
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: July 2, 2009

SUBJECT: Bill Nighswonger, Executive Director, Housing Authority of Salt Lake City, request for a loan from the Salt Lake City Housing Trust Fund to assist in the construction of the Taylor Springs Apartment located at 1812 South West Temple

AFFECTED COUNCIL DISTRICTS: Council District 5

STAFF REPORT BY: Janice Jardine, Land Use Policy Analyst

ADMINISTRATIVE DEPT. AND CONTACT PERSON: Community Development Department, Housing and Neighborhood Development Division
LuAnn Clark, Director

OPTIONS:

The following options have been identified for Council consideration.

1. Forward the resolution to the next Council Meeting for consideration. (July 14, 2009)
2. Request additional information.

KEY ELEMENTS:

- A. A resolution has been prepared for Council consideration that would authorize the Mayor to sign loan agreement documents to provide a loan to the Housing Authority of Salt Lake City from the City's Housing Trust Fund in the amount of \$500,000. The loan terms include a 3% interest rate for 30 years with payments deferred until March 2011 after the Certificate of Occupancy has been issued. The loan would provide financial assistance for new construction of the Taylor Springs Apartment project located at 1812 South West Temple.
- B. Key points from the Administration's transmittal notes:
1. This loan will facilitate construction of a 95-unit senior housing development that will provide housing for the elderly with income ranges between 25 and 48% of area median income (AMI).
 2. This is a tax credit project.
 3. Forty project-based vouchers will be committed to this project.
 4. The project will remain affordable for 99 years.
 5. The applicant is providing \$2,776,723 in owner equity to the project from the sale of scattered site public housing units. Even with this unusually high infusion of owner equity into the project, the Housing Authority is in need of gap financing from the City due to the current national financial situation that has dramatically decreased the value of tax credits.
 6. The new residential dwelling units will be located in two separate 3-story buildings.
 7. The entire project will be visitable with 5 of the units fully accessible. All units will have emergency pull cords and access to parking.
 8. The Housing Authority currently manages 5 tax credit projects and 4 elderly projects. (Details are included in the loan application materials.)

C. The rent structure for the apartments includes:

<u>AMI Targets</u>	<u># of Units</u>	<u>Unit Type</u>	<u>Rents</u>
25%	26	One bedroom	\$274
25%	1	Two bedrooms	326
45%	62	One bedroom	519
48%	6	Two bedroom	664

D. Total construction costs are estimated at approximately \$11,925,723 million. Funding from the City will be leveraged with funds from the federal Tax Credit Assistance Program (TCAP) and the State's Olene Walker Housing Loan Fund. The City's contribution represents 0.04% of the total project budget.

E. A breakdown of funding sources and uses includes:

COSTS PER UNIT: \$125,533.93

SOURCES OF FUNDS - Permanent Financing:

Equity – Tax Credits	LOI from ESIC	\$ 7,749,225
1 st Mortgage	SLC Housing Trust Fund	500,000
1st Mortgage	Other Local Governments	900,000
Owner Equity	HASLC	<u>2,776,498**</u>
	TOTAL	\$11,925,723

USES OF FUNDS

Demolition and Site Work	\$ 1,224,405
Rehabilitation/Construction Costs	8,162,100
A/E, Permit and Other Fees	579,500
Builder Profit and Overhead	700,000
Developer Fee	250,000
Financing Costs	442,818
Soft Costs	180,000
Project Reserves	<u>386,000</u>
TOTAL	\$11,925,723

** Funds the applicant received from the sale of scattered site public housing units

F. The City currently has \$4,216,000 in the Housing Trust Fund and \$1,696,000 in the RDA Housing Trust Fund. Funding this project from the Housing Trust Fund would leave a fund balance of **\$3,716,000**.

G. Total interest paid for the proposed loan amount of \$500,000 at a 3% interest rate over the 30-year life of the loan would be **\$265,289**.

H. Salt Lake City Code, Chapter 18.95 - Use of LEED Standards (Leadership in Energy and Environmental Design) in City Funded Construction, requires that all construction built with City funds meet a LEED Certified level at a minimum. The purpose of Chapter 18.95 is to promote development consistent with sound environmental practices by requiring that applicable building projects constructed with city construction funds obtain, at a minimum: a) "silver" for city owned and operated buildings, or b) "certified" for private building projects that receive city funds. These designations shall be from the "USGBC" (U.S. Green Building Council). The Administration's paperwork notes:

1. The applicant has requested an exception from the City's LEED certification requirement in order to build the project to the National Green Building Standards for energy efficiency.

2. The Administration is reviewing the National Green Building Standards to determine if it meets the intent of the City's LEED Standard ordinance.
 3. The Council has recently received clarification from the City Attorney that the authority to work with applicants on the LEED issue rests with the Administration.
 4. The Council's subcommittee has recently reviewed the current ordinance and recommended that it be retained. This recommendation was forwarded to the Council via e-mail.
- I. On May 28, 2009, the Housing Trust Fund Advisory Board voted to recommend approval of the loan request.
 - J. On June 23, 2009, Mayor Becker reviewed the request and recommended approval of the loan amount at a 3% interest rate for 30 years, consistent with the recommendation from the Housing Trust Fund Advisory Board.

