
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: May 28, 2009

SUBJECT: Paul Howells and Keith Neilson, on behalf of Pierpont Lofts LLC, requesting a loan in the amount of \$300,000 from the Salt Lake City Housing Trust Fund for construction of the Pierpont Loft Project consisting of 12 town homes to be located at 929 West Pierpont Avenue in Salt Lake City.

AFFECTED COUNCIL DISTRICTS: Council District 2

STAFF REPORT BY: Quin Card

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

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 Housing Trust Fund to Pierpont Lofts, LLC for the construction of the Pierpont Loft Project consisting of twelve town homes to be located at 929 West Pierpont Avenue in Salt Lake City.
 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 Housing Trust Fund to Pierpont Lofts, LLC for the construction of the Pierpont Loft Project consisting of twelve town homes to be located at 929 West Pierpont Avenue in Salt Lake City.
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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 Pierpont Lofts, LLC from the City's Housing Trust Fund in the amount of \$300,000 for less than five (5) years at three percent (3%) annual interest, provided that no funds are released until the construction lender is in place, the construction lender subordinates a minimum of two units to the City, and both Pierpont Lofts, LLC principals sign personal guarantees. This would provide financial assistance for construction of the Pierpont Lofts Project, consisting of 12 attached, single-family residential units with private yards, common open space and garages, to be located at 929 West Pierpont Avenue in Salt Lake City.
- B. Key points from the Administration's transmittal notes:
 1. This project will consist of 12 attached, single family residential units with private yards, common open space and garages designed to resemble a restored agricultural building.

2. The units will consist of one- and two-bedroom units with a sales price range of \$140,000 to \$160,000.
 3. LEED certification does not apply to this project as it is single family housing.
 4. The developer will not receive any payment from the project until the City has been paid in full.
- C. Total construction costs are estimated at approximately \$1,296,000. Funding from the City will be leveraged with \$160,000 in property equity and \$705,000 from private lending. A breakdown of funding sources and uses includes:

SOURCES OF FUNDS - Permanent Financing:

Equity (property)		\$ 175,000
1st Mortgage	Private Funds	705,000
2nd Mortgage	SLC HTF	300,000
Other	Deferred Developer Fee	<u>106,000</u>
	TOTAL	\$1,286,000

USES OF FUNDS

Land/Building Acquisition Costs	\$ 175,000
Rehabilitation/Construction Costs	771,122
A/E, Permit and Other Fees	63,000
Unbudgeted Reserve	45,888
Site Work	149,960
Builder/Developer Overhead	<u>81,030</u>
	TOTAL \$1,286,000

- D. The City currently has \$4,516,000 in the Housing Trust Fund and \$1,848,000 in the RDA Housing Trust Fund. Funding this project from the Housing Trust Fund would leave a fund balance of **\$4,216,000**.
- E. Total interest paid for the proposed loan amount of \$300,000 at a 3% interest rate over the 5-year life of the loan would be **\$27,532**. This amount is assuming a five year life of the loan. The resolution forwarded to the Council states that the loan will be satisfied in less than 5 years. If the loan were paid in 4 years, total interest paid for the proposed loan amount of \$300,000 at 3% interest would be **\$22,832**.
- F. On February 19, 2009, the Housing Trust Fund Advisory Board voted to recommend approval of the loan and the requested terms if the construction lender agrees to subordinate a minimum of two units and personal guarantees are provided from all of the Pierpont LLC principals.
- G. Administrative Staff pointed out the following concerns with the project:
- Only one of the three partners has experience in developing housing units. The other two have worked in the construction field but do not have development experience.
 - The request for \$300,000 is on the high end relative to the number of housing units in the project.
 - The developers do not currently own the property. A copy of a land purchase agreement is attached to the application but it has not been finalized at this time.
- H. On April 8, 2009, Mayor Becker reviewed the request and recommended approval of the loan request provided the applicant meets the conditions approved by 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:

- Encourage and invite residential development to enliven City neighborhoods
- Encourage a variety of city-wide residential housing units including affordable housing options
- Accommodating different types and densities of residential development providing access to decent, safe and affordable housing for all Salt Lake City residents that does not consume more than 30% of their gross income

