground Lease Structure:	It is the intent of the parties that the ground lease be structured in a manner that results in the Lessee being the owner of any and all improvements on the property for federal income tax purposes during the term of the ground lease.
Project Phases	If the Project is to be developed in two or more phases, the City may amend the ground lease to incorporate any changes to the development of the Project.
Assignment:	The ground lease may be assigned by Lessee upon the sale of the Project, provided that such assignee assumes the obligations of Lessee under the ground lease and that the Property is transferred subject to the terms and conditions of the ground lease.

Note: A \$1,000,000 loan was awarded through the RDA’s 2024 Affordable Housing Notice of Funding Availability to HAME’s development partner, Lincoln Avenue Communities. These funds are intended to be utilized for acquisition and construction costs for the project.

EXHIBIT B
INFORMAL PUBLIC BENEFITS ANALYSIS

MEMORANDUM

TO: City Council Members

SUBJECT: Informal Analysis of Public Benefits Provided by Fairmont Heights Apartments, LP, a Utah Limited Partnership, in Exchange for a Below-market Ground Lease of Property or Below-market Interest Rate on an Acquisition Loan for the Property.

INTRODUCTION

Fairmont Heights Apartments, LP (collectively the “Developer”), is a limited partnership between Housing Assistance Management Enterprise (HAME), a 501(c)(3) corporation formed by the Housing Authority of Salt Lake City (HASLC), and Lincoln Avenue Communities. Developer has executed a purchase and sale agreement to acquire 0.81 acres of property located at 2257 South 1100 East in Salt Lake City (“Property”) for the purposes of developing an affordable housing project that will be operated by HASLC or a third party under its control. The development, which may be constructed in multiple phases, will be targeted to seniors, with approximately 110 units, that are a mix of one and two-bedrooms, with approximately 80% of the units affordable to households at 80% of the area median income (AMI) and below and approximately half of the units affordable to 50% AMI and below (“Project”).

Through the Fiscal Year 2024 (FY 24) budget, the City Council allocated \$5,633,510 of Community Development Block Grant (CDBG) program income (“Affordable Housing Funds”) for the acquisition of property to be used for the development of affordable housing. The City intends to contribute the Affordable Housing Funds to the Project to facilitate its financial feasibility and timely development. The funding is intended to be structured as one of the following:

- *Option 1 – Loan:* The City would loan HAME, or its affiliates, the Affordable Housing Funds, with the loan structured as an acquisition loan that converts to permanent financing. The interest rates for the loan are below market interest rates.
- *Option 2 – City Acquisition and Ground Lease:* The City would acquire the Property and subsequently ground lease the Property to HAME for a below market lease rate (the “Ground Lease”), with the terms as further described herein.

While the Project is viable under Option 1, the Developer’s preference is Option 2 for more competitive financing applications. Under both options, the Administration proposes to provide a loan or lease at a below market rate (the “City Assistance”) and the Administration is requesting that the City Council approve the City Assistance for each option. Though a formal analysis of the benefits to be received by the City in exchange for the benefit provided to HAME is not required under Utah Code §10-8-2 as a non-profit corporation, this informal analysis has been prepared to help assist the City Council’s evaluation of the recommended action.

LEGAL FRAMEWORK

Under Utah law, after first holding a public hearing, a municipality may “authorize municipal services or other nonmonetary assistance to be provided to a nonprofit entity, whether or not the

municipality receives consideration in return.” Utah Code §10-8-2(1)(a)(v). Because HASLC is a federally funded Special Purpose Government Agency and HAME is a non-profit corporation, the City may waive the fair-market rental rates and interest rates it would ordinarily be required to receive for use of the City Property so long as the municipal legislative body first holds a public hearing regarding the waiver and authorizes the Administration to enter into the Ground Lease at the below-market lease rate or the loan at the below market interest rate.