MASTER PLAN AND POLICY CONSIDERATIONS:

- A. The property at 1812 South West Temple was rezoned in the fall of 2008 to the Moderate/High Density Multi-Family Residential RMF-45 zoning classification and the Central Community Master Plan future land use map was amended to allow medium/high density residential uses. This action was taken to facilitate development of the proposed Taylor Springs Apartments. The purpose of the Moderate/High Density Multi-Family Residential RMF-45 District is to provide an environment suitable for multi-family dwellings of a moderate/high density.
- B. The Administrative staff evaluation of the application contained in the Administration's transmittal notes that the project "meets the following new housing policies currently being reviewed by the City Council." At the time this transmittal was prepared, Administrative staff believed that the new housing policy had been transmitted to the Council for review. After clarifying with Administrative staff, it is Council staff's understanding that the new Housing Policy transmittal should be transmitted to the Council at a future date.
- C. The City's adopted Comprehensive Housing Plan policy statements address a variety of housing issues including quality design, architectural designs compatible with neighborhoods, public and neighborhood participation and interaction, accommodating different types and intensities of residential developments, transit-oriented development, encouraging mixed-income and mixed-use developments, housing preservation, rehabilitation and replacement, zoning policies and programs that preserve housing opportunities. Relevant policy statements include:
 1. **Affordable and Transitional Housing**
The City Council supports:
 - a. Salt Lake City residents having access to housing that does not consume more than 30 percent of their gross income.
 - b. Development of programs to meet the housing needs of all individuals employed by and working or living within Salt Lake City.
 - c. Policies and programs that encourage home ownership without jeopardizing an adequate supply of affordable rental housing.
 - d. The dispersal of affordable and transitional housing Citywide and valley-wide.
 2. **Citywide Cross Section of Housing**
The City Council supports:
 - a. A citywide variety of residential housing units, including affordable housing.
 - b. Accommodating different types and intensities of residential development.

3. **Housing Stock Preservation, Rehabilitation and Replacement**

The City Council advocates:

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

4. **Funding Mechanisms**

The City Council supports:

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

D. The Central Community Master provides the following policies and goals relating to residential land uses, historic preservation and urban design.

1. Residential Land Use Goals

- a. Encourage the creation and maintenance of a variety of housing opportunities that meet social needs and income levels of a diverse population.
- b. Ensure preservation of low-density residential neighborhoods.
- c. Ensure that new development is compatible with existing neighborhoods in terms of scale, character, and density.
- d. Encourage a variety of housing types for higher-density multi-family housing in appropriate areas such as East Downtown, the Central Business District, the Gateway area, and near downtown light rail stations to satisfy housing demand.
- e. Discourage any compromise to the livability, charm, and safety of the neighborhoods or to the sense of a healthy community.

2. Historic Preservation Goals

- a. Preserve the community's architectural heritage, historically significant sites and historic neighborhoods.
- b. Ensure that development is compatible with the existing architectural character and scale of surrounding properties in historic districts.

3. Urban Design Goals

- a. Make the Central Community more attractive and livable by applying the best urban design practices.
- b. Implement visual and aesthetic standards for urban design that enhance the Central Community.
- c. Design public facilities that enhance the character of the community and encourage coordination, linkage, and balance between land uses.
- d. Encourage property improvements that are visually compatible with the surrounding neighborhood.

E. The Plan notes that the Community Council has expressed continuing interest in the following concepts:

1. Ensure that public housing facilities are well maintained.
2. Strongly discourage the loss of existing public housing when funding incentives cease.
3. Support maintenance of affordable housing and preservation of federally funded housing after expiration of subsidies such as Section 8 project-based developments.

4. Prevent demolition of low density structures in higher density zoning classifications through renovation or conversion of existing of multi-dwelling housing structures.
 5. Encourage additions and new residential construction that is compatible with existing architecture, scale, and neighborhood character and adjacent land uses.
 6. Promote construction of a variety of housing options that are compatible with the character of the neighborhoods of the Central Community.
- F. The City's Strategic Plan and the Futures Commission Report express concepts such as maintaining a prominent sustainable city, ensuring the City is designed to the highest aesthetic standards and is pedestrian friendly, convenient, and inviting, but not at the expense of minimizing environmental stewardship or neighborhood vitality. The Plans emphasize placing a high priority on maintaining and developing new affordable residential housing in attractive, friendly, safe environments.
- G. The City's 1990 Urban Design Element includes statements that emphasize preserving the City's image, neighborhood character and maintaining livability while being sensitive to social and economic realities. Policy concepts include:
1. Allow individual districts to develop in response to their unique characteristics within the overall urban design scheme for the city.
 2. Ensure that land uses make a positive contribution to neighborhood improvement and stability.
 3. Ensure that building restoration and new construction enhance district character.
 4. Require private development efforts to be compatible with urban design policies of the city regardless of whether city financial assistance is provided.
 5. Treat building height, scale and character as significant features of a district's image.
 6. Ensure that features of building design such as color, detail, materials and scale are responsive to district character, neighboring buildings, and the pedestrian.

