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# SALT LAKE CITY COUNCIL STAFF REPORT

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**DATE:** May 28, 2009

**SUBJECT:** Dan Lofgren, on behalf of Cowboy Partners, LC/Liberty CityWalk, requests a loan in the amount of \$500,000 from the Salt Lake City Housing Trust Fund for new construction of the Liberty CityWalk Apartment Project consisting of 80 units of affordable housing.

**AFFECTED COUNCIL DISTRICTS:** Council District 4

**STAFF REPORT BY:** Quin Card

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

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## POTENTIAL MOTIONS:

1. ["I move that the Council"] Adopt a resolution authorizing the Mayor to execute loan agreement documents providing a loan from the Salt Lake City Redevelopment Agency Housing Trust Fund to Cowboy Partners, LC/LibertyWalk for new construction of the Liberty CityWalk Apartment Project consisting of 80 units of affordable housing.
  2. ["I move that the Council"] Not adopt a resolution authorizing the Mayor to execute loan agreement documents providing a loan from the Salt Lake City Redevelopment Agency Housing Trust Fund to Cowboy Partners, LC/LibertyWalk for new construction of the Liberty CityWalk Apartment Project consisting of 80 units of affordable housing.
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## 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 Cowboy Partners, L.C./Liberty CityWalk, for the Liberty CityWalk apartment project to be located at 280 East 200 South in the amount of \$500,000 at two percent (2%) interest per annum with interest only payment for the first two (2) years and loan to be amortized over thirty eight (38) years.
- B. Key points from the Administration's transmittal notes:
  1. The project will consist of 80 units of affordable housing for clients at 40% or less of area median income, with five of the units restricted for those with incomes at 25% or less of area median income. The location of this project was chosen to provide ready access to mass transportation, proximity to retail and commercial services, and maximum convenience and livability for householders employed in the Central Business District.

2. The entire project will be constructed to Energy Star standards. The applicant has requested a waiver from the City's LEED certification requirements since the project design was substantially completed prior to applying for City funding. This application was submitted due to a recent dramatic decrease in the value of tax credits awarded to the project, and the applicant indicates that costs associated with LEED certification at this point in the project development are prohibitive.
- C. Total construction costs are estimated at approximately \$10.1 million. The loan requested from the Housing Trust Fund will be leveraged with federal low-income housing tax credit funds, the State of Utah's Olene Walker Housing Loan Fund, and Salt Lake County HOME funds. A breakdown of funding sources and uses includes:

SOURCES OF FUNDS - Permanent Financing:

Equity – Tax Credits	Wachovia/Wells Fargo	\$ 8,384,609
1st Mortgage	SL County HOME Funds	500,000
2nd Mortgage	Olene Walker Loan Fund	500,000
Other Secured Debt	SLC Housing Trust Fund	500,000
Unsecured Debt	Deferred Developer Fee	<u>219,107</u>
	TOTAL	\$10,103,716

USES OF FUNDS

Land/Building Acquisition Costs	\$ 875,000
Rehabilitation/Construction Costs	6,507,020
A/E, Permit and Other Fees	641,046
Overhead/Insurance/Taxes	320,301
Financing and Legal Fees	150,000
Lease up Reserve	40,000
Developer Contingency	325,000
Project Management/Developer Fee	<u>1,245,348</u>
	TOTAL \$ 10,103,716

- D. 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**.
- E. Total interest paid for the proposed loan amount of **\$500,000** at a 2% interest rate over the 38-year life of the loan would be **\$218,591**. Usually, the interest rate for a Housing Trust Fund Loan is 3%; the change to 2% makes a difference of **\$126,137** in interest. It is also important to note that in the recommended resolution the loan will be paid as interest only for the first two years of the 38 year life of the loan.
- F. On April 14, 2009, the Housing Trust Fund Advisory Board voted to recommend approval of the loan request of \$500,000 at 2% interest per annum, with interest only payments for two years and a 38-year amortized loan.
- G. Administrative Staff pointed out the following concerns with this project:
- The terms the applicant is requesting are longer than the typical amortization period requested on Housing Trust Fund Loans.
  - No Community Council letter of support was submitted. This item was scheduled on the May agenda of the Central City Community Council. No information is available as to how this project will be received by the Community Council.
  - Repayment to the Salt Lake City and the Olene Walker Housing Loan Funds is not reflected on the pro forma. It appears the cash flow is not available to repay the first mortgage and both of these

loans until year 6. It appears the cash flow would be available to repay the first mortgage and one of these loans in either Year 2 or Year 3.

- H. On April 22, 2009, Mayor Becker reviewed the request and recommended approval of the loan amount at a 2% interest per annum with interest only payments for the first two years and the loan to be amortized over 38 years, consistent with the recommendation from the Housing Trust Fund Advisory Board.

## **OPTIONS:**

The following options have been identified for Council consideration.