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 project is single family housing and is therefore not applicable to these requirements.
- D. The property at 929 West Pierpont is zoned Residential for low density multi-family residential (RMF-30). The purpose of the RMF-30 low density multi-family residential district is to provide an environment suitable for a variety of housing types of a low density nature, including multi-family dwellings.
- E. The West Salt Lake Community Master provides the following policies and goals relating to residential land uses.
- 1. Residential Land Use Goals
 - a. Preserve the existing predominantly low density character and related land use patterns in the residential part of the West Salt Lake Community.
 - b. Encourage properly regulated new growth in areas of anticipated development, especially in the West Salt Lake Industrial District.
 - c. Propose a future land use plan that will minimize and eventually eliminate land use conflicts in developed areas.
 - 2. Housing Goals
 - a. Re-establish and stabilize middle-income neighborhoods with new housing while encouraging reinvestment in the existing housing stock.
 - b. Use the Jordan River Parkway as a catalyst and amenity to encourage housing opportunities.
 - c. Develop a balanced residential environment with access to employment opportunities, community facilities, and adequate services.
 - d. Maintain the existing housing stock by reducing housing deterioration through programs aimed at preservation and rehabilitation.
 - 3. Historic Preservation Goals

- a. Encourage preservation of historically and architecturally significant sites in the West Salt Lake Community.
 - b. Identify individual sites worthy of landmark designation; delineate and document potential historic districts.
- 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.

- February 2009 Application submitted to Housing & Neighborhood Development Division
- February 19, 2009 Housing Trust Fund Advisory Board meeting
- April 8, 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. Paul Howell and Mr. Keith Neilson, Pierpont Lofts, LLC, townhome project, 929 West Pierpont Avenue.

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: _____

Date Sent to City Council: 05/14/2009

TO: Salt Lake City Council
Carlton Christensen, Chair

DATE: May 11, 2009

FROM: Frank Gray, Community & Economic
Development Department Director



SUBJECT: Paul Howells and Keith Neilson, on behalf of Pierpont Lofts LLC, requesting a loan in the amount of \$300,000 from the Salt Lake City Housing Trust Fund for construction of the Pierpont Loft Project consisting of 12 town homes to be located at 929 West Pierpont Avenue in Salt Lake City

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:

Paul Howells and Keith Neilson, on behalf of Pierpont Lofts, LLC, are requesting a loan in the amount of \$300,000 at 3% interest for less than five years from the City's Housing Trust Fund. The requested loan will be used for construction of 12 town homes to be located at 929 West Pierpont Avenue in Salt Lake City.

Analysis:

This project will consist of 12 attached, single family residential units with private yards, common open space, and garages designed to resemble a restored agricultural building. The units will consist of one- and two-bedroom units with a sales price range of \$140,000 to \$160,000. All 12 units will be considered affordable with two units specifically restricted for

purchase by households earning 80% or less of area median income. This project will provide single family housing units that are affordable or lower in cost than the average newly constructed housing units in Salt Lake City.

The developer will not receive any payment from the project until the City has been paid in full. It is anticipated the total construction costs of the project will be approximately \$1,296,000. The loan requested from the Housing Trust Fund will be leveraged with \$160,000 in property equity and \$705,000 from private lending.

Recommendation:

A. Housing Trust Fund Advisory Board's Recommendation

The Housing Trust Fund Advisory Board voted to recommend approval of the \$300,000 loan request at 3% for less than five years provided that no funds are released until the construction lender is in place, the construction lender agrees to subordinate a minimum of two units to the City, and personal guarantees are provided from both of the Pierpont Lofts, LLC principals.

B. Mayor's Recommendation

Mayor Becker reviewed this request on April 8, 2009, and recommended approval of the request provided the applicant meets the conditions approved by the Housing Trust Fund Advisory Board.

The City currently has \$4,516,000 in the Housing Trust Fund and \$1,848,000 in the RDA Housing Trust Fund. Funding this project from the Housing Trust Fund account would leave a fund balance of \$4,216,000.

PUBLIC PROCESS:

The Housing Trust Fund Advisory Committee held a public meeting and reviewed this request on February 19, 2009.

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ATTACHMENT A
Resolution

RESOLUTION NO. _____ OF 2009
AUTHORIZING A LOAN FROM
SALT LAKE CITY'S HOUSING TRUST FUND
TO PIERPONT LOFTS, LLC

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, Pierpont Lofts, LLC, has applied to the City for a \$300,000.00 loan at 3% for less than five (5) years for the construction of the Pierpont Loft Project consisting of twelve town homes to be located at 929 West Pierpont Avenue in Salt Lake City.