CHRONOLOGY:

The Administration's transmittal provides a chronology of events relating to the proposed housing loan request. Key dates are listed below. Please refer to the Administration's paperwork for details.

- May 2009 Application submitted to Housing & Neighborhood Development Division
- May 28, 2009 Housing Trust Fund Advisory Board meeting
- June 23, 2009 Mayor's review and recommendation

cc: David Everitt, Karen Hale, Lyn Creswell, Ed Rutan, Lynn Pace, Laura Kirwan, Frank Gray, Mary De La Mare-Schafer, LuAnn Clark, Sandra Marler, Jennifer Bruno, City Council Liaisons, Mayors Liaisons

File Location: Community and Economic Development Dept., Housing and Neighborhood Development Division, Housing Trust Fund loan, Housing Authority of Salt Lake City, Taylor Springs Apartment project, 1812 South West Temple

FRANK B. GRAY
DIRECTOR

SALT LAKE CITY CORPORATION

DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
OFFICE OF THE DIRECTOR

RALPH BECKER
MAYOR

MARY DE LA MARE-SCHAEFER
DEPUTY DIRECTOR

ROBERT FARRINGTON, JR.
DEPUTY DIRECTOR

CITY COUNCIL TRANSMITTAL


David Everitt, Chief of Staff

Date Received:

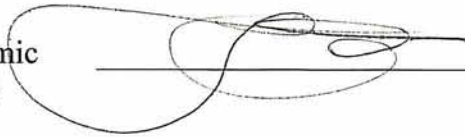


Date Sent to City Council: 06/25/2009

TO: Salt Lake City Council
Carlton Christensen, Chair

DATE: June 24, 2009

FROM: Frank Gray, Community & Economic
Development Department Director



SUBJECT: Housing Authority of Salt Lake City request for a Housing Trust Fund loan for the Taylor Springs Apartment project located at 1812 South West Temple, in the amount of \$500,000.00 at 3% interest per annum over 30 years, with payments deferred until March 2011 after the Certificate of Occupancy has been issued

STAFF CONTACT: LuAnn Clark, Housing & Neighborhood Development Director, at 801-535-6136 or luann.clark@slcgov.com

ACTION REQUIRED: None

DOCUMENT TYPE: Resolution

BUDGET IMPACT: None

DISCUSSION:

Issue Origin: The Housing Authority of Salt Lake City is requesting a loan in the amount of \$500,000 from the Salt Lake City Housing Trust Fund to be amortized over 30 years for new construction of the Taylor Springs Apartment Project to be located at 1812 South West Temple. The applicant requested interest at the rate of 3% per annum and that loan payments be deferred until March 2011 after the Certificate of Occupancy has been issued. This project is a Low Income Housing Tax Credit project.

Analysis: The applicant is providing \$2,776,723 in owner equity to the project from the sale of scattered site public housing units. Even with this unusually high infusion of owner equity into the project, they are in need of gap financing from the City due to the current financial situation that has dramatically decreased the value of tax credits.

The project will consist of 95 rental units for the elderly with income ranges between 25% and 48% of area median income. Forty project-based vouchers will be committed to this project. The entire project will be visitable with five of the units fully accessible, and all of the units will have emergency pull cords and access to parking.

The applicant has requested an exception from Chapter 18.95 of the Salt Lake City Code, Use of LEED Standards in City Funded Construction, requiring LEED certification, in order to build the project to the National Green Building Standard for energy efficiency. The Director of Building Services and Licensing and the Certified Plans Examiner, LEED AP, have conducted a preliminary review of the National Green Building Standard and have determined that it appears to meet the intent of the City's LEED Standard ordinance. They are now in the process of performing a more detailed analysis that will be shared with the City Council before any final decisions on this matter will be made.

It is anticipated the total construction costs of the project will be approximately \$11,925,723. The loan requested from the Housing Trust Fund will be leveraged with federal low-income housing tax credit funds, federal Tax Credit Assistance Program (TCAP) funds, and the State of Utah Olene Walker Housing Loan Funds.

Recommendation:

A. Housing Trust Fund Advisory Board's Recommendation

The Housing Trust Fund Advisory Board voted to recommend approval of this loan request on May 28, 2009 at 3% interest per annum over thirty years with payments deferred until March 2011 after the Certificate of Occupancy has been issued.

B. Mayor's Recommendation

Mayor Becker reviewed this issue on June 23, 2009, and recommended approval of the loan as approved by the Housing Trust Fund Advisory Board.

The City currently has \$4,216,000 in the Housing Trust Fund and \$1,696,000 in the RDA Housing Trust Fund. Funding this project from the Housing Trust Fund account would leave a fund balance of \$3,716,000.

PUBLIC PROCESS:

The Housing Trust Fund Advisory Committee held a public meeting and reviewed this request on May 28, 2009.