1. Forward the resolution to the next Council Meeting for consideration.
2. Request additional information.

## **MASTER PLAN AND POLICY CONSIDERATIONS:**

- A. 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" on the following points:

1. Creation of a variety of city-wide residential housing units, including affordable housing
2. Proximity to mass transit, retail and commercial services
3. Housing units that are consistent with the Federal Americans with Disabilities Act
4. New housing development within the Downtown area
5. Per unit construction costs are within the industry standards
6. Provision of adequate off-street parking
7. Incorporate green building techniques, such as LEED certification and Energy Star.

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.

- B. 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. The analysis of the impacts of fees and current zoning on affordable housing.
- c. The type of business growth that is compatible with affordable housing needs in the City.
- d. Development of programs to meet the housing needs of all individuals employed by and working or living within Salt Lake City.
- e. Policies and programs that encourage home ownership without jeopardizing an adequate supply of affordable rental housing.
- f. The dispersal of affordable and transitional housing Citywide and valley-wide. In particular, the Council supports the establishment of smaller transitional housing programs, with a minimum of one four-plex per Council District.
- g. The citywide development of single room occupancy housing (SROs).

- h. The City providing examples of how affordable housing can be built, offering incentives for innovative projects that developers may not initially be willing to undertake and serving as a facilitator/partner to maximize housing opportunities.
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.
- C. 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 applicant has requested a waiver from the City for the LEED Standards requirement due to prohibitive costs. The project will be built to Energy Star Standards which will likely meet many of the LEED Standards.
- D. The property at 280 East 200 South is zoned Residential Mixed Use (RMU). The purpose of the R-MU residential/mixed use district is to reinforce the residential character of the area and encourage the development of areas as high density residential urban neighborhoods containing supportive retail, service commercial, and small scale office uses. The design guidelines are intended to facilitate the creation of a walk able urban neighborhood with an emphasis on pedestrian scale activity while acknowledging the need for transit and automobile access.
- E. 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.
- F. 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.
- G. 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.
- H. 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.

- March 26, 2009                      Application submitted to Housing & Neighborhood Development Division
- April 14, 2009                     Housing Trust Fund Advisory Board meeting
- April 22, 2009                     Mayor's review and recommendation

cc:        David Everitt, Karen Hale, Lyn Creswell, Ed Rutan, Lynn Pace, 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, Mr. Dan Lofgren, Cowboy Partners, LC/Liberty CityWalk, CityWalk Apartment Project, 280 East and 200 South.

# SALT LAKE CITY CORPORATION

FRANK B. GRAY  
DIRECTOR

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:

By SRB

Date Sent to City Council: 05/14/2009

**TO:** Salt Lake City Council  
Carlton Christensen, Chair

**DATE:** May 13, 2009

**FROM:** Frank Gray, Community & Economic  
Development Department Director

**SUBJECT:** Dan Lofgren, on behalf of Cowboy Partners, LC/Liberty CityWalk, requests a loan in the amount of \$500,000 from the Salt Lake City Housing Trust Fund for new construction of the Liberty CityWalk Apartment Project consisting of 80 units of affordable housing

**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:** Dan Lofgren, on behalf of Cowboy Partners, LC/Liberty CityWalk, is requesting a loan in the amount of \$500,000 from the Salt Lake City Housing Trust Fund for new construction of the Liberty CityWalk Apartment Project to be located at 280 East 200 South. The applicant requests interest at the rate of 2% per annum and that the loan be set up with interest only for five years with a 40-year fully amortized debt service beginning with year six. The applicant also requests the loan documents include language that the Borrower and the Lender agree to renegotiate a payment schedule if the project's debt coverage ratio on debt with foreclosure rights were to fall below 1.0. This project is a Low Income Housing Tax Credit project.

**Analysis:** The project will consist of 80 units of affordable housing for clients at 40% or less of area median income, with five of the units restricted for those with incomes at 25% or less of area median income. The location for this project was chosen to provide ready access to mass transportation, proximity to retail and commercial services, and maximum convenience and livability for householders employed in the Central Business District.

The entire project will be constructed to Energy Star standards. The applicant has requested a waiver from the City's LEED certification requirements since the project design was substantially completed prior to applying for City funding. This application was submitted due to a recent dramatic decrease in the value of tax credits awarded to the project, and the costs associated with LEED certification at this point in the project development are prohibitive.

It is anticipated the total construction costs of the project will be approximately \$10.1 million. The loan requested from the Housing Trust Fund will be leveraged with federal low-income housing tax credit funds, the State of Utah's Olene Walker Housing Loan Fund, and Salt Lake County HOME funds.

**Recommendations:**

**A. Housing Trust Fund Advisory Board's Recommendation**

The Housing Trust Fund Advisory Board voted to recommend approval of this loan request at 2% interest per annum with interest only payments for the first two years and the loan to be amortized over 38 years.

