

ERIN MENDENHALL
Mayor



DEPARTMENT of COMMUNITY
and NEIGHBORHOODS
Blake Thomas
Director

CITY COUNCIL TRANSMITTAL



Lisa Shaffer, Chief Administrative Office

Date Received: 8/19/2022
Date sent to Council: 8/19/2022

TO: Salt Lake City Council
Dan Dugan, Chair

DATE: August 19, 2022

FROM: Blake Thomas, Director, Department of Community and Neighborhoods (CAN)



SUBJECT: Informal Public Benefits Analysis for a tiny home village with ~54 units of affordable housing in exchange for a below-market 40-year land lease of approximately 8 acres of vacant City property located at approximately 1850 West Indiana Avenue.

STAFF CONTACT: Tammy Hunsaker, Deputy Director, Community and Neighborhoods
801-535-7244, tammy.hunsaker@slcgov.com

DOCUMENT TYPE: Resolution

RECOMMENDATION: Consideration of the attached resolution allowing the City to enter into a 40-year below-market ground lease agreement with The Other Side Academy, a Utah nonprofit corporation, in order to facilitate the construction of a tiny home village with ~54 units of affordable housing.

BUDGET IMPACT: N/A

BACKGROUND/DISCUSSION: Salt Lake City and the State of Utah are experiencing a widening housing affordability gap, one of the fundamental causes of homelessness. Resources at the federal and state level have proven vastly inadequate in addressing the housing crisis. As such, cities are left to stretch local dollars, implement innovative policy tools, and think outside of the box with project typologies. Research and experience have overwhelmingly demonstrated that investment in permanent housing solutions is effective in reducing homelessness. Long-term housing solutions, particularly solutions that are co-located with supportive services, not only stabilize lives but have been proven to be more cost effective than emergency shelters and care facilities.

In 2020, the Administration began to explore new, innovative solutions to addressing the homelessness crisis. At this time, an exploratory partnership was formed between the City and The Other Side Academy (“TOSA”), a Utah 501(c)3 non-profit organization, to analyze the feasibility of a tiny home village that provides housing for chronically homeless individuals. TOSA brings unique experience with operation of “therapeutic communities” that help those with long histories of addiction and criminal behavior stabilize their lives. As a result of this exploratory partnership, a tiny home village for individuals experiencing homelessness has been conceptualized and is proposed to be located on approximately 40 acres of City-owned property located at 1850 W Indiana Avenue and 1965 West 500 South (the “Property”).

The Other Side Village (“TOSV”) is proposed to be a “recovery housing” model that aligns with National Alliance for Recovery Residence standards and is contemplated to eventually encompass the Property. Currently, the Administration and TOSA have narrowed the scope to a pilot project limited to approximately 8 acres (the “Pilot Site”) to demonstrate the feasibility of the concept, refer to *Exhibit A: Site Map*. This initial phase of the project will include approximately 54 deed-restricted tiny homes, 6 tiny homes for staff, 25 tiny homes to be offered as nightly rentals, community space, commercial space for social enterprise endeavors, and space for on-site services (the “Pilot Project”).

The Administration and TOSA have negotiated project terms that include a below-market land lease of \$1.00 per year for 40 years to assist in the financial viability of the Pilot Project. Pursuant to State law, the City shall first hold a public hearing followed by authorization by the City Council in order to execute a below-market land lease. Highlights of the Pilot Project are as follows, with additional detail included in *Exhibit B: Resolution and Term Sheet* and *Exhibit C: Informal Public Benefits Analysis*.

I. Project Overview

The Pilot Project is proposed to include the following:

- At least 60 tiny homes to be used as permanent housing
 - A minimum of 54 units, or 90% of the total permanent housing units, shall be deed-restricted as affordable
 - Up to 6 units, or 10% of the total permanent housing units, may be used as staff living quarters
- Up to 25 additional tiny homes may be used as a Community Inn offered as nightly rentals to generate income for TOSV operations
- A ~2,000 square foot Neighborhood Center to house clubhouse type uses for TOSV residents
- A ~10,000 square foot Social Enterprise Building to house social enterprise endeavors that generate income for the TOSV operations
- A ~12,000 square foot Community Center building to house multi-purpose space, and supportive services for TOSV residents including a medical clinic, a mental health clinic, a social services clinic, administrative offices, and a security office
- Utility service and related infrastructure; roads and curb/gutter

II. Recovery Housing Model

Utilizing the recovery housing model, TOSA plans to target individuals who are considered chronically homeless, generally defined as individuals experiencing homelessness for at least a year, or repeatedly, and struggling with a disabling condition such as a serious mental illness, substance use disorder, or physical disability. Similar to permanent supportive housing, recovery housing values independent living and voluntary clinical services. Where they differ is that recovery housing requires an alcohol and drug-free living environment and may require residents to participate in recovery activities as a condition for residency. This social model of recovery helps individuals relearn how to organize their lives, interact with others, and participate in community-based recovery activities.

III. Affordable Housing & Tenant Selection

An overview of the affordable housing and tenant selection terms are as follows:

- Units shall primarily be available to persons or families that meet HUD's definition of chronically homeless. If there are units available and no applications from chronically homeless individuals, TOSA may lease units to vulnerable homeless individuals.
- An admission preference may be established for individuals with a commitment to sobriety.
- All applicants shall go through the coordinated entry process used by the Salt Lake Valley Coalition to End Homelessness.
- Tenants may be required to have employment or another source of income, such as social security disability or a tenant-based voucher, to be able to afford to pay rent.
- Maximum rents shall be set for individuals and households at 25% of the area median income ("AMI"), adjusted annually for household size. For a single person based on 2022 HUD income limits, this would equate to \$448 maximum monthly rent including basic utilities.
- Maximum incomes shall be set for individuals and households at 30% of the AMI and below. Tenants must meet this income threshold, in addition to meeting homelessness criteria, upon entering into a lease. This equates to a maximum annual income of \$21,510 for a single person based on 2022 HUD income limits. Tenants will only be required to meet this income threshold upon entering into a lease and may increase their income subsequently.
- TOSA intends to provide leases on a month-to-month basis, however, tenants may live in their homes as long as they meet the basic obligations of tenancy without a time limitation.