RELEVANT ORDINANCES:

Chapter 2.80 of the Salt Lake City Code: Housing Trust Fund Advisory Board

Resolution #47 of 2005: Housing Trust Fund Appropriations and Loan Criteria

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Attachment B: Staff Evaluation of the Taylor Springs Apartment Project

Attachment C: May 28, 2009 Housing Trust Fund Advisory Board Minutes

Attachment D: Loan Application

ATTACHMENT A
Resolution

RESOLUTION NO. _____ OF 2009
AUTHORIZING A LOAN FROM
SALT LAKE CITY'S HOUSING TRUST FUND
TO THE HOUSING AUTHORITY OF SALT LAKE CITY
FOR THE TAYLOR SPRINGS APARTMENT 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, the Housing Authority of Salt Lake City has applied to the City for a loan for the Taylor Springs Apartment project located at 1812 South West Temple, in the amount of \$500,000.00 at 3% interest per annum over thirty years, with payments deferred until March 2011 after the Certificate of Occupancy has been issued.

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

1. It does hereby approve Salt Lake City to enter into a loan agreement with the Housing Authority of Salt Lake City, for a loan for the Taylor Springs Apartment project to be located at 1812 South West Temple in the amount of \$500,000.00 at 3% per annum over thirty years, with payments deferred until March 2011 after the Certificate of Occupancy has been issued.

2. The Housing Authority of Salt Lake City will use the loan funds for construction of the Taylor Springs Apartment project, consisting of 95 rental units for the elderly with income ranges between 25% and 48% of area median income. Forty project-based vouchers will be committed to this project. The entire project will be visitable with five of the units fully accessible.

3. Ralph Becker, Mayor of Salt Lake City, Utah, following approval of the City Attorney, is hereby authorized to execute the requisite loan agreement documents on behalf of Salt Lake City Corporation and to act in accordance with their terms.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2009.

SALT LAKE CITY COUNCIL

By: _____
CHAIR

ATTEST:

CITY RECORDER

APPROVED AS TO FORM
SALT LAKE CITY ATTORNEY'S OFFICE
BY: _____
DATE: 6/24/09

ATTACHMENT B
Staff Evaluation

EVALUATION SALT LAKE CITY HOUSING TRUST FUND

Name of Organization: Housing Authority of Salt Lake City

Name of Project: Taylor Springs

Location of Project: 1812 South West Temple

Project Description:

The project will consist of 95 rental units for the elderly with income ranges between 25% and 48% of area median income. Forty project-based vouchers will be committed to this project. The entire project will be visitable with five of the units fully accessible. All units will have emergency pull cords and access to parking. This is a tax credit project.

<u>AMI Targets</u>	<u># of Units</u>	<u>Unit Type</u>	<u>Rents</u>
25%	26	One bedroom	\$274
25%	1	Two bedrooms	326
45%	62	One bedroom	519
48%	6	Two bedroom	664

Amount and terms requested: \$500,000 at 3% annual interest over thirty years with payments deferred until March 2011 after the Certificate of Occupancy is issued.

Is the entire project eligible for Housing Trust Fund money? Yes

Are the funds leveraged with non-government dollars? Yes

SOURCES OF FUNDS - Permanent Financing:

Equity – Tax Credits	LOI from ESIC	\$ 7,749,225
1 st Mortgage	SLC Housing Trust Fund	500,000
1st Mortgage	Other Local Governments	900,000
Owner Equity	HASLC	<u>2,776,498**</u>
	TOTAL	\$11,925,723

USES OF FUNDS

Demolition and Site Work	\$ 1,224,405
Rehabilitation/Construction Costs	8,162,100
A/E, Permit and Other Fees	579,500
Builder Profit and Overhead	700,000
Developer Fee	250,000
Financing Costs	442,818
Soft Costs	180,000
Project Reserves	<u>386,000</u>
	TOTAL
	\$11,925,723

** Funds the applicant received from the sale of scattered site public housing units

Costs per unit: \$125,533.93

Does the project have demonstrated community support?

The Planning Division has provided the attached letter outlining the commitments from the Community Council.

Does the requesting agency have a track record of owning, operating and maintaining this type of housing project?

Yes. They currently manage five tax credit projects and four elderly projects. Details are included in the application.

Does the project meet the requirements of LEED Standards in City Funded Construction (Chapter 18.95 adopted in 2006)?

The applicant requested an exception from the City's LEED certification requirement in order to build the project to the National Green Building Standard for energy efficiency.

The Administration is reviewing the National Green Building Standard to see if it meets the intent of the City's LEED Standard ordinance.

Housing Policies and Preferred Housing Criteria for City-funded Projects

This project meets the following new housing policies currently being reviewed by the City Council:

- Creation of a variety of city-wide residential housing units, including affordable housing
- Housing units that are consistent with the Federal Americans with Disabilities Act
- Per unit construction costs are within the industry standards
- Provision of adequate off-street parking
- Incorporate green building techniques, such as LEED certification and Energy Star
- Encourage and invite residential development to enliven City neighborhoods.

Project Strengths:

The project would provide 95 additional units of affordable housing for the elderly in the City. Forty project-based vouchers will be committed to this project.

The project meets priority goals of the existing Salt Lake City Community Housing Plan to increase the City's housing stock, particularly by increasing the number of affordable housing units.