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 Pierpont Lofts, LLC, from the City's Housing Trust Fund for \$300,000.00 for less than five (5) years at three percent (3%) annual interest, provided that no funds are released until the construction lender is in place, the construction lender subordinates a minimum of two units to the City, and both Pierpont Lofts, LLC principals sign personal guarantees.

2. Pierpont Lofts, LLC, will use the loan funds for construction of the Pierpont Lofts Project, consisting of 12 attached, single-family residential units with private yards, common open space and garages, to be located 929 West Pierpont Avenue in Salt Lake City.

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: 4/21/09

ATTACHMENT B
Staff Evaluation

**EVALUATION
SALT LAKE CITY HOUSING TRUST FUND**

Name of Organization: Pierpont Lofts, LLC

Name of Project: Pierpont Lofts

Location of Project: 929 West Pierpont Avenue

Project Description:

This project will consist of 12 attached, single family residential units with private yards, common open space and garages designed to resemble a restored agricultural building. The units will consist of one and two bedroom units with a sales price range of \$140,00 to \$160,000. All 12 units will be considered affordable with two units restricted for purchase by households earning 80% or less of area median income.

Amount and terms requested: \$300,000 at 3% for less than 5 years

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

Are the funds leveraged with non-government dollars?

SOURCES OF FUNDS - Permanent Financing:

Equity (property)		\$ 175,000
1st Mortgage	Private funds	705,000
2nd Mortgage	SLC HTF	300,000
Other	Deferred Developer Fee	<u>106,000</u>
	TOTAL	\$1,286,000

USES OF FUNDS

Land/Building Acquisition Costs	\$ 175,000
Rehabilitation/Construction Costs	771,122
A/E, Permit and Other Fees	63,000
Unbudgeted Reserve	45,888
Site Work	149,960
Builder/Developer Overhead	<u>81,030</u>
	TOTAL
	\$1,286,000

Costs per unit (provide total project cost per unit and rehab only cost per unit)

\$107,167 per unit

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

The loan will be repaid from project sales. The developer's money will be put into the project before the City's funds. The superior lender will be repaid prior to the City being repaid; the City will be repaid prior to the developer.

Does the project have demonstrated community support?

Yes (see application).

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

One of the partners has experience in developing residential properties.

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

Not applicable – single family housing

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:

- Encourage and invite residential development to enliven City neighborhoods.
- Encourage a variety of city-wide residential housing units including affordable housing options.
- Accommodating different types and densities of residential development providing access to decent, safe and affordable housing for all Salt Lake City residents that does not consume more than 30% of their gross income.

Project Strengths:

This project will provide 12 single family housing units that are affordable or lower in cost than the average newly constructed housing units in Salt Lake City.

The developers are putting their funding into the project prior to the use of City funds.

Project Weaknesses:

Only one of the three partners has experience in developing housing units. The other two have worked in the construction field but do not have development experience.

The request for \$300,000 is on the high end relative to the number of housing units in the project.

The developers do not currently own the property. A copy of a land purchase agreement is attached to the application but it has not been finalized at this time.

Board Options

Approve the request as presented with a requirement of two units as affordable for home buyers at less than 80% of area median income subject to the land purchase.

Approve the request for \$200,000 at 3% for less than five years with a requirement of two units as affordable for home buyers at less than 80% of area median income subject to the land purchase.

Deny the request.

ATTACHMENT C
February 19, 2009 Minutes

Consider a request from Paul and Dan Howells, on behalf of Pierpont Lofts, LLC, for a \$300,000 loan from the Housing Trust Fund at 3% for less than five years, for new construction of the Pierpont Lofts, consisting of 12 single-family, attached housing units to be located at 929 West Pierpont Avenue in Salt Lake City.

Mr. Dan Howells and Mr. Paul Howells of Pierpont Lofts, LLC were present to provide details and answer questions pertaining to the request.

Ms. LuAnn Clark said that the Council believes home ownership opportunities are important to the City and revised the ordinance that if a developer is going to construct a single family or home ownership opportunity, the allowed funding would be for five years and that the term of affordability would be the first owner of the residential home. If the loan is not paid back at the end of five years, the term would change to 99 years and the loan would have to be re-evaluated. Every purchaser will need to be verified that qualifies as affordable based on the first purchaser.