Utah Code §10-8-2(3) outlines the purposes for which a municipal body may appropriate funds as “for any purpose that, in the judgment of the municipal legislative body, provides for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality.” The factors that must be considered in determining the propriety of such an appropriation or waiver if made to any type of entity or individual other than a nonprofit entity as set forth under Utah Code §10-8-2(3)(e). Here, it may be helpful to consider the same factors:

- (1) The specific benefits (including intangible benefits) to be received by the City in return for the arrangement;
- (2) The City’s purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is “necessary and appropriate” to accomplish the reasonable goals and objectives of the City in the area of economic development, job creation, affordable housing, blight elimination, resource center development, job preservation, the preservation of historic structures and property, and any other public purpose.

BACKGROUND OF THE PROJECT

The high cost of land on the city’s east side is a deterrent to the development of affordable housing, and projects developed on high valued land are less competitive for the 9% LIHTC program or related funding. The acquisition of the Property by the City and the subsequent Ground Lease to the Developer will make the Project more financially viable and its development timelier, as the Project is pursuing a 9% LIHTC award. Projects applying to the 9% LIHTC program are scored competitively, and a lower total development cost (TDC), which is based on land costs, soft costs, and construction costs, receive a higher score. The cost of the land would not be factored into the TDC under the Ground Lease scenario, thereby making the Project more competitive for a LIHTC award.

In addition to making the Project more competitive for a LIHTC award, the Ground Lease structure would further the City’s priority of land ownership and long-term participation in development projects.

TERMS OF THE TRANSACTIONS AND PUBLIC BENEFITS PROVIDED

I. Terms of Ground Lease; Costs to the City

Under the Ground Lease scenario, the City collects rent in return for the Developer to develop and operate the Project on the Property. This allows the City to maintain long-term ownership of the land and also receive a stream of rental income. Since affordable housing deed restrictions will limit the Project’s value and annual generation of cash flow, the ground lease payment affordable to the Project is much lower than for a market-rate housing project. To balance the

viability of the Project while still providing rental income to the City, including the return of the City's initial investment of \$5,633,510, the acquisition of the Property and Ground Lease is proposed to be structured as follows:

- City's acquisition of the Property for \$7,040,000
 - City contributes \$5,633,510 in Affordable Housing Funds
 - Developer contributes \$1,406,490, or the balance of the purchase price plus any closing and escrow fees. If possible, Developer may utilize the proceeds of the loan approved for the Project by the RDA Board to free up other capital for predevelopment costs.
- Annual Ground Lease payments:
 - Year 0-20: Developer's \$1,406,490, or the final contribution to the purchase price, is consideration for the first 20 years of the Ground Lease.
 - Year 21-99: In year 21, the annual Ground Lease payment shall be subject to available cash flow and shall be \$70,000 with a 3% escalator, compounding annually, applied each year thereafter through the end of the term. This could equate to almost \$11 million dollars over years 21-99 of the term.

The term of the Ground Lease shall be the earlier of 99 years or upon discontinuation of the affordable housing use; notwithstanding the affordable housing use shall remain in effect for a minimum of 50 years. Upon such termination, Developer shall have the option of acquiring the Property for the then current fair market value of the land unless a reduced purchase price is approved by the City Council at that time.

While the proposed payments for the Ground Lease are below the value of a lease rate for a market-rate housing project, the numerous community benefits provided by the Project justify the use of the City's resources, and the Ground Lease payments, although below market-rate, will still return the City's initial capital investment and provide a revenue stream to the City over time.

II. Terms of the Loan

While not the preferred option, if the City were to provide the loan at a below market interest rate, if the Project is approved for tax credits, the City would receive a return on its investment through interest payments over the life of the loan and the Project would continue to provide public benefits as described herein. With a loan, the Project's tax credit application is less competitive but still possible to be approved. The acquisition loan would be structured with deferred payments, 0% interest that converts to 3% interest on February 1, 2026 if the loan has not converted to permanent financing by that time. Upon receipt of construction financing and tax credits through the Low Income Housing Tax Credit (LIHTC) program, the City's short-term acquisition loan would convert to permanent financing with a 40-year term, 1% interest rate, and interest-only payments from cash flow, with the outstanding principal and interest due at loan maturity.