**B. Mayor's Recommendation**

Mayor Becker reviewed this issue on April 22, 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 April 14, 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



## **TABLE OF CONTENTS**

Attachment A: Resolution

Attachment B: Staff Evaluation of the Liberty CityWalk Apartment Project

Attachment C: April 14, 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 COWBOY PARTNERS, L.C./LIBERTY CITYWALK

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, Cowboy Partners, L.C./Liberty CityWalk, has applied to the City for a loan for the Liberty CityWalk apartment project to be located at 280 East 200 South in the amount of \$500,000.00 at 2% interest per annum with interest only payments for the first two years and the loan to be amortized over 38 years.

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 Cowboy Partners, L.C./Liberty CityWalk, for a loan for the Liberty CityWalk apartment project to be located at 280 East 200 South in the amount of \$500,000.00 at 2% interest per annum with interest only payments for the first two years and the loan to be amortized over 38 years

2. Cowboy Partners, L.C./Liberty CityWalk, will use the loan funds for construction of the Liberty CityWalk apartment project, consisting of a four-story apartment building with 80 multi-family rental units for low-income people. Seventy-five units will be restricted for those with incomes at 40% or less of area median income and five units will be restricted as transitional housing for the homeless with incomes at 25% or less of area median income.

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: 5/11/09

**ATTACHMENT B**  
**Staff Evaluation**

**EVALUATION  
SALT LAKE CITY HOUSING TRUST FUND**

Name of Organization: Liberty CityWalk Properties, LLC

Name of Project: Liberty CityWalk

Location of Project: 280 East 200 South

Project Description: The proposed project will be new construction of a four-story apartment building with 80 multi-family rental units for low-income people. Seventy-five units will be restricted for those with incomes at 40% or less of area median income and five units will be restricted as transitional housing for the homeless with incomes at 25% or less of area median income.

<u>AMI Targets</u>	<u># of Units</u>	<u>Unit Type</u>	<u>Rents</u>
25%	5	Studio units	\$240
35%	16	Studio units	\$355
35%	37	one-bedroom units	\$371
36%	14	one-bedroom units	\$383
37%	8	two-bedroom units	\$396

Amount and terms requested: \$500,000 at 2% interest over 45 years. The applicant is requesting the loan be structured as an interest only loan for years 1-5 with a 40-year fully amortized debt service beginning with year 6 and with the loan being fully repaid at the end of year 45. The applicant is also requesting the loan documents include language that the Borrower and the Lender agree to renegotiate a payment schedule if the development's debt coverage ratio (DCR) on debt with foreclosure rights falls below 1.0.

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	Wachovia/Wells Fargo	\$ 8,384,609
1st Mortgage	SL County HOME Funds	500,000
2 <sup>nd</sup> Mortgage	Olene Walker Loan Fund	500,000
Other Secured Debt	SLC Housing Trust Fund	500,000
Unsecured Debt	Deferred Developer Fee	219,107
	<b>TOTAL</b>	<b>\$10,103,716</b>

USES OF FUNDS

Land/Building Acquisition Costs	\$ 875,000	
Rehabilitation/Construction Costs	6,507,020	
A/E, Permit and Other Fees	641,046	
Overhead/Insurance/Taxes	320,301	
Financing and Legal Fees	150,000	
Lease up Reserve	40,000	
Developer contingency	325,000	
Project Management/Developer Fee	1,245,348	
	<b>TOTAL</b>	<b>\$10,103,716</b>

Costs per unit:            \$126,297

Does the requesting agency have sufficient cash flow to repay the loan?

The loan will be repaid from tenant rents.

Does the project have demonstrated community support?

The project has not received support from the Central City Community Council. The application indicates that they are scheduled for their May agenda.

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

Yes. An extensive list of other projects developed, owned and operated by the applicant is included in their application.

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

The applicant has requested a waiver from the City for the LEED Standards requirement due to prohibitive costs. The project will be built to Energy Star Standards which will likely meet many of the LEED Standards.

Housing Policies and Preferred Housing Criteria for City-funded Projects

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

- Creation of a variety of city-wide residential housing units, including affordable housing
- Proximity to mass transit, retail and commercial services
- Housing units that are consistent with the Federal Americans with Disabilities Act
- New housing development within the Downtown area
- 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

Project Strengths:

The project would provide 80 additional units of affordable housing in the City.

The market study supports the construction of this project. The market study was completed by an appraiser on Utah Housing Corporation's list of approved appraisers.

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.

The project will be located near the downtown area in proximity to mass transit, retail and commercial services.

The project will have full time, on-site management.

Five units will be set aside for transitional housing for the homeless and four units will be Type A wheelchair accessible units.

Project Weaknesses:

The terms the applicant is requesting are longer than the typical amortization period requested on Housing Trust Fund loans.

No Community Council letter of support was submitted. This item is scheduled on the May agenda of the Central City Community Council. No information is available as to how this project will be received by the Community Council.