Mr. Dan Howells stated that the project will be 12 single family attached units with private yards and garages with a unique design resembling a restored agricultural building. The units will be energy efficient with sustainable finishes. The development will include a community common open space for a community garden and will be landscaped with fruit trees. The development will be a gated community and a home owners' association will be created. The units will be considered affordable starting at \$140,000 with two units restricted for purchase by individuals earning 80% or less of AMI. Mr. Howells said the project has been approved by the Planning Commission.

The Board asked if they had the support of the Community Council and Mr. Dan Howells said that the project was presented to the Community Council and they have received their endorsement.

A discussion followed in regard to clarification on the sources of funding for the project and how the HTF loan will be repaid. Mr. Dan Howells said the HTF will be repaid from the sales revenues of the units after the primary lender has been repaid. The City will be repaid prior to the developer. Ms. Clark said the loan would not be approved until there is a construction loan in place. The Board asked if there would be a trust deed on the property. Ms. Clark said that the City will have a trust deed on all 12 units. The Board expressed concerns of a deteriorating real estate market and that with the resetting of subprime loans in the mortgage industry during the next year, the requested loan would be risky. The Board agreed that until the current inventory of housing on the market comes down that this would not be the right time for new construction of residential homes and that the City may be at risk of not being repaid. Additional collateral and personal guarantees to secure the loan were discussed. It was suggested that the construction lender subordinate to two units. Mr. Dan Howells said that if this is the Board's recommendation they would discuss the matter and determine if they would be able to accommodate those requests.

Chair Kent Moore recommended to table the applicant's request for lack of a motion and asked the applicant to consult with their construction lender regarding subordinating two units and to provide personal guarantees from the limited liability company partners.

Paula Carl moved to recommend approval of the loan and the requested terms if the construction lender agrees to subordinate a minimum of two units and personal guarantees are provided from all of the Pierpont LLC principals. Curtis Anderson seconded the motion. All voted "Aye." The motion passed.

Discuss HOME program funding issues.

ATTACHMENT D
Loan Application

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

Project Name: Pierpont Lofts
Applicant/Organization: Pierpont Lofts LLC

Mailing Address: 5350 Woodenshoe Lane
Peoa UT 84061

Contact Person: Dan Howells

Phone Number: (435) 783-6642

Fax Number: (435) 783-6642

E-mail: Dan@aspenridgedev.com

Project Name: Pierpont Lofts

Project Location: 929 West Pierpont Ave

Amount Requested: \$ 300,000

Terms Requested: 5 year note 30-year amortization 3% interest

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.

Pierpont Lofts are a unique residential opportunity; the lofts are affordable to the majority of Salt Lake Residents and are designed to look like a restored agricultural building with real wood and stone exteriors with private yards and garages. They are designed to be energy efficient, incorporating passive solar principles with sustainable finishes and environmentally sensitive materials.

Further, the amenities include community common open space for a community garden and the landscape plan calls for fruit bearing trees fostering neighbor interaction and local food production.

There are 12 Single Family attached units Starting at 140,000\$ making all of them able to be purchased by low-income individuals and families defined by 80% of median income. At least two of the units are dedicated to Low income Families. See attachment A for the Site plan, floor plan, and elevations

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.

The Pierpont Lofts does conform to the City Master plan for the area. Using the 2006 draft plan the Master plan calls for the area in which the Pierpont Lofts are located for residential low and medium density use. This single family attached project accomplishes this purpose.

Further the plan calls for encouraging home ownership: "Homeownership generally increases the time a person lives in one place which in turn leads them to become more familiar with their neighbors and take an active role in improving the neighborhood in which they have a financial interest. It can offer children a stable living environment and provide social mobility. Homeownership can provide wealth for families and create a safe investment that can be reinvested in education, consumer goods and other economic opportunities." our project will promote this goal as well.

The plan also encourages infill development as "An opportunity to protect, enhance, and revitalize older neighborhoods with new construction; Conservation of energy by using existing infrastructure" This project changes a dangerous vacant lot to a community of owner occupied beautifully landscaped, homes.

3. What is the property zoned?
RMF 30

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.

See Attachment B

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.