IV. Supportive Services & Programming

The Pilot Project will include supportive services to assist homeless persons in transitioning from homelessness, and to enable tenants to live as independently as possible. The scope and scale of on-site health and case-management services is yet to be finalized, as TOSA is working on building partnerships with service providers - refer to *Exhibit D: Service Providers Letters of Interest* for additional information. In addition to

on-site services, TOSA plans to coordinate access to off-site specialty services that are tailored to unique needs that residents may have. In addition to health-related services, the Pilot Project will include programming to develop social and life-skills. Employment training will be available through the on-site social enterprise businesses.

V. Site & Zoning

The Property is currently zoned PL - Public Lands. The applicant is requesting to change the zoning of the Property to FB-UN2 (Form Based Urban Neighborhood District). The Salt Lake City Planning Commission recommended approval of the zoning change on October 27, 2021, with the request currently being considered by the City Council through a transmittal from the Planning Division. The Property is vacant and will require significant infrastructure and site improvements to facilitate the Pilot Project.

VI. Environmental Remediation

Parts of the Property were previously used as a landfill. Environmental testing indicates that various levels of mitigation efforts need to occur in order for the Property to be safe for residential development. The extent of mitigation will depend on the placement of land uses and the utilization of environmental controls. The Department of Sustainability is involved with the identification, sampling, and site investigation process and will work with State and other cognizant agencies to ensure that requirements are met for site clean-up, remediation, and mitigation.

VII. Development Viability

TOSA estimates that the Pilot Project will cost an estimated \$13.8 million, excluding land costs, as follows:

TOSV PILOT PHASE - CAPITAL COSTS	
Environmental Remediation	\$232,500
Permit / Fees	\$400,000
Civil Work	\$1,045,440
Tiny Home Construction	\$4,350,000
Welcome Neighborhood Homes	\$875,000
Neighborhood Center	\$441,000
Community Center / Clinic	\$3,146,400
Social Enterprise Building	\$2,300,000
Landscaping	\$320,000
Architectural Fees	\$666,744
Total	\$13,777,084

Source: TOSA, dated 4/29/22 as provided to City staff on 6/24/22

Note: Excludes land costs

The majority of costs will be covered by in-kind work and donations. According to TOSA, the fund-raising status is as follows as of July 6, 2022:

- Almost \$2.2 million in cash has been committed and received
- Another \$3.1 in cash has been pledged
- The remaining balance is either committed or expected to be received through in-kind assets and services - Refer to *Exhibit E: In Kind Letters* for additional information

The Administration will ensure that TOSA has adequate funds to move the project forward prior to closing on the land lease. If fundraising does not meet expectations or there are gaps in the receipt of charitable funds, Joseph Grenny, TOSA's Chairman of the Board, and his wife have made a personal commitment of up to \$5,000,000 to cover shortfalls - refer to *Exhibit F: Construction Commitment Letter* for additional information.

VIII. Operating Viability & Social Enterprises

Rent revenues are only estimated to cover about 10% of the annual operating costs – refer to *Exhibit G: Pro Forma*. The remaining revenue required to successfully operate the Pilot Project will be generated by social enterprise businesses that will be located on-site. These businesses are anticipated to be a motel (Community Inn), thrift store, and cookie-manufacturing enterprise. In addition to generating revenue to cover operating costs, these businesses will provide critical job training opportunities for residents. The Community Inn will include 25 stand-alone tiny homes offered as nightly rentals for the general public, thereby providing lodging opportunities for Pilot Project visitors and volunteers. While these businesses are yet to be established, TOSA has considerable experience with social enterprise businesses and has partnered with the founder of Lofthouse Cookies to advise on the cookie manufacturing business. If revenues fall short, TOSA has committed to covering up to \$1,000,000 annually to cover operating expenses – refer to *Exhibit H: Operating Commitment Letter*.