The project will remain affordable for 99 years.

Five units will be wheelchair accessible units.

The applicant is providing \$2,776,498 in cash for the project.

Project Weaknesses:

The two year request for deferral.

No confirmation of any other local government entity funding.

Board Options

Approve the request as presented.

Approve the request without the deferral period and require the applicant to draw the City funds last.

Approve the request for a lesser amount at 3% interest over 30 years with payments deferred until 2011 when the Certificate of Occupancy is issued.

Deny the request.

Trust Fund Balances:

HTF: \$3,716,000

RDA HTF \$1,696,000

ATTACHMENT C
May 28, 2009 Minutes

HOUSING TRUST FUND ADVISORY BOARD

Meeting of May 28, 2009

Consider a request from Bill Nighswonger on behalf of Taylor Springs LLC, Sponsor: Housing Authority of Salt Lake City for a \$500,000 loan from the Housing Trust Fund at 3% interest with a 30-year amortization, deferred payments until March 2011 after the Certificate of Occupancy is issued for new construction of the Taylor Springs Apartment Project located at 1812 South West Temple.

Mr. Bill Nighswonger, Executive Director of the Housing Authority of Salt Lake City and Ms. Kathy Ricci, CFO of the Housing Authority of Salt Lake City were present to provide details and answer questions pertaining to the request.

Mr. Nighswonger said that the project will consist of 95 rental units for seniors at AMI below 50%. Mr. Nighswonger said that it is a 100% tax credit project and that the tax credit applications have been submitted. Mr. Nighswonger said the property was rezoned and that the rezoning was approved by the Planning Commission and City Council.

Mr. Nighswonger said that they are requesting to defer the payments until Certificate of Occupancy and at that time payments will begin when the apartments are occupied.

Ms. LuAnn Clark explained that the Housing Authority sold many of their scattered site public housing units and as part of their commitment to HUD they will be developing more affordable housing with this equity money.

Ms. Kathy Ricci commented that in the beginning of the development of the project HASLC had no intention to approach the City or any of the local governments for funding. Ms. Ricci said that the tax credit requirements have become more stringent thus raising the costs of the project. Ms. Ricci said that HASLC's projected budget was initially too low and they will now have to apply for a permanent loan with the government partners at a reduced interest rate. Ms. Ricci said that they have the debt coverage ratio to pay them back but they do need the low interest loans.

The Board inquired if HASLC is asking for the funds during the construction phase. Ms. Ricci replied yes as all of the equity is paid at the end of construction, and they will need to obtain a construction loan which was not included in the original project costs. Ms. Ricci explained that since the HASLC has some additional funds that they can temporarily use, they will be funding the construction. By receiving the permanent loan during construction, they will not have to entirely deplete those funds. HASLC will put in their equity and then draw on the permanent loans.

Mr. Nighswonger briefed the Board on the history of the Stanley F. Taylor home located on their building site and the estimated construction costs to rehabilitate it as part of the project. Mr. Nighswonger explained that due to economic difficult times and to have the ability to fully finance a new affordable housing project, it is their intent to meet the National Green Building Standard for a substantially lower cost. He added that they were requesting an exception to the City's LEED certification requirements for new construction.

Rick Knuth motioned to approve the loan request for \$500,000 at 3% annual interest for 30 years with payments deferred until March 2011 when the Certificate of Occupancy is issued. Nancy Pace seconded the motion. All voted "Aye." The motion passed.

ATTACHMENT D
Loan Application

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

Project Name: Taylor Springs

Applicant/Organization: Taylor Springs, LLC
Sponsor: Housing Authority of Salt Lake City

Mailing Address: 1776 South West Temple

Salt Lake City, UT 84115

Contact Person: Bill Nighswonger, Executive Director

Phone Number: (801) 487-2161 ext 1236

Fax Number: (801) 487-3641

E-mail: bnighswonger@qwest.net

Federal Employee Identification Number 26-3359940

Project Name: Taylor Springs Apartments

Project Location: 1812 South West Temple

Amount Requested: \$ 500,000

Terms Requested: 3% - 30 year amortization, deferred payments until March 2011,
5 months after CO is issued.

Please contact Sandi Marler at 535-7269 if you have questions or need assistance completing this application. The application is typed in Microsoft Word and is available on disc.

Project Description

Part I

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

The project consists of 88 one bedroom units and 7 two bedroom units, total of 95 units. The project will serve elderly people with 27 of the units serving people with income at 25% of median income, 62 units will be at 45% of median income and 6 units at 48% of median income. The entire project will be visitable and there will be 5 units that are fully accessible. All units will have emergency pull cords. We have a total of 104 parking stalls. In the basement of building C there will be secured storage areas that can be rented for a minimal amount. The Taylor House that sits on the property will be rehabbed and will include a library, sitting area, a Wellness Center, personal care room and small theater for residents. Building B will have a community room, an exercise room, a craft room and laundry rooms on two floors. Building C will have laundry rooms on two floors and sitting areas.