We commit at least 2 of the units will be sold to low income buyers. All of the units will be affordable to those making 80% of the AMI assuming that interest rates remain low.

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

We will try to find additional private funding

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

Construction Costs

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.

No

**Project Funding
Part II**

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	Subordinated Property	175,000
1 st Mortgage	Private funds	705,000
2 nd Mortgage	Salt Lake City Housing Trust	300,000
Other Secured Debts	_____	_____
Unsecured Debt	_____	_____
Other	Developer Capital	106,000
Total Sources	_____	1,286,000

- 1a. Ratio of Salt Lake City Trust Funding to total funding: 22%
2. Please list the uses of all funds for the proposed project, being as specific as possible. The total of Uses of Funds should equal the total project cost.

See Cash Flow Projections attachment C

3. What will be the value of the project at the time of completion?
1,830,000\$
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.

The Sales projection assume at least 1 sale per month resulting in completed sales in one year after marketing begins.

5. What is the source of repayment of the funds?
The Salt Lake City Trust fund will be repaid from the sales revenues of the units, after the primary lender has been repaid and before the landowner or developer.

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

Subordinated land and developer capital

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.

No other grants, loans, tax credits, licenses, etc., are necessary for this project to proceed. We are working with two loan brokers and two banks. The feedback has been that because of the risk averse posture our current economic situation warrants; the loan is much more likely to be approved if the Salt Lake City Housing Trust Fund gap financing is granted.

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?

Landmark Development currently owns the Property and is subordinating it to the construction financing including the Salt Lake City Housing Trust funds. The developer's funds will be used before any borrowed funds, including the Salt Lake City Housing Trust Funds.

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

No current appraisal available

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

**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.

(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

A partnership known as or to be known as:

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

A Federal, State or local government or instrumentality thereof

Individual known as: _____

Social Security Number of Individual: _____

Other (explain): Limited Liability Company

2. If the Applicant is not an individual or a government agency, give date of organization:
February 2009

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.

**Keith Nielson
Paul Howells
Dan Howells**

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

N/A

5. Please provide a brief description of your organization.

Pierpont Lofts is a Private for profit LLC dedicated to providing Exceptional, Low Cost Housing.

Keith Nielson has been involved in construction and management since 1978, has developed and built and managed over 3500 units for Pentalon corporation. Keith is active in the Utah Apartment Association and in 2005 received the Lifetime Achievement Award from that organization.

He is a principal of Pentalon Corporation which Currently owns and manages 2400 units and is a Principal of Pentalon Construction as well.

Dan Howells has a Bachelors degree from Utah State and Masters Degree in Counseling and Human Relations. For 16 years has been a Seminary and Institute teacher for the Church Educational System. Was a Seminary and Institute Coordinator overseeing volunteer and part time teachers, teaching hundreds of students and administering programs in Arizona and Utah. He was also a Principal of two different Seminaries and Coordinator of one Institute where he was responsible for reports and managing the physical facilities, finances, supplies and other office function of the programs as well as teaching classes.

As a young man, working through school; then later, for family homes and cabins Dan has always been involved in real estate and construction. He has an interest in land entitlement, and is competent in many areas of construction including, framing, plumbing, electrical, roofing, finish carpentry, installing cabinetry, tiling, sheet good flooring, landscaping and simple masonry.

Paul Howells has a ranching background and is an accomplished farrier and horse trainer who has also worked in many construction fields including, Heavy equipment operator, framing, concrete work, roofing, flooring, landscaping, sprinkler installation, welding and other metal work.

While working with Young Adults Dan recognized an unmet need in housing for people earning decent salaries for more affordable, well-built, environmentally friendly, energy efficient housing. He resigned from teaching in 2008 and has been pursuing the dream of providing just such housing. The lofts on Pierpont are their first project. Paul and Dan believe that by doing much of the work themselves, finding small parcels that are perhaps too small for larger developers they can be successful at providing unique, well designed, amazingly priced housing options for their target market that will sell despite the uncertain economic conditions.

Working architect Allen Erekson with over 40 years of international, national and local experience we can design site appropriate, functional and space efficient homes that will serve the residents of Salt Lake for many years to come.

6. Who will be responsible for this project?

Keith Nielson will provide oversight, direction and experience throughout the project.