Repayment to the Salt Lake City and the Olene Walker Housing Loan Funds is not reflected on the pro forma. It appears the cash flow is not available to repay the first mortgage and both of these loans until Year 6. It appears the cash flow would be available to repay the first mortgage and one of these loans in either Year 2 or Year 3.

Board Options on the Loan Request

Approve the request as presented.

Approve the request for \$500,000 at 2% over forty years with no deferral on principal payments.

Approve the request for \$500,000 at 2% over thirty years with no deferral on principal payments.

Approve the request at a lower funding level but with different terms.

Deny the request.

***Please note the applicant has included the following language in the terms requested.***

“Borrower and Lender agree to renegotiate a payment schedule if the development’s debt coverage ratio (DCR) on debt with foreclosure rights falls below 1.0.”

Board Options on Loan Document Renegotiation Language

Approve the above language as presented.

Approve the above language but add language that if the DCR rises above a certain DCR ratio, the parties will also renegotiate for a higher payment to the City.

Deny the request.

The Board may want to consider the potential for setting a precedent if the above language is approved.



**ATTACHMENT C**  
**April 14, 2009 Minutes**

## **HOUSING TRUST FUND ADVISORY BOARD**

### **Meeting of April 14, 2009**

The following board members were in attendance: Curtis Anderson, Joe Gallegos, Rick Knuth, Elly Muth, Nancy Pace, Faina Raik and Shawn Teigen. Staff members in attendance were LuAnn Clark, Director of Housing and Neighborhood Development, Sandi Marler, CD Programs Administrator, City Council staff Janice Jardine and Jan Davis, Administrative Secretary.

Chairperson Curtis Anderson called the meeting to order at 12:15 p.m.

The Board unanimously motioned to approve the February 19th minutes.

**Consider a request from Cowboy Partners, L.C., on behalf of Liberty CityWalk for a \$500,000 loan at 2% interest with interest only payments for years one through five and a 40-year fully amortized debt service schedule beginning with year six. The loan will be repaid in full at the end of year 45. The applicant is also requesting the Lender and Borrower agree to renegotiate a payment schedule if the development's debt coverage ratio (DCR) on debt with foreclosure rights falls below 1.0. The project will be located at 280 East 200 South.**

Mr. Dan Lofgren, President & CEO of Cowboy Partners, was present to provide details and answer questions pertaining to the request.

Mr. Lofgren presented an overview of the project and stated that the location is in proximity to mass transit, retail and commercial services. Mr. Lofgren said that CityWalk will be a sister property comparable to two other properties they recently developed in the downtown area and provided a brief description of Liberty Midtown and Liberty Metro. Mr. Lofgren stated that CityWalk will be an important part of the housing community in downtown Salt Lake and that the project achieves affordability with rents that are considered lower than the existing market. Mr. Lofgren said that all eighty units will be income restricted units and that five of the units will be transitional units for the homeless with incomes at 25% or less of AMI, and that the remaining seventy-five units will be for incomes earning between 35 and 40 percent of AMI.

Mr. Lofgren stated that because the value of the tax credits for the project has declined, they are looking to the Housing Trust Fund to fill the gap in the project financing. Mr. Lofgren said that they have applied for funding for Salt Lake County HOME funds and are confident they will receive the funding. They are also planning to apply for funding from the Olene Walker Housing Loan fund. Mr. Lofgren stated that the project will be managed by an on-site manager and that they adhere to good management principles.

The Board asked what the current dollar amount is in the HTF fund. Ms. Sandi Marler said the HTF fund has \$4.5 million. The terms of the loan were discussed. The applicant is requesting that the loan documents include language that the borrower and lender will agree to renegotiate a payment schedule if the development's debt coverage ratio on debt with foreclosure rights falls below 1.0.

With regard to covered parking, the Board asked if there would be additional rent for a parking space. Mr. Lofgren replied that the parking is included as part of the rent. The one bedroom units will be provided with a parking space and the balance of the parking spaces will be designated to the higher tiered rental studios. Mr. Lofgren said that the location for CityWalk provides ready access to Trax, neighborhood shops, merchants and most are within reasonable walking distance.

The Board asked if there would be units for the disabled. Mr. Lofgren said that the project follows the Fair Housing guidelines whereby 2% of the units will be fully accessible and the balance of the units visitable. Mr. Lofgren explained that as part of the overall mix they strive to accommodate the different disability needs and the extra costs to construct these units.

The Board inquired about the letter from the architect in regard to the request of waiver requiring that the project be built to LEED Certification Standards. Mr. Lofgren said that the project meets many of the LEED Standards and sustainability but the increased construction costs would be prohibitive and beyond funding capacity. Ms. LuAnn Clark stated that there has been discussion at City Hall that for some affordable housing projects, LEED Certification may not be financially feasible. Ms. Clark said that if the Board approves the loan, the waiver request will need the final approval from the City's Building Director, Engineering Director and Purchasing.