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

This property was rezoned and the master-plan amended to accommodate the development. The Central Community master-plan objectives met are; historic preservation, close proximity to mass transit, affordable rents, serving senior population, sustainable, energy efficient design, the charm and safety of neighborhood, character of the development and medium density creates a smooth transition from the neighboring single family adjoining properties to the south and higher density properties to the north.

3. What is the property zoned? *RMF-35*

4. 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.

The People's Freeway Community Council supported this project. Mike Malloy of the City's planning staff was at the meeting when it was supported. The Community Council did not issue a letter to us.

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

26 one bedroom Units @ 25% median income	\$274
62 one bedroom units @ 45% median income	\$519
1 two bedroom unit @ 25% median income	\$326
6 two bedroom units @ 48% median Income	\$664

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

It will be necessary to go to a bank for funds. We will not be able to borrow as much from a bank because the interest rate will be much higher. The Authority has contributed a substantial amount of equity to this project and we are prepared to do most of the construction loan in house to make this project work. We have an obligation to build more new housing units with Public Housing disposition proceeds so the construction funds cannot stay in the project permanently and the Authority cannot contribute anymore equity to the project.

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

The funds will be used for construction and will be drawn during construction. The funds will be for permanent financing.

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

There are no tenants living at the site. The land is vacant except for an empty building which we will rehab during the construction.

9. 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.

Taylor Springs will contain approximately 95,000 sq. ft.. Taylor Springs has been designed to meet the National Green Building Standard. We have included Energy Star appliances, energy efficient heating and cooling systems, 2 x 6 insulated exterior walls, and many other energy efficient design elements. We will meet the Energy Star Qualifications based upon the HERS score as determined by a certified, independent HRS rater.

Part II

- Attached are two Tax Credit Applications. The first (Exhibit 2) is what we originally submitted to the Utah Finance Agency. The second one (Exhibit 3) is what we are actually working off with our tax credit partner. The application has changed as a result of the tax credit market changing significantly. The project cost has increased because we will now need to carry a construction loan. The equity investor is holding 65% of their contribution until the project is completed and 25% one year after that. The investor required a larger developer fee and increased operating reserve. The Authority's equity commitment is a little larger than the original application.*

	Source	Amount
Equity	<u>Tax Credit Equity</u>	<u>\$ 7,749,225</u>
1 st Mortgage	<u>Local Govts</u>	<u>1,400,000</u>
2 nd Mortgage	<u></u>	<u></u>
Other Secured Debts	<u></u>	<u></u>
Unsecured Debt	<u></u>	<u></u>
Owner Equity	<u>Housing Authority of SLC</u>	<u>\$2,776,498</u>
Total Sources	<u></u>	<u>\$11,925,723</u>

- | | |
|----------------------------------|---------------|
| <u>Demolition/Site Work</u> | \$ 1,224,405 |
| Rehabilitation/Construction Cost | 8,162,100 |
| A/E, Permit and other fees | 579,500 |
| Builder P & O | 700,000 |
| Developer Fee | 250,000 |
| Financing Costs | 442,818 |
| Soft Costs | 180,000 |
| Project Reserves | 386,000 |
| Total | \$ 11,925,723 |

3. What will be the value of the project at the time of completion? \$11,925,723

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

We are projecting a 3% growth in revenue and expenses each year. A 5% vacancy has been built into the pro-forma. We have 40 project based vouchers committed to this project. The Housing Authority will own the land and will have a cashflow land lease. See Exhibit 4 for income and expenses and Exhibit 5 for the 15 year Pro forma.

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

Rental revenue will be the source of repayment.

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

Deed of Trust will secure the City's loan if approved. We would expect the City would share their first position with any other local Government Agency that participated in a permanent loan.

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

<i>Building Permits</i>	<i>In Progress</i>
<i>Tax Credit Equity</i>	<i>In Progress</i>
<i>Loan Application to OWHTF</i>	<i>In Progress</i>
<i>Loan Application to Salt Lake County</i>	<i>Apply in Fall</i>
<i>Owner Equity</i>	<i>Committed</i>

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 Housing Authority purchased the property in 2007 for \$969,295. The Housing Authority will do a cashflow land lease to Taylor Springs, LLC.

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

See Exhibit 6 in Master Copy

10. Please state the number of years you will maintain this property as affordable.
The property will remain affordable for 99 years.

Applicant Information

Part III

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

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

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

____ A corporation

____ A nonprofit or charitable institution or corporation

X A partnership known as or to be known as:

Taylor Springs, LLC

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

X 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:

September 23, 2008

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.

Dave Mansell, Chairman

Doug Sterling, Vice Chair

Buzz Welch

Phil Bernal

Julie Schleck

Mary Green

Valda Tarbet

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

Housing Authority of Salt Lake City will manage the project.

5. Please provide a brief description of your organization.

The Housing Authority of Salt Lake City was created in October 1970 to provide and promote safe and sanitary housing for low-income persons residing in Salt Lake City, Utah. The Authority is a municipal corporation located in Salt Lake City, Utah and was established under the Housing Authorities Act of the State of Utah in 1969. We have two non-profit arms that build and own affordable housing. We have an annual operating budget of \$35,000,000 and we own more than 1000 units of housing. We have a seven member Board of Commissioners appointed by the Salt Lake City Council.