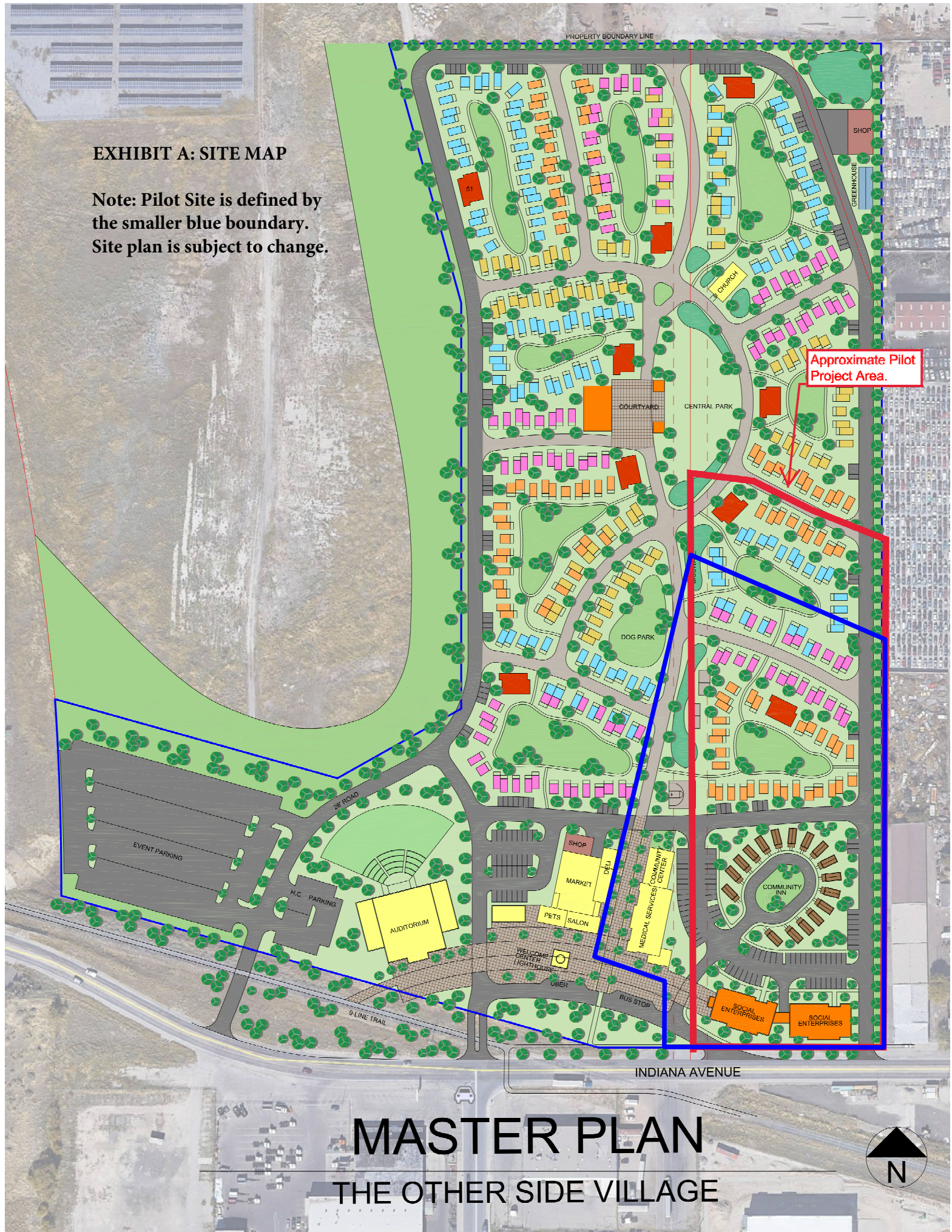
PUBLIC PROCESS: Under Utah law, after first holding a public hearing, a municipality may “authorize municipal services or other nonmonetary assistance to be provided to a nonprofit entity, whether or not the municipality receives consideration in return.” Utah Code §10-8-2(1)(a)(v). Because TOSA is a 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 *Exhibit C: Informal Public Benefits Analysis* 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. Site Map
- B. Resolution and Term Sheet
- C. Informal Public Benefits Analysis
- D. Service Provider Letters of Interest
- E. In Kind Letters
- F. Construction Commitment Letter
- G. Pro Forma
- H. Operating Commitment Letter

EXHIBIT A: SITE MAP

Note: Pilot Site is defined by the smaller blue boundary.
Site plan is subject to change.



MASTER PLAN

THE OTHER SIDE VILLAGE

EXHIBIT B: RESOLUTION & TERM SHEET

RESOLUTION NO. _____ OF 2022

(Authorizing the Lease Rate and Term for The Other Side Village Pilot Project
located at 1850 West Indiana Avenue, Salt Lake City)

WHEREAS, The Other Side Academy (“TOSA”), a Utah nonprofit corporation, desires to develop a community of small homes, community space, support services, and commercial uses to provide affordable housing and life skill development for the City’s unsheltered population, to be known as The Other Side Village (the “Project”); and

WHEREAS, the first phase of the Project (the “Pilot Project”) will include affordable housing, supportive services, community space, social enterprise buildings, and additional tiny homes to be offered as nightly rentals, as further described on the attached term sheet (the “Term Sheet”); and

WHEREAS, TOSA and the City desire to locate the Pilot Project on approximately 8 acres of the real property owned by the City and located at 1850 West Indiana Avenue, Salt Lake City (the “Pilot Site”);

WHEREAS, the primary beneficiaries of the construction of the Pilot Project will be individuals experiencing chronic homelessness who are transitioning into housing as part of the City, County, and State’s efforts to address the homelessness and housing crisis in Salt Lake City; and

WHEREAS, a below-market ground lease to TOSA will facilitate the development of the Pilot Project, which would otherwise be financially unfeasible; and

WHEREAS, the City is willing to provide assistance to TOSA in the form of a ground lease rate for the Pilot Site in the amount of \$1.00 per year for a term of 40 years, so long as the conditions of the ground lease between City and TOSA, or another nonprofit approved by City, are met (the “Lease Fee Waiver”); 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 Lease Fee Waiver is appropriate under these circumstances.

2. The terms outlined on the Term Sheet represent the approved terms for the Pilot Project, and the City Council hereby authorizes the City administration to negotiate the final terms consistent with the Term Sheet or more beneficial to the City, and execute the ground lease and any other 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 _____, 2022.

SALT LAKE CITY COUNCIL

By: _____
CHAIRPERSON

ATTEST:

CITY RECORDER

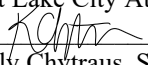
APPROVED AS TO FORM:
Salt Lake City Attorney's Office
By: 
Kimberly Chytraus, Senior City Attorney

EXHIBIT TO RESOLUTION
The Other Side Village Pilot Project Term Sheet

AFFORDABLE HOUSING

I. Unit Requirements

TOSA shall develop and maintain the Pilot Site to include a minimum of 60 tiny home units. Of the total units:

1. Up to 10% may be unrestricted in rent and occupancy for utilization by staff.
2. A minimum of 90% shall be available and affordable to individuals or families meeting the HUD-adopted definition of chronically homeless and homeless, with a priority on chronically homeless. These units shall be designated as the “Affordable Units”.

II. Occupancy Requirements

TOSA must place into the Affordable Units individuals and families that meet the HUD-adopted definition of chronically homeless and homeless, prioritized as follows:

1. TOSA shall first make the units available to persons or families that meet HUD’s definition of chronically homeless as defined in section 401(2)(A) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)). In general, to meet this definition, a chronically homeless person or family’s head of household must be sleeping in a place not meant for human habitation or living in a homeless emergency shelter or safe haven, have a disabling condition, as defined in section 401(9) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)), and
 - i. be continuously homeless for a year or more, OR
 - ii. have had at least four episodes of homelessness in the past three years as long as the combined occasions equal at least 12 months.
2. If there are units available and no applications from chronically homeless individuals, TOSA may lease units to vulnerable homeless individuals, as “homeless” is then-currently defined by HUD, provided that applicants who have been homeless for the longest periods of time immediately preceding their application are given priority over applicants who have been homeless for lesser periods of time.