A discussion followed in regard to the project funding, the funding sources and clarification on the debt service. In order to fulfill the funding gap, it is likely the developer fee will be deferred to make the project viable. Mr. Lofgren said he feels confident they will qualify for funding from the recent stimulus package for Utah Housing as they have been awarded tax credits.

Amortization of the loan was discussed. Mr. Lofgren said that he would need approximately 24 months of interest only during the construction phase, and when the property is stabilized, a 40-year amortization.

It was acknowledged that the loan would have to be renegotiated if the applicant was to sell the property after the tax credits expire in 15 years. The reserve account was discussed and how the account will help to keep the property a desirable community for many years. Although the Board expressed a concern with the length of the term, they were in favor of the project.

Shawn Teigen motioned to approve the loan request for \$500,000 at 2% interest per annum, with interest only payments for two years and a 38-year amortized loan. Nancy Pace seconded the motion. All voted "Aye." The motion passed.

#### **Update by LuAnn Clark**

LuAnn Clark said that there will be a meeting scheduled in May to discuss an application from Jonathan Morse of Cedar Pointe Partners. Ms. Clark indicated that upon receiving the impending analysis report from the Housing Authority regarding their management fees, the Board will be notified of the next meeting date.

Ms. Clark said that the YWCA loan had been approved by the City Council. The Smith loan request has not been scheduled for City Council but the Mayor has recommended approval.

There being no further business, the meeting adjourned at 1:12 p.m.

**ATTACHMENT D**  
**Loan Application**

# COWBOY PARTNERS

6440 So. Wasatch Blvd.

Suite 100

Salt Lake City, UT 84121

Tel: (801) 424-4400

Fax: (801) 424-4460

March 26, 2009

Ms. LuAnn Clark, Director  
Salt Lake City Housing and Neighborhood Development  
451 South State Street  
Salt Lake City, UT 84111

Dear LuAnn:

Thank you for taking time during the past month or two to discuss our proposed project, Liberty CityWalk. We remain excited about the prospects for this property—even amidst the most difficult economic times during the last 50 years.

By way of this letter we are submitting an application for a \$500,000 loan from the Salt Lake City Housing Trust Fund. Attached you will find a copy of a letter from our architects, Humphreys and Partners. They have written this letter to augment our request for a project waiver for Liberty CityWalk. Specifically, we are requesting a waiver of the requirement that any project obtaining Salt Lake City Housing Trust Funds be required to build to a LEED standard. As you will note in the Architect's letter, this waiver is requested according to Section 18.95.040 of the city ordinance.

We plan to build Liberty CityWalk to an Energy Star Standard (EPA's standard), and will likely meet many of the LEED (USGBC) standards recommended. However, we find it cost prohibitive to pursue formal LEED certification. Therefore, we look forward to additional dialogue in relation to our application, and hope that we might provide any needed documentation to support our loan application and waiver request.

Ms. LuAnn Clark  
March 26, 2009  
Page 2

Thank you for your consideration of this application. Please let me know if we can provide additional information.

Best regards,

A handwritten signature in black ink, appearing to be 'Dan Lofgren', written over the 'Best regards,' text.

Dan Lofgren  
President & CEO

Enclosures: Funding Application, Salt Lake City Housing Trust Fund  
LEED Waiver Request Letter from Humphreys & Partners

FUNDING APPLICATION  
SALT LAKE CITY HOUSING TRUST FUND

Cover Sheet

Project Name: Liberty CityWalk

Applicant/Organization: Cowboy Partners, L.C./Liberty CityWalk Properties, LLC

Mailing Address: 6440 South Wasatch Blvd., Suite 100

Salt Lake City, UT 84121

Contact Person: Dan Lofgren

Phone Number: (801) 424-4400

Fax Number: (801) 424-4460

E-mail: dlofgren@cowboy.us

Federal Employee Identification Number \_\_\_\_\_

Project Name: Liberty CityWalk

Project Location: 280 East 200 South

Amount Requested: \$ 500,000

Terms Requested: 45 Year amortization at 2% interest. Interest only for years 1-5, with a 40-year fully amortizing debt service schedule beginning with year 6. The loan will be fully repaid at the end of year 45. Borrower and Lender agree to renegotiate a payment schedule if the development's DCR (Debt Coverage Ratio) on debt with foreclosure rights falls below 1.0.

# Project Description—Liberty CityWalk

## 1. Liberty CityWalk—Project Scope

Liberty CityWalk is a proposed 80-unit Low Income Housing Tax Credit Project planned for the Southwest corner of 200 South and 300 East. Specifically, this proposed project will target Salt Lake City's greatest housing need and provide assistance and transitional housing for the homeless. We have proposed five transitional units for the homeless, targeted to AMI's of 25% or below, and the remaining 75 units will be targeted to individuals earning between 35 and 40 percent of the area median income (AMI). All 80 units will be income-restricted units.