6. Who will be responsible for this project?

Bill Nighswonger, Executive Director of the Housing Authority

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

Our Agency currently manages 5 tax credit properties and 4 elderly properties.

<i>Cedar Crest Apartments</i>	<i>12 Units</i>
<i>Pauline Downs</i>	<i>110 Units</i>
<i>Jefferson School</i>	<i>84 Units</i>
<i>JSA II</i>	<i>84 Units</i>
<i>Sunrise Metro</i>	<i>100 Units</i>
<i>Romney Plaza – Elderly</i>	<i>70 Units</i>
<i>Phillips Plaza – Elderly</i>	<i>100 Units</i>
<i>City Plaza – Elderly</i>	<i>150 Units</i>

Current Ownership Information
Part IV

1. Who is the current owner of the property?

The Housing Authority of Salt Lake City currently owns and will continue to own the land.

2. Who is the current manager of the property?

There is no property to manage, the project is new construction.

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.

Dave Mansell, Chairman

Doug Sterling, Vice Chair

Buzz Welch

Phil Bernal

Julie Schleck

Mary Green

Valda Tarbet

Certification

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

Bill Diefenberger
Signature

Signature

Executive Director
Title

Title

1776 South West Temple
Address and Zip Code

Address and Zip Code

Date: *05/05/09*

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.

Bill Sigismonger
Signature

Executive Director
Title

05/05/09
Date

Signature

Title

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.

Bill Sigismonger
Signature

Executive Director
Title

05/05/09
Date

Signature

Title

Date

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

WILFORD H. SOMMERKORN
PLANNING DIRECTOR

PATRICIA COMARELL
ASSISTANT PLANNING DIRECTOR

SALT LAKE CITY CORPORATION

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
PLANNING DIVISION

RALPH BECKER
MAYOR

FRANK B. GRAY
COMMUNITY AND ECONOMIC
DEVELOPMENT DIRECTOR

May 14, 2009

Housing Authority of Salt Lake City
Bill Nighswonger, Executive Director
1776 South West Temple Street
Salt Lake City, UT 84115

Dear Mr. Nighswonger:

As per your request I have provided the following summary of a meeting conducted by the People's Freeway Community Council with respect to Taylor Springs, a residential planned development by the Housing Authority of Salt Lake City to be located at 1812 South West Temple Street (subject property).

According to records retained by the Salt Lake City Planning Division, the People's Freeway Community Council conducted a meeting on May 1, 2008, and received a presentation from the Housing Authority of Salt Lake City on a development proposal for the subject property. Staff noted that the following concerns or issues (among others) were discussed during the community meeting:

- Preservation and reuse of the historic Stanley F. Taylor home (on the subject property);
- Anticipated traffic patterns and impacts on the neighborhood, and possible methods for mitigation of impacts; and
- Anticipated parking demands and impacts on the neighborhood, and possible methods for mitigation of impacts.

Following the meeting, the People's Freeway Community Council published a community newsletter that contained a description of the May 1st presentation and discussion (see attached copy).

If you have any questions regarding this letter or its attachment, please contact me at your earliest convenience.

Sincerely,



Michael Maloy, AICP
Principal Planner
(801) 535-7118



May 20, 2009

Housing Trust Fund Board
451 S. State St.
Salt Lake City, UT 84111

**HOUSING
AUTHORITY
OF SALT LAKE CITY**

RE: LEED Certification Requirements Waiver

1776 South West Temple
Salt Lake City, Utah 84115

VOICE (801) 487-2161
FAX (801) 487-3641
TDD (801) 487-3361

Dave Mansell
Chair

Doug Sterling
Vice Chair

George "Buzz" Welch
Commissioner

Mary Green
Commissioner

Philip Bernal
Commissioner

Julie Schleck
Commissioner

Valda Tarbet
Commissioner

Bill Nighswonger
Executive Director

Housing Trust Fund Board,

The Housing Authority of Salt Lake City is requesting a loan from Salt Lake City Corp. for constructing affordable housing. Our project, Taylor Springs Apartments, will be 95 units for seniors at Area Median Incomes below fifty percent.

As part of the city ordinance for utilizing City funds, LEED certification is a requirement; if this requirement cannot be met a waiver must be submitted by the architect explaining how it would impact the project.

Due to extraordinary circumstances in today's world of developing LIHTC projects, it is an extreme hardship to include a requirement to a LEED standard. Although the Housing Authority was eligible for \$1,300,000 in tax credits, the Utah Housing Corporation puts an artificial cap on their allocation and we were limited to \$1,000,000. Additionally, tax credit investors now pay substantially less on projects than just a couple of years ago. Today's market will bear around 75 cents on the dollar equity investment whereas just a short time ago they would pay up to 95 or 98 cents on the dollar equity investment. This has dramatically affected the owner's ability to fully finance a new affordable housing project and requires more owner equity and more gap financing.