III. Tenant Eligibility

To determine whether a tenant is eligible, TOSA must verify that the prospective tenant meets HUD’s definition of chronically homeless or homeless and whose incomes have an aggregate annual income for all occupants that is 30% and below of the area median income for Salt Lake City Utah, HUD Metro FMR Area as adjusted for household size.

IV. Tenant Selection

1. The Affordable Units shall be made available pursuant to federal and state fair housing laws and HUD guidance, including the following:
 - i. TOSA may establish admission preferences, including a preference for individuals with a commitment to sobriety, but may not deny housing to protected classes pursuant to federal and state fair housing laws.
 - ii. TOSA may regulate the occupancy of units based on unit size but may not unreasonably limit the ability of families with children to obtain housing.
2. TOSA must develop and make public written tenant selection policies and procedures that include descriptions of the eligibility requirements. The Tenant Selection Plan must include evidence of a contractual partnership with service provider(s) and whether there is a restriction or preference in the admission of tenants. The restriction or preference

must cite the supporting documentation to ensure inclusion and nondiscrimination in the selection of tenants.

3. TOSA will ensure that all applicants for housing in the project will go through the coordinated entry process used by the Salt Lake Valley Coalition to End Homelessness to ensure coordination and efficiency with the current homelessness services system.
4. TOSA also will enter any new resident into the Homeless Management Information System (“HMIS”) coordinated entry system.
5. Preference will be given to Salt Lake City residents for placement into the development.

V. Maximum Rents

1. The annualized rent (which includes all required housing costs such as utilities and other charges uniformly assessed to all Affordable Units, other than charges for optional services) per unit shall be set forth in a written lease and shall not exceed, for the term of the lease, 30% of the annual income limit for individuals and households with a maximum AMI of 25% AMI for the applicable Unit Type (i.e. studio or bedroom number).

VI. Tenant Lease Requirements

1. Leases may be provided on a month-to-month basis, with the intent that tenants may live in their homes as long as they meet the basic obligations of tenancy without a time limitation.
2. TOSA shall comply with local, state, and federal laws, including the federal fair housing act, when approving applicants as tenants, evicting, terminating a lease, or providing a notice to quit.
3. TOSA must incorporate specific provisions into the lease agreement for each eligible tenant of the Affordable Units that establish the tenant's obligation to provide accurate information regarding household income and composition.

VII. Record-Keeping and Reporting Requirements

1. Upon execution of a lease, TOSA must verify and document the tenant’s annual (gross) income.
2. TOSA must re-examine the income and household composition of tenants on an annual basis.
3. TOSA must submit annual compliance reports to the City. These reports shall document the occupancy and show whether TOSA is in compliance with tenant eligibility requirements.
4. TOSA must provide the City a written certification of compliance when the project reaches initial compliance and then with each annual report.

SUPPORTIVE SERVICES

The pilot project will include supportive services to assist homeless persons in transitioning from homelessness, and to promote the provision of supportive housing to enable homeless persons to live as independently as possible. Supportive services will include on-site case coordination or management that ensures tenants’ access to a wide variety of services and on-site location of services provided by professional service providers as evidenced through an agreement. Services shall be made available on a flexible and voluntary basis and may address the following: mental health, substance and alcohol use, health, case management, independent living skills, employment, peer support, and community involvement and support. Physical and mental health providers shall have the appropriate licenses, which other services may be provided by those with appropriate training and following industry best practices.

PROGRAMMING

The pilot project will include programming that includes peer mentoring and the life skill development. This will include opportunities for residents to obtain employment experience by working in a social enterprise to the best of their ability. While participation in these employment activities shall be encouraged, it is not a condition of living in the pilot project.

TERM

The term of the lease will be forty (40) years with an option to renew the lease within the last year of the lease subject to approval by the Salt Lake City Council for the reduced lease rate.

LEASE RATE

The lease rate for the property will be \$1 per year for the term of the lease.

EXHIBIT C: INFORMAL PUBLIC BENEFITS ANALYSIS

MEMORANDUM

TO: City Council Members

SUBJECT: Informal Analysis of Public Benefits Provided by The Other Side Village's Small Home Project in Exchange for a Below-market Ground Lease of Property

INTRODUCTION

Salt Lake City (the "City") owns real property located at approximately 1850 West Indiana Avenue, Salt Lake City, consisting of approximately 45 acres (the "City Property"). The Other Side Academy, a Utah nonprofit corporation ("TOSA") desires to develop a community of small homes, community space, support services, and commercial uses to provide affordable housing and life skill development for the City's unsheltered population (the "Project"). This informal public benefits analysis is only for the first phase of the Project (the "Pilot Project"), which is intended to be a lease of approximately 8 acres of the City Property (the "Pilot Site") and development of approximately 54 tiny homes that shall be deed restricted as affordable and co-located with supportive services and social enterprise uses.

While the City's primary interest in development of the Pilot Site is affordable housing and supportive services, TOSA intends to develop other uses including community space, social enterprise buildings, and additional tiny homes to be offered as nightly rentals. Prior to development, the Pilot Site may require environmental remediation and/or mitigation to allow for residential uses. TOSA has agreed to pay for all costs to remediate the Pilot Site and to develop and operate the Pilot Project. Any request to lease the remainder of the City Property for less than fair market value will be submitted to the City Council at a later time for a supplemental public benefit analysis.

In exchange for the remediation, operation, and management of the Pilot Project, TOSA is seeking a discounted lease rate for a 40-year ground lease of the Pilot Site (the "Ground Lease"). Though a formal analysis of the benefits to be received by the City in exchange for the benefit provided to TOSA is not required under Utah Code §10-8-2, 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 TOSA is a nonprofit entity, the City may waive the fair-market rental 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.