The demonstrated need for housing in this income segment in Salt Lake City is tremendous and the proposed project targets one of the city's highest priorities in affordable housing. According to the market study, a copy of which is attached, we must only capture 2.2% of the income-qualified market for studio units in the market in order to achieve full occupancy and .9% of the market for one-bedroom units to achieve full occupancy.

The location for Liberty CityWalk was carefully chosen to provide ready access to the amazingly successful Trax light rail system, as well as proximity to neighborhood features like the nationally recognized Salt Lake City Library, neighborhood shops and merchants and all that the City has to offer, most of it within reasonable walking distance.

The apartments at Liberty CityWalk are designed for maximum convenience and livability for one or two person households who are employed in the heart of our community in and around the central business district of Salt Lake City. The apartments at Liberty CityWalk will feature 9 foot high ceilings, modern kitchens, a washer and dryer in the units, a resident club room, on-site parking (We plan to design the project to accommodate .75 parking stalls per apartment unit.) and the opportunity to live in a vibrant downtown neighborhood.

The community will be professionally managed with a full-time on-site management staff that will ensure the comfort and convenience of residents.

Liberty CityWalk is an important part of the housing picture in downtown Salt Lake and will provide an extraordinary opportunity for those who are the backbone of our local economy to enjoy the benefits of a well conceived and expertly executed urban living development concept. Liberty CityWalk will be a landmark residential address for generations to come.

The project will be fully accessible and visit-able, and will be built in compliance with all ADA (Americans with Disabilities Act) requirements.



# Project Description—Liberty CityWalk

## 2. Liberty CityWalk—City Master Plan

The project conforms to the Salt Lake City master plan for the East Downtown/Central Community. In particular, the project meets the requirements of the East Downtown Master Plan as revised in 1995. This project will enable the City to further implement its mixed-use zoning in the East Downtown area and to solidify the eastern boundary of the Downtown and stabilize this neighborhood as a high density residential area. The master plan currently calls for the tallest buildings to be built in the central core of the City and to gradually taper in each direction, an objective which will be met through Liberty CityWalk.

## 3. Liberty CityWalk—Zoning

The proposed project site is currently zoned R-MU or Residential/Mixed Use District. Our project is a conforming use for this zone and property.

## 4. Liberty CityWalk—Community Council Review

We have yet to present this project to the Central City Community Council. Upon review, we will forward their response as part of this application. We are currently on the community council's May agenda.

## 5. Liberty CityWalk—Unit Breakdown

<u># &amp; Unit Type</u>	<u>Rents as a % of Area Median Income (AMI)</u>	<u>Monthly Planned Rents</u>
5 Studios	25% of AMI	\$240
16 Studios	35% of AMI	\$355
37 One Bedrooms	35% of AMI	\$371
14 One Bedrooms	36% of AMI	\$383
8 One Bedrooms	37% of AMI	\$396

## 6. Liberty CityWalk—W/O Salt Lake City Trust Funds

We are hopeful we can secure sufficient gap financing to move forward with this project in these uniquely difficult and challenging economic times. Should we be unsuccessful at securing some Salt Lake City Housing Trust Funds, we will look to other financing sources.

## 7. Liberty CityWalk—Trust Fund Utilization

We anticipate using the Salt Lake City Housing Trust Funds to pay for some of the construction costs of the project.

## 8. Liberty CityWalk—Tenants

Currently, there are no tenants at the project location. The property is vacant property.

## 9. Liberty CityWalk—Square Footage, Green Requirements

The project is proposed to contain 51,400 square feet. We are planning to build Liberty CityWalk to an Energy Star Standard as defined by EPA. In addition, we will include many of the features that are required for a LEED Certified Building (USGBC)—see attached letter from Humphreys and Partners. We are always seeking to create more sustainable building designs that use less energy and operate more efficiently for the tenants.

# Project Funding—Liberty CityWalk

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

**Permanent Sources of Funding/Post Construction:**

	Source	Amount
Equity	<u>Tax Credit Investor—Wachovia/Wells Fargo</u>	<u>\$8,384,609</u>
1 <sup>st</sup> Mortgage	<u>Salt Lake County HOME Funds</u>	<u>\$500,000</u>
2nd Mortgage	<u>Olene Walker Housing Loan Fund</u>	<u>\$500,000</u>
Other Secured Debts	<u>Salt Lake City Housing Trust Fund</u>	<u>\$500,000</u>
Unsecured Debts	<u>Deferred Developer Fee</u>	<u>\$219,107</u>
Other	_____	_____
<b>Total Sources</b>	_____	<b><u>\$10,103,716</u></b>

1a. Ratio of Salt Lake City Trust Funding to total funding: 4.95%

2. Please list the uses of all funds for the proposed project, being as specific as possible.

Uses:

Land/Building Acquisition Cost	<u>\$875,000</u>
Rehabilitation/Construction Cost	<u>\$6,507,020</u>
A/E, Permit and other fees	<u>\$641,046</u>
Other, please specify (Financing Costs & Dev. & Contractor Fee)	<u>\$2,080,649</u>
	_____
	_____
	<u>\$ 10,103,716</u>

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

The replacement value will be \$10,103,716, which is the cost of construction. As in all LIHTC (Low Income Housing Tax Credit) affordable housing developments, the appraised value will be less than the replacement cost. This is because the affordable rents that will be offered are considerably lower than prevailing market rents for downtown Salt Lake City. The exact value of the development will be determined at a later time by an appraiser through a formal appraisal.