III. Public Benefits Provided by the Project

The Project as planned will provide approximately 110 units of affordable housing that will be targeted to seniors, with approximately 80% of the units affordable to households at 80% of the

area median income (AMI) and below and approximately half of the units affordable to 50% AMI and below. A lack of affordable housing costs the City public resources, and also causes numerous negative social outcomes. Providing City Assistance to facilitate the development of affordable housing will save public resources and provide better outcomes for residents, as follows:

- Housing is the key to reducing intergenerational poverty and increasing economic mobility. Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing poverty and increasing economic mobility in the United States.
- Unaffordable housing is the most significant contributor to homelessness. An adequate supply of safe and affordable housing is essential in reducing homelessness and the associated public costs.
- The location of the Project is deemed to be a “high opportunity area,” or a neighborhood that provides economic and social benefits to residents living there. The development of affordable housing is challenging in these areas due to impediments such as high land costs, lack of buildable land, and zoning restrictions. The Project will provide geographic distribution of affordable housing for seniors near transit, healthcare, socialization opportunities, fitness centers, educational opportunities, fresh food, green space, and essential services.
- Affordable housing is an important social determinant of physical and mental health and well-being. High-quality housing limits exposure to environmental toxins that impact health. Stable and affordable housing also supports mental health by limiting stressors related to financial burden or frequent moves.
- By 2050, the number of adults aged 65 years and older is expected to double in the United States. Lower income adults become economically insecure older adults who do not have the resources to pay for a decent quality of life in those remaining years. A key lever to promote healthy aging in communities is affordable housing, especially for older adults who have limited incomes.
- Rental assistance for seniors in the form of rent subsidy is very rare as federal funding for such is limited. This project brings this very benefit to the public as HASLC has formally allocated and approved such subsidy for at least 15 years.

III. Salt Lake City’s Purposes and Enhancing the Quality of Life for Residents.

Through the benefits listed above, the Project aims to increase the city’s supply of affordable housing and to provide safe, stable housing for aging residents that are 62 years and older. Further, the Project will provide a high quality of life for residents by being located in a high opportunity area that is adjacent to transit and green space, and in a neighborhood that is walkable with fresh food, essential services, employment opportunities, and entertainment opportunities. Without this type of housing, the city’s senior residents may struggle with homelessness, unsafe housing, unstable housing, overcrowding, and cost burdens.

IV. Accomplishing Salt Lake City’s Goals.

Once constructed, the Project fulfills several of the Council’s priorities, including transit-accessible affordable housing for seniors, and the geographic distribution of affordable housing development. Specifically, the Project fulfills the following goals and objectives identified in Housing SLC and Thriving in Place:

- Housing SLC: 2023 - 2027
 - Goal 1: Make progress toward closing the housing gap of 5,500 units of deeply affordable housing and increase the supply of housing at all levels of affordability.
 - Strategy O: Apply for or partner with an entity that applies for state or federal funds or tax incentives to promote the construction of moderate income housing, an entity that applies for programs offered by the Utah Housing Corporation within that agency’s funding capacity, an entity that applies for affordable housing programs administered by the Department of Workforce Services, an entity that applies for affordable housing programs administered by an association of governments established by an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act, an entity that applies for services provided by a public housing authority to preserve and create moderate income housing, or any other entity that applies for programs or services that promote the construction or preservation of moderate income housing.
 - Strategy T: Ratify a joint acquisition agreement with another local political subdivision for the purpose of combining resources to acquire property for moderate income housing.
 - Strategy U: Develop a moderate-income housing project for residents who are disabled or 55 years old or older.
- Thriving in Place: Salt Lake City’s Anti-Displacement Strategy
 - Guiding Principle 3: Produce more housing, especially affordable housing.
 - Strategy Priority 3C: Create more diverse housing choices in all areas so that people can find housing that meets their needs in locations that work for them.
 - Strategy Priority 3D: Utilize publicly owned property to leverage land assets in support of long-term affordability and equitable development.
 - Strategy Priority 3E: Prioritize long-term affordability, integration of supportive services, and access to transit and other amenities to create stable living environments where lower income families and residents can thrive.