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 AND CITY PROPERTY

As an overview of the entire Project, to be named The Other Side Village, TOSA anticipates developing a community that will be a secure and self-reliant neighborhood designed to serve the most vulnerable of the City’s unsheltered individuals, particularly those that meet the definition of chronically homeless. The home sizes may range from approximately 280-400 square feet. The Pilot Project is anticipated to have onsite services similar to those provided with permanent supportive housing, such as onsite medical, dental, and mental health services. In addition, TOSA is proposing that the community will have a garden and gathering spaces to serve residents. TOSA plans to implement social enterprises so that the Project can support itself financially and allow residents to gain employment experience.

TOSA’s purpose for the Project is to create a community for unsheltered residents of Salt Lake City following the recovery housing model. Similar to permanent supportive housing, recovery housing values independent living and voluntary clinical services. Where they differ is that recovery housing requires an alcohol and drug-free living environment and may require residents to participate in recovery activities as a condition for residency. TOSA’s intent is to instill a peer accountability model to keep the community safe, clean, and orderly, to run social enterprises within the non-profit so that the organization can eventually be operationally self-sufficient and not be dependent on the government or donors.

The Administration worked with TOSA to identify a parcel suitable for development of the Project, which ideally requires at least 30 acres, access to public transportation, and reasonable proximity to services. There are very few parcels of sufficient size and geography available within Salt Lake City boundaries. The City Property was identified as one that will allow the community to be established and potentially expand as a diverse type of deeply affordable housing and accessible services.

The City Property was historically used as a landfill between 1923 and 1962. It is currently vacant property and requires significant environmental remediation/mitigation and cleanup of refuse prior to development of residential uses. TOSA is working with the City's Sustainability Department and the State of Utah to determine the scope and scale of the efforts, and TOSA has agreed to pay for the entire cost and to accept full liability for the costs and claims related to the remediation/mitigation.

Before committing to lease the entire City Property to TOSA for the Project, the City and TOSA agreed to phase the Project, starting with the Pilot Project using the Pilot Site for the development of a minimum of 60 tiny homes to be utilized as housing (the "Housing Units"). Of the anticipated 60 Housing Units, a minimum of 54, or 90% of the total Housing Units, will be available and affordable to individuals and/or households that align with fair housing occupancy standards who have experienced homelessness and have incomes at or below 30% of Salt Lake County's average median income ("AMI"), the ("Affordable Units"). The remaining 6, or up to 10% of the total Housing Units, will be available for Pilot Project staff to live on-site to help provide 24-hour staff coverage. In addition to the Housing Units, TOSA plans to construct and utilize up to 25 tiny homes as nightly rentals (the "Community Inn"). The Community Inn will also function as a social enterprise to provide job training and revenue for TOSV operations. TOSA shall construct and operate supportive services for the residents to assist homeless persons in transitioning from homelessness, and to enable tenants to live as independently as possible. Finally, TOSA intends to construct community space and social enterprise buildings to provide job training and revenue for the Pilot Project's operations. The Ground Lease will include the affordability requirements for the Pilot Project, as well as other requirements.

The Pilot Project is anticipated to include development of the buildings, Housing Units, related infrastructure (curb and gutter), and will also include the related amenities. TOSA desires to eventually develop the entire City Property for the Project and anticipates submitting a separate request to lease the additional City Property after meeting certain metrics, including occupancy and confirmation that the Pilot Project does not have a negative impact on the surrounding neighborhood. If TOSA requests to lease the remaining City Property, it will accept full responsibility for the costs and liability to remediate and/or mitigate the additional City Property to standards for residential development.

TOSA is requesting that the City approve the Ground Lease of the Pilot Site in exchange for the public benefits TOSA will be providing with the homeless services, environmental remediation, development, and operation of the Pilot Project. The Council has been asked to consider a zoning amendment for the City Property concurrent with consideration of the proposed below-market lease rate to allow development of the Pilot Project.

TOSA intends to construct and operate the Pilot Project through donations from foundations, corporations, and private citizens. Eventually, TOSA hopes to obtain self-sufficiency through revenues generated from social enterprises, including the Community Inn.

TERMS OF THE GROUND LEASE AND PUBLIC BENEFITS PROVIDED

I. Terms of Ground Lease; Costs to the City

Under the proposed Ground Lease between the City and TOSA, the City will maintain ownership of the Pilot Site and the Pilot Project will be owned and developed by TOSA, or a non-profit entity approved by the City. The Ground Lease will be structured to require a \$1.00 dollar per year payment over the 40-year lease term. The Ground Lease will require that the Pilot Site will be used solely for the development and operation of the small home community.

The 2022 assessed value of the City Property is approximately \$4.20 per square foot, which equates to about \$8,230,000 for the City Property or \$1,460,000 for the Pilot Site property, excluding remediation, mitigation, and cleanup costs. Remediation and mitigation of the Pilot Site acres of City Property will allow it to be utilized for residential purposes. The below-market lease terms are being offered as the City's contribution to providing solutions for homeless services. The City will not have any responsibility for environmental remediation, construction, operation, or maintenance of the Pilot Site and Pilot Project.

II. Public Benefits Provided by the Pilot Project.

The Pilot Project as planned provides numerous benefits to the City and promotes the City's reasonable goals of objectives to increase the availability of affordable housing, job training, and supporting the City's unsheltered population on a path to secure housing. A wide array of affordable housing options is needed to create a path from shelter to housing. By the City maintaining ownership of the Pilot Site but leasing it to TOSA, the City will facilitate the development of housing and services for underserved populations in our City that need it most.

Residents of the Pilot Project will have the opportunity to work with case managers and may receive support in the following areas: sober living; tenant responsibilities and housing stability; access to benefits and entitlements; access to healthcare providers; access to behavioral health services; access to education and employment supports; access to mental health services and medications; information and referral to community resources (including but not limited to food pantries, legal services, faith-based organizations, additional housing options); and other relevant services and supports. Regular engagement in case management services will assist tenants in developing and fine-tuning life skills. Further, the on-site social enterprise endeavors will provide job skill development for residents of the Pilot Project.