Dan Howells will provide day-to-day coordination with the General Contractor and liaison between Pierpont Lofts and lending institutions.

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

Keith Nielson as part of Pentalon Corporation Developed and 1000's of Apartments and Condo Units including

**Turnberry in Holliday
Highland Pointe
Mark Twain Apartments
And many others**

Condo and Town home Projects

**Serengeti Springs West Jordan
1 and 9 Condos in Salt Lake
Village on Main Street in Bountiful
Liberty Commons
Liberty Landing in West Jordan**

Another notable project in Salt Lake

Broadway Center on 3rd South and State

**Current Ownership Information
Part IV**

1. Who is the current owner of the property?

**Landmark Development
See Attachment D**

2. Who is the current manager of the property?
N/A

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.

Zane Powell

Certification

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

D S Howells
Signature

Signature

Manager Pierpont Lofts
Title

Title

5350 Woodenshoe Ln Peoa 89661
Address and Zip Code

Address and Zip Code

Date: 02-06-09

Date: _____

CONSTRUCTION SUMMARY

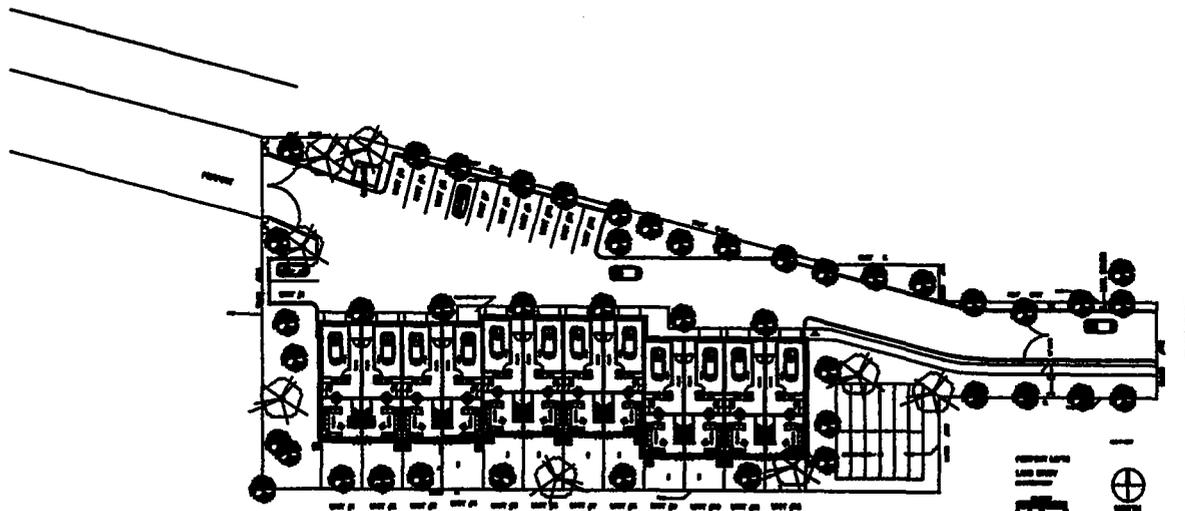
CATEGORY	SINGLE BEDROOM UNIT	SUBTOTAL 4 UNITS	TWO BEDROOM UNIT	SUBTOTAL 8 UNITS	TOTAL
unbudgeted reserve	\$3,546.00	\$14,184.00	\$3,963.00	\$31,704.00	\$45,888.00
design	\$1,750.00	\$7,000.00	\$1,750.00	\$14,000.00	\$21,000.00
Sewer Hook up	\$500.00	\$2,000.00	\$500.00	\$4,000.00	\$6,000.00
Building permit	\$1,000.00	\$4,000.00	\$1,000.00	\$8,000.00	\$12,000.00
Impact fees	\$1,500.00	\$6,000.00	\$1,500.00	\$12,000.00	\$18,000.00
Plan review fees	\$1,000.00	\$4,000.00	\$1,000.00	\$8,000.00	\$12,000.00
water meter	\$500.00	\$2,000.00	\$500.00	\$4,000.00	\$6,000.00
fire sprinklers	\$1,500.00	\$6,000.00	\$2,100.00	\$16,800.00	\$22,800.00
Excavation	\$1,000.00	\$4,000.00	\$1,000.00	\$8,000.00	\$12,000.00
footers	\$891.00	\$3,564.00	\$891.00	\$7,128.00	\$10,692.00
waterproofing	\$100.00	\$400.00	\$100.00	\$800.00	\$1,200.00
backfill gravel	\$120.00	\$480.00	\$120.00	\$960.00	\$1,440.00
Concrete walls	\$2,380.77	\$9,523.06	\$2,380.77	\$19,046.13	\$28,569.19
Concrete flat work	\$1,871.74	\$7,486.96	\$1,871.84	\$14,974.76	\$22,461.72
framing materials	\$3,874.24	\$15,496.96	\$4,379.24	\$35,033.92	\$50,530.88