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.

Please see the attached pro forma, which highlights project revenues, expenses and cash flows.

# Project Funding—Liberty CityWalk

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

The project revenues are the source of fund repayment.

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

A mortgage or security interest in the property without foreclosure rights.

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.

We have been awarded Federal Low Income Housing Tax Credits, which will be used to fund much of the project. Because the value of federal tax credits has seriously declined since Liberty CityWalk received the allocation late last year, we are attempting to utilize every program, both local and federal, to help us fill this gap in our project financing. We have applied for Salt Lake County HOME Funds and are confident of some level of funding from the County. We will also apply for some level of funding from the Olene Walker Housing Loans Funds in July. We also anticipate deferring a significant portion of developer fee to make this important development financially viable.

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

The property will be acquired fee simple for the purchase price of \$875,000. We are using a land loan from Utah Housing Corporation to acquire the property. We anticipate using considerable equity for the pre-development and soft costs associated with the development of the project.

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

Please see the attached appraisal of the property by Western States Multifamily.

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

The Land Use Restriction Agreement (LURA) will require us to maintain the property as affordable for 99 years.

# Applicant Information—Liberty CityWalk

## Part III

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

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

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

A nonprofit or charitable institution or corporation

A Limited Liability Company known as:

Liberty CityWalk Properties, LLC

A business association or joint venture known as or to be known as: \_\_\_\_\_

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

October 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.

Cowboy Partners, L.C. is the managing member of Liberty CityWalk Properties, LLC, and will act as the developer of the project. The following individuals are the officers of Cowboy Partners, L.C.: Dan Lofgren, President & CEO, Mark Cornelius, Vice President and Partner; Scot Safford, Vice President and Partner; Brent Harman, Vice President and Partner; Dave Judd, Chief Financial Officer; and Jenifer Ewoniuk, Vice President.

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

Cowboy Properties, LLC, the property management arm of Cowboy Partners.

5. Please provide a brief description of your organization.

Cowboy Partners, L.C. is a Utah Limited Liability Company, and is the managing member of Liberty CityWalk Properties, LLC. A description of Cowboy Partners follows:

# Applicant Information—Liberty CityWalk

## Cowboy Partners – A brief history...

Cowboy Partners is the re-assembly of the key executives and staff of the Prowswood Companies, a firm with a 5-decades heritage of development leadership. Following the acquisition of Prowswood by Lend Lease Development (U.S.) and after a short time operating as a subsidiary of Lend Lease the principal players on the Prowswood team reached an amicable separation agreement with Lend Lease and formed Cowboy Partners for the specific purpose of development in specific western U.S. markets. With recent experience in Utah, Colorado and Southern California the Cowboy Partners team brings to its mission exceptional focus and experience. Following are examples of recent development activities of the Cowboy Partners team.

## Development Resume

Below is a list of projects undertaken since 1996 in which one or more of the principals of Cowboy Partners was the developer.

**Pinehurst Apartments** – 174 units of very high-end rentals in Midvale, Utah. The development was a joint venture with Northwestern Mutual Life.

**Bridgeside Landing** – 300 units of mixed-income rental housing financed with tax credits and tax-exempt bonds issued with FHA 221(d) (4) credit enhancement. The project is located in Taylorsville, Utah

**Oakstone** – 210 units of mixed-income rentals located in Clearfield Utah. The project was done with tax exempt bonds and FHA 221(d) (4) credit enhancement.

**Country Oaks** – 72 units of affordable housing in Clearfield Utah. This project was financed with tax-exempt bonds.

**Hunters Run** – 204 units of luxury rentals in the Otay Ranch planned community in the San Diego, Calif. area. At the direction of Lend Lease, this project was sold as a “building kit” including the land, entitlements, designs, value-engineered construction agreement and City approvals.

**The Crossings** – 168 units of luxury rental in the Otay Ranch development in the San Diego area. Sold with Hunters Run above.

**Westland Cove** – 40 units of affordable rental housing located in West Valley City. The project is a conventionally financed tax credit property.

**The Highlands** – 46 units of for-sale condominium units on the Green Springs Golf Course in Washington, Utah.

# Applicant Information—Liberty CityWalk

**Turtle Creek** – 44 for-sale townhouses in Washington, Utah

**Eagle Ridge** – 168 luxury apartments in Loveland Colorado.

**Waterford/Cordia Senior Living** – 120 unit top-of-the-market senior living and assisted living suites in southeast Salt Lake County

**Prowswood Corporate Center** (now the Cowboy Partners Center)– Approximately 72,000 square feet of top-of-the-market office space in Holladay Utah.