The Pilot Project will help lower the cost of public care of unsheltered individuals by providing housing for people who likely have a history of utilizing emergency services within Salt Lake City. Once housed, residents will free up shelter beds and services for others in the community to access and help alleviate capacity restraints at the homeless resource centers. In addition, accessible housing may alleviate encampments within the city that require tremendous City and County resources to maintain the health and safety of the unsheltered individuals and the public. Some residences will be earmarked as deeply affordable recovery housing to provide needed assistance to the most vulnerable population in our community. These are greatly needed community benefits.

The unsheltered population typically have limited access to healthcare and may rely on emergency services for care. Connecting residents to accessible medical, dental, and mental health care within the community will allow for preventative care, reducing the need for emergency room visits and hopefully providing better health outcomes. Alleviating the current burden on emergency medical services and hospitals to provide continuing care for unsheltered individuals will benefit both the individual users and the public.

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

Through the services mentioned above, the Pilot Project aims to serve formerly unsheltered individuals through housing, healthcare, social enterprise, and community. By helping serve the needs of these individuals, it is anticipated that the impact to the City can be measured through improvement of life skills and health outcomes, reduction in area criminal activity, and new or increased employment of clients served by the Pilot Project.

The neighborhood surrounding the Pilot Project may also benefit by activation of the currently vacant and former landfill space. Increasing the number of residences in the area may encourage additional investments in the neighborhood such as grocery and other retail stores, recreation, and transit. In addition, TOSA is committed to ensuring that the Pilot Project does not become a strain on the City's public safety infrastructure and does not negatively impact the surrounding neighborhoods.

IV. Accomplishing Salt Lake City's Goals.

The construction and operation of the Pilot Project is in line with the City's Housing Plan, Growing SLC: a Five Year Housing Plan, 2018-2022. Growing SLC includes solutions to address housing for incomes below 40% AMI providing housing and services to the City's most vulnerable populations. Growing SLC strongly encourages supporting residents living in poverty and making \$20,000 per year or less. To do that, the plan sets the following actions items for the City:

- (1) Lead in the development of new affordable housing types, as well as construction methods that incorporate innovative solutions to issues of form, function, and maintenance.
- (2) Offer incentives to developers of affordable housing such as land discounts and primary financing options.
- (3) Work with housing partners and government entities to continue supporting and enhancing service models that meet the needs of the City's most vulnerable households.

The plan also adopts the City Council's 2017 guiding principles for evaluating and appropriating City funds for housing. The priorities relevant to the Pilot Project are as follows:

- (1) Create a net increase in affordable housing units while: (i) Avoiding displacement of existing affordable housing to the extent possible, and (ii) Retaining and expanding the diversity of AMI and innovative housing types.
- (2) Create a spectrum of housing options for people of all backgrounds and incomes.

- (3) Include collaboration with community and private sector partners to enable opportunities for in kind contributions, creative financing, and service delivery models.
- (4) Utilize city-owned land whenever possible.
- (5) Enable residents' success to maintain housing through partnerships with providers of supportive services.
- (6) Identify tools to increase and diversify the total housing supply including housing types that the private market does not sufficiently provide such as ... innovative housing types.

The Pilot Project accomplishes several of the City's goals and priorities by providing predictable, affordable housing and supports needs of its residents.

CONCLUSION

The development of the Pilot Project by TOSA will be a benefit to residents of the City. Providing a below-market Ground Lease for the Pilot Site is an appropriate use of City resources to achieve the City's "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." Further, the Pilot Project helps to achieve the City's goals by creating a net increase in affordable housing stock while providing long-term housing services for very low-income residents who have experienced homelessness.

EXHIBIT D: SERVICE PROVIDERS LETTERS OF INTEREST



4460 S Highland Dr.
Salt Lake City, UT 84124
888.949.4864
ValleyCares.com

July 1, 2022

The Other Side Village
667 East 100 South
Salt Lake City, UT 84102

To Whom it May Concern:

It is my pleasure to provide this letter of support on behalf of Valley Behavioral Health, Inc (Valley). Valley has worked closely with The Other Side Village leadership team to create the Welcome Neighborhood which will temporarily house and prepare individuals experiencing chronic homelessness to transition from the street to Village life and connect them to resources and services needed, including mental health treatment, supportive housing, medication management, and targeted case management.

Valley collaborates on the Salt Lake Valley Coalition to End Homelessness and the Housing Core Function Group. In addition, Valley's homeless outreach program, Storefront, works closely with the three Homeless Resource Centers and the Midvale Family Shelter by providing regular outreach and connecting those staying at these centers to various community housing programs.

We support The Other Side Village initiative and plan to provide onsite mental health services to the residents of the Village on a regular basis when it is operational. We look forward to continuing our combined efforts to make homelessness rare, brief, and non-recurring in our capital city by lifting individuals out of chronic homelessness through community and connection.

Sincerely,

Preston Cochrane

Preston L. Cochrane
Valley Behavioral Health, Inc
Vice President of Housing & Support Services

Let's deal with it together.



June 17, 2022

Mr. Tim Stay
The Other Side Village
Executive Director

Dear Mr. Stay,

On behalf of Fourth Street Clinic, I am pleased to provide this letter of interest for The Other Side Village, a.k.a Tiny Village, as you move forward in your planning and approval phase to begin construction. Fourth Street Clinic is committed to providing high quality integrated health care services to those in our community experiencing homelessness. We believe that housing is a critical component of achieving and maintaining good health, and we are pleased to be included in the conversation on how we can partner to support those experiencing homelessness as they transition into housing.

We look forward to continuing conversations as you embark on the planning process to discuss expand funding opportunities, defining and understanding the scope and timelines of the project, and engaging with additional partners to support our work. As community partners, we are keenly aware that partnerships are essential to extend and strengthen vital programs that ensure the health and well-being of those experiencing homelessness.

