



tenants, including a roof-top deck and gym. The Applicant is currently working on private financing for the construction but has been unable to obtain a loan for the acquisition because of the blighted condition of the Property. This loan would facilitate the kind of development that is ideal for bringing more residents to this neighborhood, increasing pedestrian activity, and improving the quality of building materials and design. The RDA loan is equal to the value of the appraisal which is \$275,000, less the cost for remediation as estimated by Terracon to be \$8,000. The Applicant will pay the difference between the appraisal and the seller's asking price.

The RDA's Housing Acquisition Loan program requires a waiver for projects promoting housing that is not income-targeted. Although the RDA seeks to encourage "affordable" and income-targeted housing within most areas of the City, several project areas have an abundance of affordable housing but lack market-rate housing options. The West Temple Gateway Project Area has been identified as one of these areas and, as such, has a Strategic Plan that encourages projects and programs that support market-rate housing. The Applicant's proposed project will lease apartments at a rate commensurate with current market rates in the City.

The Housing Acquisition Loan program usually provides a 5% interest rate for for-profit developers but a 4% interest rate is being requested in order to make the project feasible. The Applicant has requested a shortened term for the loan, meaning that the loan fund would be replenished in half the usual time (18 months instead of 36 months).

The Board is being asked to approve the loan to Fayette Street Investments for the purpose of acquiring land in the West Temple Gateway Project Area and building a market-rate apartment building. See that attached terms.

**PREVIOUS BOARD ACTION:**

- May 12, 2015 – The RDA Board approved the Project Area Strategic Plans.

**ATTACHMENTS:**

- A. Property Map and Photos
- B. Loan Term Sheet
- C. Project Renderings
- D. Resolution

ATTACHMENT "A"  
Property Map and Photos



ATTACHMENT “B”  
Loan Term Sheet

**DRAFT TERM SHEET – Housing Acquisition Loan**

**BORROWER NAME:** Fayette Investments, LLC

**CURRENT ADDRESS:** 12 W. Market Street, #290  
Salt Lake City, UT 84101

**PHONE #:** 801.787.4382, 617.984.9886

**EMAIL:** ksmith@formdevelop.com

**CONTACT PERSONS:** Keith Smith, Chris Zarek

<b>AMOUNT:</b>	\$267,000 (\$275,000 appraised value less remediation costs of \$8,000)	
<b>PROPERTY TO BE ACQUIRED:</b>	254 West Fayette Avenue – Duplex, 0.07 acres (Vacant) 968 South Washington Street – Auto Service Shop, 0.11 acres (currently leased)	
<b>RATE:</b>	4% fixed, 14% default rate	
<b>TERM:</b>	18 months	Program Standard is 3 years
<b>ESTIMATED PAYMENTS:</b>	Not Applicable for an Acquisition	The loan shall be due and payable in full at the closing of the construction loan.
<b>ELIGIBLE USES OF FUNDS:</b>	Acquisition of property intended for all or part of a housing development. Associated holding costs for the property; closing costs; and RDA’s legal fees.	
<b>HOUSING REQUIREMENT:</b>	WTG Strategic Plan identifies a need for more market rate housing. This project meets the housing goals of the project area. The applicant is requesting a waiver of the affordable housing requirement. Loan Committee recommends granting the waiver.	
<b>RDA LEGAL:</b>	Hourly bill, payable at closing, may be paid from loan proceeds.	
<b>PREPAYMENT PENALTIES:</b>	None	

**COLLATERAL AND GUARANTEES**

- (a) All loans will be secured by the property with a standard form RDA Trust Deed in first position. Appraisals must be conducted in conformance with the adopted policy of the RDA. Other acceptable forms of collateral include:
  - (i) Standby Letter of Credit. Borrower provides a letter of credit from an approved financial institution. Prior written notice is required for any cancellation or non-renewal.
  - (ii) Other Real Estate. Borrower provides the RDA with a first or second trust deed priority on property located in Salt Lake County.
  - (iii) Pledge Account. Borrower enters into an agreement with the RDA to

pledge an approved account for the term of the loan. The RDA would require written consent for all fund withdrawals. (Approved types of pledge accounts include: Certificates of deposit, savings accounts, Bonds).