The City Assistance is necessary and appropriate to accomplish the reasonable goals and objectives, as outlined above, of the City for the public purpose of affordable housing.

CONCLUSION

The development of the Project by Developer will be a benefit to the residents of the city. Providing the City Assistance is an appropriate use of City resources to achieve the “reasonable goals and objectives of the City in the area of economic development, job creation, affordable housing, blight elimination, resource center development, job preservation, the preservation of historic structures and property.” The Project helps to achieve the City’s goals by creating a net increase of affordable housing for seniors in a high opportunity area of the city that is near transit, healthcare, socialization opportunities, fitness centers, educational opportunities, fresh food, green space, and essential services.

RESOLUTION NO. _____ OF 2024

(Approving the Public Benefit Analysis for the Fairmont Heights Project located at 2257 South 1100 East, Salt Lake City)

WHEREAS, Fairmont Heights Apartments, LP, a Utah limited partnership, or another special purpose entity owned or to be owned by Housing Assistance Management Enterprise (“HAME”) in partnership with Lincoln Avenue Communities (the “Developer”), desires to develop an affordable housing project that will be targeted to seniors, with approximately 110 units, that are a mix of one and two-bedrooms, with approximately 80% of the units affordable to households at 80% of the area median income (AMI) and below and approximately half of the units affordable to 50% AMI and below (the “Project”); and

WHEREAS, Developer and the City desire to locate the Project on approximately 0.81 acres of the real property that may be acquired by HAME or the City and that is located at 2257 South 1100 East, Salt Lake City (the “Property”);

WHEREAS, the primary beneficiaries of the construction of the Project will be low income seniors in an effort to expand the city’s affordable housing stock near transit, green space, healthcare, recreation, and services for economically insecure older adults; and

WHEREAS, if the City provides assistance in the form of either a below-market lease rate or a below-market loan interest rate, the City’s assistance will ensure the financial viability and timely development of the Project; and

WHEREAS, the City is willing to provide assistance to Developer in either the form of a 99-year below-market ground lease or an acquisition loan converting to a permanent loan at below-market interest rate (individually and together, the “City Assistance”); and

WHEREAS, Utah Code Section 10-8-2(1)(a)(i) allows public entities to provide nonmonetary assistance and waive fees to and for nonprofit entities after a public hearing; and

WHEREAS, though Utah Code Section 10-8-2 does not require a study for such waiver or assistance, in this case the Administration voluntarily performed an analysis of the nonmonetary

assistance to the nonprofit corporation (the “Analysis”); and

WHEREAS, the City Council has conducted a public hearing relating to the foregoing, in satisfaction of the requirements of Utah Code Section 10-8-2; and

WHEREAS, the Council has reviewed the Analysis, and has fully considered the conclusions set forth therein, and all comments made during the public hearing;

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

1. The City Council hereby adopts the conclusions set forth in the Analysis, and hereby finds and determines that, for all the reasons set forth in the Analysis, the City Assistance is appropriate under these circumstances.

2. The City Council hereby authorizes the City administration to negotiate the final terms of the transaction for the purchase and ground lease of the Property or loan secured by the Property, and execute the relevant documents consistent with this Resolution and incorporating such other terms and agreements as recommended by the City Attorney’s office.

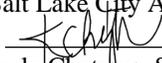
Passed by the City Council of Salt Lake City, Utah, on _____, 2024.

SALT LAKE CITY COUNCIL

By: _____
CHAIRPERSON

ATTEST:

CITY RECORDER

APPROVED AS TO FORM:
Salt Lake City Attorney’s Office
By: 
Kimberly Chytraus, Senior City Attorney