Located in downtown Salt Lake City since 1988, Fourth Street Clinic has been the primary provider of health care services in Salt Lake County and its surrounding area. In 2021, 4,672 individuals received care at our downtown clinic as well as through our Medical Street Team and our Mobile Clinic. Fourth Street Clinic stands ready to look at ways in which our organizations can work collaboratively to maximize resources and to improve the health care for our homeless community.

Fourth Street Clinic values the partnership of our organizations and applauds the work of The Other Side Village to address the many challenges of homelessness. I look forward to ongoing discussions and clarity on the Tiny Village project as plans are solidified. I can be reached directly at 801-364-0058 ext 1383 or janida@fourthstreetclinic.org.

Sincerely,

Janida Emerson
CEO

the SUGAR HOUSE
DENTIST
Theurer Family Dental

1955 S. 1300 E. Suite L2
Salt Lake City, UT 84105
p 801.486.9649
f 801.486.9640
TheSugarHouseDentist.com

June 25, 2022

Tim Stay, CEO
The Other Side Village
667 E 100 S
Salt Lake City, UT 84102

Dear Mr. Stay:

On behalf of The Sugar House Dentist practice, this letter confirms our intention to manage staffing for a dental clinic for The Other Side Village. In cooperation with Crown Council, a large association of dentists including many residing in Utah, and with support of the University of Utah School of Dentistry where I serve as a faculty member, we will provide consistent staffing for the onsite dental office at the Village. Hours will increase as demand from within the Village increases. Ultimately we can support up to five days per week of staffing including a credentialed dentist and two University of Utah residents from 9am-3pm.

We are grateful to be part of this important undertaking and assure you of our full support as stated above.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jared Theurer', with a large, stylized loop at the beginning.

Jared Theurer, D.D.S.
The Sugar House Dentist

EXHIBIT E: IN KIND LETTERS

July 3, 2022

Salt Lake City Council
Attn: Tim Stay
667 E 100 S
Salt Lake City, UT 84120

RE: THE OTHER SIDE VILLAGE

Dear City Council:

The purpose of this letter is to document the commitment of Sego Homes to help with the funding and construction of the The Other Side Village. Sego Homes, along with their vendors and trade partners, has provided support to several charitable organizations over the past few years such as Operation Underground Railroad to whom we donated \$121,000 and Hopes for Hope to whom we donated \$101,000. We anticipate providing a similar level of support to The Other Side Village by building and donating several of the tiny homes proposed for this community.

We respectfully request that the City Council approve this proposed community and facilitate the successful development of this innovative and much needed community.

Sincerely,

SEGO HOMES

Wayne H. Corbridge
CEO
wayne@segohomes.com
(801) 362-6228



June 24, 2022

ATTN: Mr. Tim Stay
The Other Side Academy
667 E 100 S
Salt Lake City, UT 84102

Dear Tim,

As you know, HomeAid is a 501(c)3 organization with 32 years experience in partnering with the homebuilding industry to provide discounted and in-kind construction and renovation services to organizations serving people experiencing homelessness.

The HomeAid Utah affiliate has been in operation over 3 years and has enjoyed tremendous support in our fight to help alleviate human suffering within our community. We are supported by some of the largest homebuilders and industry associates locally, regionally and nationally.

We are aware of and eager to participate in your new tiny home community project in Salt Lake City, The Other Side Village. Our sister affiliate, HomeAid Austin, has been very successful in their efforts at the Community First Village in Austin, Texas and will have completed 36 tiny-homes by the end of 2023.

HomeAid Utah anticipates we can facilitate the construction of approximately 15-20 tiny homes, possibly an entire sub-village within the initial phase of the community. It is our goal that once completed and additional phases become available, we can be an ongoing contributor over the duration of the total project buildout facilitating the construction of several more homes.

We are very much looking forward to participating with you on this worthy initiative.

Sincerely,

A handwritten signature in blue ink, appearing to read "Don Adamson".

Don Adamson
Executive Director, HomeAid Utah

Cc: Nate Shipp, Affiliate President, HomeAid Utah

July 1, 2022

The Other Side Village
Attn: Tim Stay
667 E 100 S
Salt Lake City, UT 84102

Re: **Support for the Other Side Village Project**

Dear Tim,

At your request, I am writing to summarize our support to date for the Other Side Village project. Our architectural firm, E4H Environments for Health Architecture, is dedicated to improving the wellness of our communities including physical health, mental health, equality, and basic human needs. The charitable wing of our organization, **E4Hcares**, has been providing full architectural services for the Other Side Village project for well over a year. Our Salt Lake firm partner, David Dixon, has orchestrated the development of the site plan, buildings, and homes by leading a host of other design professionals, schools, and individuals in the planning of the Village while he fills in the gaps.

To date, David has contributed well over 400 hours to this effort. At our standard billing rate of \$250/hour for our firm partners, this would equate to a donation of over \$100,000 in design services. We would estimate he and others in our firm will spend another equal amount of time seeing the project through to completion.

We firmly believe the Other Side Village will be the best program anywhere for caring for our homeless neighbors and helping them to lead more productive lives. The leaders of the Village effort have a proven track record with the Other Side Academy and we hope the City will continue to offer their full support to bring this to fruition as quickly as possible.

Best regards,



David J. Dixon, AIA

EXHIBIT F: CONSTRUCTION COMMITMENT LETTER

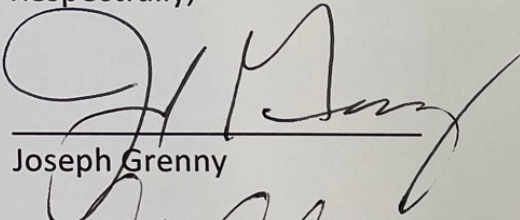
July 1, 2022

To Whom It May Concern:

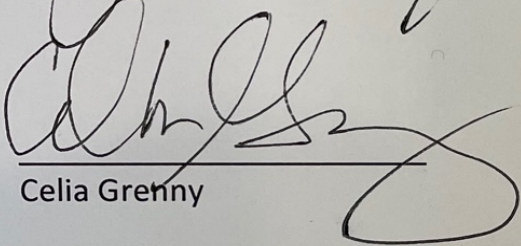
We, Joseph Grenny and Celia Grenny, pledge to provide a line of credit of up to \$5 million to The Other Side Village for the construction of the Pilot Phase.