**Southridge Medical Office Building** – Approximately 40,000 square feet in West Jordan, Utah

**The Ridge** – 264 bond financed rental units in West Jordan, Utah

**Northgate Apartments** – 330 rental units in a mixed income community located in the Gateway mixed use development in Salt Lake City, Utah.

**The Parc Condominiums** – 152 luxury condominiums in the Gateway mixed-use project in Salt Lake City, Utah.

**Liberty Hill Apartments** – 246 unit development of rental townhomes in Draper, Utah.

**Liberty Metro Apartments** - Transit-oriented 100 unit workforce housing community in Salt Lake City CBD serving individual resident households earning as little as 29% of AMI.

**Liberty Commons** – 209 units in a mixed-income community financed with tax exempt bonds and tax credits, in West Valley City, Utah

**Utah Housing Corporation** – Comprehensive project management (site acq., design, construction) of headquarters building for quasi-governmental housing finance organization located in West Valley City

**Liberty Midtown** – 72 unit tax-credit workforce housing community in Salt Lake City.

**Liberty Landing** – 216 units HUD insured rental community in West Jordan, Utah

**Liberty Junction** – 93 units, 65 of which are income restricted under LIHTC guidelines, currently under construction with anticipated occupancy in June of '09

**Liberty Bend** – 93 units in Sandy Utah, currently under construction.

**Holladay Village Center** – Selected by the city of Holladay to create a mixed-use village center located on city-owned land in the heart of the City, currently in preliminary planning.

# Applicant Information—Liberty CityWalk

In addition to the projects listed above, as President of Prowswood Companies from 1987 until 2001 Dan Lofgren directed the development of several thousand additional apartment and condominium units, and the acquisition/rehab of several thousand additional multi-family units in Utah and Southern California. Dan is joined in Cowboy Partners by principals Mark Cornelius with over 20 years of multi-family experience, and Scot Safford with more than 15 years experience as a successful real estate developer. Both Scot and Mark were previously a part of the Prowswood team.

6. Who will be responsible for this project?

Cowboy Partners, L.C. and its officers will be responsible for Liberty CityWalk and the successful development of this project.

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

Please see the above-referenced development resume. In particular, Liberty Metro and Liberty Midtown are recent examples of similar type projects.

# Current Ownership Info.—Liberty CityWalk

Part IV

1. Who is the current owner of the property?

Liberty CityWalk Properties, LLC

2. Who is the current manager of the property?

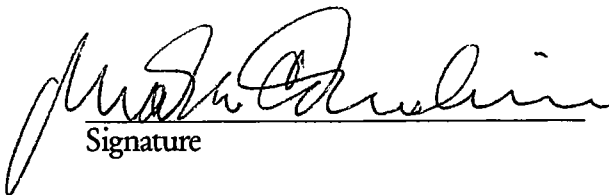
The property is currently vacant ground without a structure. Cowboy Properties, LLC is the current property manager of the property.

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.

Cowboy Partners, L.C. is the managing member of Liberty CityWalk Properties, LLC, and will act as the developer of the project. The following individuals are the officers of Cowboy Partners, L.C.: Dan Lofgren, President & CEO, Mark Cornelius, Vice President and Partner; Scot Safford, Vice President and Partner; Brent Harman, Vice President and Partner; Dave Judd, Chief Financial Officer; and Jenifer Ewoniuk, Vice President.

## Certification

I (we) Cowboy Partners/Mark Cornelius certify that this Applicant Disclosure of Ownership and Control is true and correct to the best of my (our) knowledge and belief.

  
Signature

V.P./Partner  
Title

6440 S. Wasatch Blvd. #100  
Ste VT 84107  
Address and Zip Code

Date: March 27, 2009

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title


\_\_\_\_\_  
Address and Zip Code

Date: \_\_\_\_\_



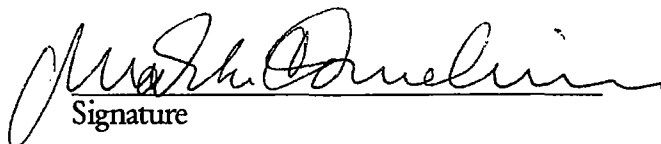
**PREPARATION OF LOAN DOCUMENTS**

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

 _____ Signature	_____ Signature
<i>Partner</i> _____ Title	_____ Title
<i>3/27/2009</i> _____ Date	_____ Date

**ACCESS TO TAX CREDIT APPLICATION INFORMATION**

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

 _____ Signature	_____ Signature
<i>Partner</i> _____ Title	_____ Title
<i>3/27/2009</i> _____ Date	_____ Date

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