framing labor	\$3,920.00	\$15,680.00	\$4,700.00	\$37,600.00	\$53,280.00
electrical rough in	\$4,000.00	\$16,000.00	\$4,000.00	\$32,000.00	\$48,000.00
plumbing rough in	\$3,200.00	\$12,800.00	\$3,200.00	\$25,600.00	\$38,400.00
Heating/ air conditioning	\$5,000.00	\$20,000.00	\$5,000.00	\$40,000.00	\$60,000.00
insulation	\$2,000.00	\$8,000.00	\$1,800.00	\$14,400.00	\$22,400.00
roofing	\$2,000.00	\$8,000.00	\$2,000.00	\$16,000.00	\$24,000.00
exterior finish	\$1,656.00	\$6,624.00	\$2,364.00	\$18,912.00	\$25,536.00
rain gutters	\$320.00	\$1,280.00	\$320.00	\$2,560.00	\$3,840.00
windows	\$2,000.00	\$8,000.00	\$2,000.00	\$16,000.00	\$24,000.00
dry wall	\$4,800.00	\$19,200.00	\$6,000.00	\$48,000.00	\$67,200.00
paint	\$1,000.00	\$4,000.00	\$1,000.00	\$8,000.00	\$12,000.00
interior doors	\$350.00	\$1,400.00	\$700.00	\$5,600.00	\$7,000.00
door hardware	\$180.00	\$720.00	\$180.00	\$1,440.00	\$2,160.00
exterior doors	\$2,000.00	\$8,000.00	\$2,000.00	\$16,000.00	\$24,000.00
garage door	\$2,000.00	\$8,000.00	\$2,000.00	\$16,000.00	\$24,000.00
flooring	\$3,136.00	\$12,544.00	\$3,776.00	\$30,208.00	\$42,752.00
Cabinets/ vanity	\$2,800.00	\$11,200.00	\$2,800.00	\$22,400.00	\$33,600.00
counter tops	\$1,500.00	\$6,000.00	\$1,500.00	\$12,000.00	\$18,000.00
appliances	\$1,300.00	\$5,200.00	\$1,300.00	\$10,400.00	\$15,600.00
trim / railings/ hardware	\$2,000.00	\$8,000.00	\$2,000.00	\$16,000.00	\$24,000.00
electrical top out and fixtures	\$1,000.00	\$4,000.00	\$1,000.00	\$8,000.00	\$12,000.00
plumbing sinks faucets	\$555.00	\$2,220.00	\$555.00	\$4,440.00	\$6,660.00
Tub and surround	\$800.00	\$3,200.00	\$800.00	\$6,400.00	\$9,600.00
Shelving	\$250.00	\$1,000.00	\$250.00	\$2,000.00	\$3,000.00
exterior concrete	\$700.00	\$2,800.00	\$700.00	\$5,600.00	\$8,400.00
Total	\$70,000.75	\$280,002.98	\$75,000.85	\$600,006.80	\$880,009.79

Site Improvements

Items	Number or feet	Cost	Total
Sewer Taps	12	\$1,000.00	\$12,000.00
Water Taps	13	\$1,000.00	\$13,000.00
Gas Lines	12	\$1,000.00	\$12,000.00
Fire Hydrant	1	\$4,000.00	\$4,000.00
Fire Sprinkler line	1	\$1,000.00	\$1,000.00
grounds power	1	\$3,000.00	\$3,000.00
Storm Drain	1	\$10,000.00	\$10,000.00
Sidewalks	380	12.00	4,560.00
Curb	700	12.00	8,400.00
Asphalt	13000	3.00	39,000.00
Landscaping	1	20,000.00	20,000.00
fencing	1	15,000.00	15,000.00
gate	1	8,000.00	8,000.00
			149,960.00