We certify that these funds exist and would be available if other sources of funding are not available.

Respectfully,



Joseph Grenny



Celia Grenny

EXHIBIT G: PROFORMA

OPERATIONAL 15-YEAR PROFORMA FOR VILLAGE PILOT PHASE

The Other Side Village																
15 Year Operational Proforma																
Revenues	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Rent	7,200	117,600	250,400	288,000	296,640	305,539	314,705	324,147	333,871	343,887	354,204	364,830	375,775	387,048	398,659	410,619
Cookie Revenues	3,167	76,924	233,973	397,494	409,419	421,701	434,352	447,383	460,804	474,629	488,867	503,534	518,640	534,199	550,225	566,731
Thrift Boutique Revenues	-	840,000	1,200,000	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863	1,475,849	1,520,124	1,565,728	1,612,700	1,661,081	1,710,913
Community Inn Revenue	-	1,026,563	1,026,563	1,026,563	1,057,359	1,057,359	1,057,359	1,057,359	1,057,359	1,077,891	1,098,422	1,129,219	1,149,750	1,149,750	1,149,750	1,149,750
Donations	800,000	500,000	50,000													
Total Revenues	810,367	2,561,086	2,760,935	2,912,057	2,999,418	3,057,680	3,117,690	3,179,499	3,243,164	3,329,269	3,417,342	3,517,706	3,609,892	3,683,696	3,759,715	3,838,014
Expenses	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Accounting	2,400	2,400	2,400	2,400	2,472	2,546	2,623	2,701	2,782	2,810	2,838	2,867	2,895	2,924	2,953	2,983
Benefits	122,350	199,175	222,300	222,300	228,969	235,838	242,913	250,201	257,707	265,438	273,401	281,603	290,051	298,753	307,715	316,947
Community Inn Expenses	-	619,750	619,750	619,750	644,388	644,388	644,388	644,388	644,388	660,813	677,238	701,875	718,300	718,300	718,300	718,300
Cookie Expenses	2,375	57,693	175,480	298,121	307,064	316,276	325,764	335,537	345,603	355,971	366,651	377,650	388,980	384,623	396,162	408,047
Disposal Fees	4,800	4,800	4,800	4,800	4,944	5,092	5,245	5,402	5,565	5,620	5,676	5,733	5,790	5,848	5,907	5,966
Fuel	24,000	24,000	24,000	24,000	24,720	25,462	26,225	27,012	27,823	28,101	28,382	28,666	28,952	29,242	29,534	29,830
Insurance	75,000	75,000	75,000	75,000	77,250	79,568	81,955	84,413	86,946	87,815	88,693	89,580	90,476	91,381	92,294	93,217
Internet / Phone	6,000	6,000	6,000	6,000	6,180	6,365	6,556	6,753	6,956	7,025	7,095	7,166	7,238	7,310	7,384	7,457
Legal	2,400	2,400	2,400	2,400	2,472	2,546	2,623	2,701	2,782	2,810	2,838	2,867	2,895	2,924	2,953	2,983
Office	3,600	3,600	3,600	3,600	3,708	3,819	3,934	4,052	4,173	4,215	4,257	4,300	4,343	4,386	4,430	4,474
Payroll	407,833	663,917	741,000	741,000	763,230	786,127	809,711	834,002	859,022	884,793	911,337	938,677	966,837	995,842	1,025,717	1,056,489
Payroll taxes	62,399	101,579	113,373	113,373	116,774	120,277	123,886	127,602	131,430	135,373	139,434	143,618	147,926	152,364	156,935	161,643
Repair / Maintenance	30,000	30,000	30,000	30,000	30,900	31,827	32,782	33,765	34,778	35,126	35,477	35,832	36,190	36,552	36,918	37,287
Software	10,000	10,000	10,000	10,000	10,300	10,609	10,927	11,255	11,593	11,709	11,826	11,944	12,063	12,184	12,306	12,429
Thrift Expenses	-	558,808	558,808	558,808	575,572	592,839	610,625	628,943	647,812	667,246	687,263	707,881	729,118	750,991	773,521	796,726
Travel	15,000	15,000	15,000	15,000	15,450	15,914	16,391	16,883	17,389	17,563	17,739	17,916	18,095	18,276	18,459	18,643
Utilities	27,559	98,478	135,847	135,847	139,923	140,973	142,055	143,170	144,318	145,500	146,718	147,973	149,265	150,596	151,967	153,379
Website, hosting	4,000	4,000	4,000	4,000	4,120	4,244	4,371	4,502	4,637	4,683	4,730	4,778	4,825	4,874	4,922	4,972
Total Expenses	799,716	2,476,600	2,743,758	2,866,399	2,958,436	3,024,710	3,092,973	3,163,283	3,235,703	3,322,612	3,411,594	3,510,924	3,604,241	3,667,371	3,748,378	3,831,772
Net Income (or Loss)	10,651	84,487	17,178	45,658	40,983	32,970	24,717	16,216	7,461	6,657	5,748	6,782	5,651	16,326	11,337	6,242

EXHIBIT H: OPERATING COMMITMENT LETTER



July 1, 2022

To Whom it May Concern:

The board of The Other Side Academy has agreed to cover any operational shortfalls in funding from the operations of The Other Side Village in an amount up to \$1 million per year. I also confirm that The Other Side Academy has the financial means to provide these funds if needed.

Respectfully,

Timothy V. Stay

Tim Stay
CEO
The Other Side Academy
tim@theothersideacademy.com
801-362-8998