Furthermore, on our building site is a home built in 1902. The City Council required as part of our rezoning request that this old home not be demolished. The home is NOT historic and does not meet the criteria for historic preservation so it is not eligible for historic tax credits. Initially, our plans were to demolish the old house and have additional units on the site. Limiting our number of units causes a greater per unit cost than initially anticipated. Also, the high cost of rehabilitating the old home is an undue burden that adds to the difficulty of making this project work financially. It is estimated that it will add \$400,000 in construction cost to the project simply for saving this home. The home requires structural seismic upgrades, elevator, ADA accessibility, etc.

A LEED certification requirement will add additional and unnecessary costs to our project. We believe there are less expensive and efficient methods to give the same if not greater energy efficiencies to our facility. Our intent is to meet the National Green Building Standard for energy efficiency. We believe this standard is a far more suitable standard and far less expensive with similar benefit.



The economic hardship imposed by LEED certification is too difficult to bear under these difficult times and the 'National Green Building Standard' provides the same benefit for substantially lower cost. We would urge you to approve our request to eliminate the LEED certification requirement and instead include a much more reasonable standard.

Best Regards,

A handwritten signature in black ink, appearing to read "Bill Nighswonger". The signature is fluid and cursive, with the first name "Bill" being more prominent than the last name.

Bill Nighswonger



435.901.0954 • FAX 815.717.7758 • www.wasatchenergyengineering.com • P.O. Box 981688 • Park City, UT 84098

May 21, 2009

Housing Trust Fund
C/O Housing Authority of Salt Lake City
Bill Nighswonger, Director
1776 S. West Temple Street
SLC, Utah 84115

Re: Certification to the National Green Building Standard

The National Green Building Standard is the first and only green building standard approved by the American National Standards Institute (ANSI). The standard was developed as a result of a consensus process taking over a year and by a committee whose 42 members include government officials, architects, builders, engineers, the International Code Council, trade organizations, and end users. The National Building Standard (ICC 700) was approved by ANSI as an American National Standard on January 29, 2009. Buildings are certified to meeting the various compliance levels of the standard (bronze, silver, gold, and emerald) by accredited verifiers and the NAHB Research Center, an ANSI Accredited Standards Developer.

The National Green Building Standard is a robust document covering many facets of sustainable building specific to single and multi family homes. The standard includes the following sections, each with minimum compliance requirements:

- Lot design, preparations, and development
- Resource efficiency
- Energy efficiency
- Water efficiency
- Indoor environmental quality
- Operation, maintenance, and building owner education

The National Green Building Standard provides a consensus-based ANSI standard method of certifying residential buildings to various environmental performance levels. The standard provides governmental entities an attractive alternative to available private brand certification programs for sustainability programs. Specifically, the National Green Building Standard allows an accurate and repeatable measure of housing projects' level of green to be measured, that is comparable to the USGBC's LEED for Homes proprietary certification system in depth, but has the advantage of being an American National Standard.

I believe that certifying a project to the National Green Building Standard fully satisfies the goals of the Salt Lake City Ordinance Chapter 18.95 by providing a documented third-party verification that the project meets recognized standards of sustainability.

Respectfully Submitted,

Dennis Gray

Dennis Gray, P.E., LEED-AP
Wasatch Energy Engineering



499 Main Street
Boise, ID 83702
V (208) 343-2931
F (208) 343-1306

May 26, 2009

Housing Trust Fund Board
C/O Housing Authority of Salt Lake City
Bill Nighswonger, Director
1776 S. West Temple Street
Salt Lake City, Utah 84115

RE: LEED certification requirements waiver

To Whom It May Concern:

We understand that The Housing Authority of Salt Lake City is requesting a loan from Salt Lake City Corp. for constructing affordable housing. We have been working with the Housing Authority and their developer for about 9 months developing the architectural plans for Taylor Springs Apartments.

From the beginning of the process, we have had discussions about how to provide cost efficient, affordable housing that is energy efficient. It has been our goal to provide product with low long term maintenance and utility costs, while making certain that money spent goes towards energy saving devices, equipment and materials as opposed to excessive paperwork and documentation that doesn't yield actual environmental benefits.

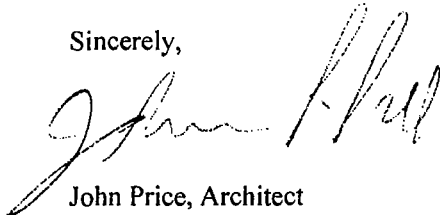
We are proposing that the project will be Energy Star rated, as well as National Green Building Standard ANSI ICC-700-2008, however, saving tens of thousands of dollars in documentation expense versus LEED certification.

These cost savings have been essential because of the extraordinary costs and burden to the project caused by the requirement to maintain the old home on the site, which caused a reduction in the number of units on the site, as well as increasing the construction costs several hundred thousand dollars, in order to remodel and retrofit the house.

We are confident that the project we have designed will meet the intent of the Housing Trust Fund energy efficiency requirements, but in a more cost efficient manner and urge you to approve the Housing Authority's request.

Thank-you for your consideration and please call with any questions or concerns, 343-2931 ext. 2.

Sincerely,



John Price, Architect
The Architects Office, PLLC