- (b) A first mortgage lien on commercial/residential properties located at 254 West Fayette Avenue and 968 South Washington Street, Salt Lake City, Utah 84101; and
- (c) Unlimited corporate guarantees of all affiliates: Form Development, LLC and Fayette Street Investments, LLC; and
- (d) Personal guarantees of Keith Smith and Chris Zarek.

## **COVENANTS AND CONDITIONS**

1. Appraisal/valuation satisfactory to RDA on 254 West Fayette Avenue and 968 South Washington Street, Salt Lake City, Utah 84101 with a loan amount not to exceed the appraised value; and
2. Design approval of preliminary plans by RDA staff.
3. The execution of loan documents (e.g., promissory notes, loan agreements, security documents, and guarantees) as deemed necessary by the RDA and its legal counsel.
4. Applicant shall provide evidence of insurance covering public liability, fire, and such other insurance in such amounts and with such coverage as deemed necessary by the RDA for the Property.
5. The RDA and its legal counsel's review and approval of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the loan transaction.
6. Applicant shall pay closing costs, including the Agency's legal fees. Applicant may use loan proceeds to pay closing costs not to exceed \$10,000.
7. The Applicant shall provide a personal guaranty to the RDA guarantying full and unconditional completion of the proposed improvements and repayment of loan.
8. Loans may be prepaid in whole or in part at any time without penalty.
9. Loans made under this program shall be non-assumable.
10. Loan amount shall include a fee in an amount to cover legal and other expenses related to the RDA's origination, underwriting and loan documentation.
11. Closing costs associated with a loan shall be borne by the applicant, including but not limited to the cost of title search and insurance, credit reports, and attorney fees.
12. Such other terms as recommended by the Agency's legal counsel.

ATTACHMENT "C"  
Project Renderings



12 W. MARKET STREET, #290  
SALT LAKE CITY, UT 84101

C. 801.787.4382  
C. 617.984.9886

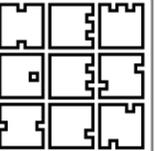
www.formdevelop.com

OWNER

Hew Design Studio

857.526.0078  
hsh@hewdesignstudio.com

142 Hamden Circle  
Quincy, MA 02170  
hewdesignstudio.com



CONSULTANTS

STREETSCAPE COMPARISON  
CENTRAL NINTH APARTMENT PROJECT  
SALT LAKE CITY, UT

CENTRAL NINTH PLANNING  
NOT FOR CONSTRUCTION

A9.04

PROJECT NAME: CENTRAL NINTH  
ISSUED DATE: 7/13/2015

RESOLUTION NO. 761.\_\_\_\_

September 8, 2015

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING THE TERMS OF A LAND ACQUISITION LOAN TO FAYETTE STREET INVESTMENTS, LLC**

WHEREAS, the Redevelopment Agency of Salt Lake City (“Agency”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the Agency adopted the “West Temple Gateway Neighborhood Development Plan” on August 1, 1987; and

WHEREAS, the proposed project is consistent with the RDA goals of redeveloping communities by eliminating blight and enhancing livability, promoting and funding a variety of housing options while encouraging home ownership, and promoting sustainable redevelopment practices; and

WHEREAS, Fayette Street Investments, LLC has requested a \$267,000 Land Acquisition Loan for the purpose of acquiring property at 254 West Fayette Avenue and 968 South Washington Street, Salt Lake City (the “Property”); and

WHEREAS, Fayette Street Investments, LLC intends to develop an apartment building on the Property within the next two years; and

WHEREAS, the Agency approves the proposed terms of Fayette Street Investments, LLC’s loan request.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that the Board does hereby authorize the Chief Administrative Officer and Executive Director to provide financing to Fayette Street Investments, LLC and execute the documents attendant to such financing in accordance with the Redevelopment Agency Staff Memo and Loan Term Sheet attached thereto. The transaction shall also incorporate such other terms and agreements as recommended by Agency counsel.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 8<sup>th</sup> day of September, 2015.

---

Stan Penfold, Chairperson

ATTEST:

\_\_\_\_\_  
D. J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on \_\_\_\_\_ . The Chief Administrative Officer

\_\_\_ does not request reconsideration

\_\_\_ requests reconsideration at the next regular Agency meeting.

\_\_\_\_\_  
Ralph Becker, Chief Administrative Officer

ATTEST:

\_\_\_\_\_  
D. J. Baxter, Executive Director

Approved as to form: \_\_\_\_\_  
Damon Georgelas