Attachment A:

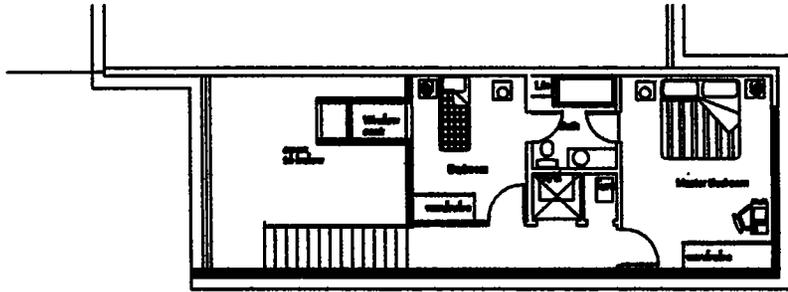
Site Plan, Elevations and Floor Plans



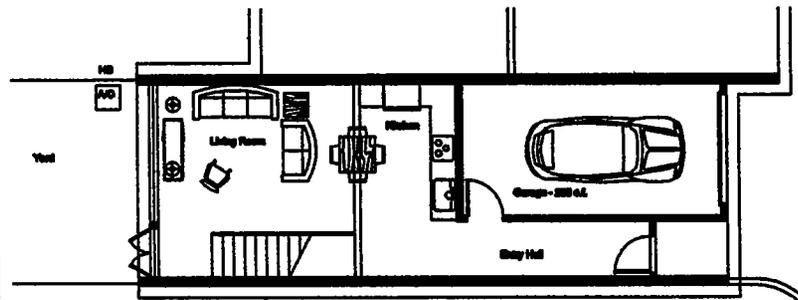
ALL DIMENSIONS TO FACE UNLESS NOTED OTHERWISE
 FINISH FLOOR TO FINISH FLOOR - 10'-0" (3.05M)
 FINISH FLOOR TO FINISH CEILING - 8'-0" (2.44M)
 FINISH FLOOR TO FINISH BASE OF WALL - 8'-0" (2.44M)
 FINISH FLOOR TO FINISH TOP OF WALL - 8'-0" (2.44M)
 FINISH FLOOR TO FINISH TOP OF CEILING - 8'-0" (2.44M)
 FINISH FLOOR TO FINISH TOP OF ROOF - 12'-0" (3.66M)
 FINISH FLOOR TO FINISH TOP OF MECH. ROOM - 10'-0" (3.05M)

DIMENSIONS IN FEET
 PRELIMINARY

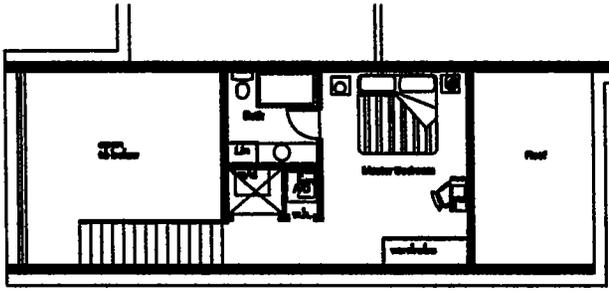
 NORTH
PROFESSIONAL STAMP
NEW PROJECT IN PIERPONT LOFTS
ARCHITECT NAME ADDRESS CITY STATE ZIP
PROJECT NAME PROJECT ADDRESS CITY STATE ZIP
SHEET NUMBER
ONE of 4



UPPER UNIT FLOOR PLAN - Typical 488 s.f.
 Two Bedroom and Bath scale 1/4"=1'-0"



UNIT MAIN FLOOR PLAN - Typical
 One & two Bedroom and Bath 471 S.F.
 scale 1/4"=1'-0" **TOTAL = 784 S.F.**



UPPER UNIT FLOOR PLAN - Typical 388 S.F.
 One Bedroom and Bath scale 1/4"=1'-0"

NEW PROJECT
 THE
 PIERPONT LOFTS

PLANT AND EQUIPMENT
 SPECIFICATIONS

ALL
 DIMENSIONS
 IN FEET

PLANT AREA
 REPRESENTED
 BY LINE ONLY, SEE
 SPEC. SHEET

TURN OVER TO
 FOLLOWING