

REDEVELOPMENT AGENCY STAFF MEMO

DATE: December 8, 2015 **ITEM #: 8.B.**

PREPARED BY: Susan Lundmark

RE: Consideration And Adoption of a Resolution of the Board of Directors of the Redevelopment Agency of Salt Lake City authorizing the Agency to Enter Into an Agreement with the Utah Heritage Foundation Regarding a Scope of Work and Budget to Renovate an Existing Single-Family Home Located at 528 North Arctic Court, Salt Lake City, Utah.

REQUESTED ACTION:

1. Approve the proposed terms of the joint venture agreement with the Utah Heritage Foundation.
2. Approve the proposed terms with modifications.
3. Do not approve the proposed terms of the joint venture agreement.

POLICY ITEM: West Capitol Hill Strategic Plan – Objective: 3; Complete the development of RDA owned properties

BUDGET IMPACTS: \$90,000 from the Project Area Housing fund

EXECUTIVE SUMMARY: Redevelopment Agency (RDA) staff propose to enter into a joint venture agreement with the Utah Heritage Foundation (UHF) to renovate a single-family home located at 528 North Arctic Court (the “Property”), which is currently owned by the RDA. Under this agreement, the RDA and UHF would each provide 50% of the funding to complete the renovation, up to a maximum total of \$180,000 (up to \$90,000 from each party). It is estimated that construction could begin as early as February 2016 and could be completed by February 2017, so the home could be listed for resale in the spring of 2017.

RAC RECOMMENDATIONS: Approve the proposed terms of the joint venture agreement with the Utah Heritage Foundation.

ANALYSIS AND ISSUES: Provided below is a list of the terms of the joint venture agreement and background information.

Terms of Agreement:

- The proposed joint venture is similar to the joint venture agreement for the property at 571 North Pugsley Street (the “Pugsley House”). The RDA purchased the property for

- \$95,000; UHF used donations and their revolving loan fund to renovate the property, and the home then sold for \$200,000 in May 2015.
- For the property at 528 North Arctic Court, the RDA and UHF will each provide 50% of the financing required to renovate the home and market the property when it is ready for resale.
 - The RDA will provide funds from its Project Area Housing Fund, using profit from the sale of the Pugsley House. The UHF will provide funds from its revolving loan fund. UHF will also host a series of workshops and demonstrations at the Property regarding proper historic home renovation.
 - The RDA will retain ownership of the property during the renovation and will give UHF a joint venture agreement to conduct renovation.
 - The goal is to bring home up to building code and provide a high-quality renovation to match the aesthetic of the new development in this area.
 - UHF estimates renovation costs at approximately \$165 per square foot, for a total of \$180,000.
 - UHF will coordinate marketing the sale of the Property.
 - Upon resale, the RDA will donate all of its proceeds from the sale to the Michael Mahaffey Legacy Fund (MMLF), which is a new UHF revolving loan fund dedicated to the renovation and maintenance of historical structures. All RDA donations to the MMLF will carry the stipulation that those funds must be used for renovation projects within existing RDA project areas.
 - Comparable homes in the area have recently sold for approximately \$226,000 to \$326,000.

Background:

In April 2015, the RDA acquired the Property and an adjoining parcel located at 524 North Arctic Court. The primary objectives of the Property acquisition were to support the overall redevelopment vision for the Marmalade Block area, and to facilitate the necessary rebuild and maintenance of Arctic Court. When purchased, the physical condition of the Property was fair at best, but because the house is a Class B Contributing Structure in the Capitol Hill Historic Preservation District, it is not permitted to be demolished. Therefore, it was determined the home could be a very appealing remodel, and could provide an opportunity for the RDA and UHF to continue their partnership on successful renovation and public education projects.

PREVIOUS BOARD ACTION:

- Approval of the Property Acquisition Resolution – June 10, 2014; Resolution 747.04

ATTACHMENTS:

- A. Term Sheet
- B. Resolution
- C. Site Plan

Attachment A
528 North Arctic Court
Renovation Services and Funding Term Sheet

Property Description

Owner: Redevelopment Agency of Salt Lake City (RDA) (the “Owner” or “RDA”)
Address: 528 North Arctic Court, Salt Lake City, Utah (the “Property”)
Parcel #: 08-36-206-010
Size: 0.11 acres
Zoning: SR-1A: Special Development Pattern Residential District

License Agreement: Owner shall allow the UHF and any of its agents the right to access the Property in order to provide the renovation services listed below as well as other renovation services not listed. Owner shall not be held liable for any injury or loss of property while the UHF or any of its agents are on the Property prior to the project being complete.

Renovation Services (Estimate)

Utah Heritage Foundation (UHF)

The UHF will complete the following renovation services, and will hire an architect for design services and to prioritize and estimate costs for each of the line items below:

- Retain Architect – \$10,000
- Replace roof and install insulation
- Repair chimney
- Install new gutters
- Repair/rebuild front porch and stairs
- Rehabilitate two original front doors
- Repair and/or replace windows
- Relocate the existing bathroom
- Replace cabinets, counters, and appliances in kitchen
- Repair and/or replace floors, walls, and ceilings as needed
- Replace stairs to basement
- Finish basement
- Build new garage in rear
- Contingency – 15%

After completion of the design services and cost estimates, the following additional items may be included in the renovation:

- Rebuild rear addition
- Install an additional half-bath

- Make seismic upgrades
- **Total Estimate for Renovation Services - \$180,000 (\$165 per square foot)**

RDA

The RDA will contribute the following renovation services:

- Landscape Demolition
- Sewer and water upgrades to the Property

Maintenance: Until the home is sold, the RDA will secure and maintain the exterior of the home (e.g., snow removal, landscape maintenance, security fencing, security lighting etc.) and UHF will secure and maintain the interior.

Project Completion: The home shall be renovated, with all systems and physical features of the home brought up to current building code, and placed on the market for sale April 1, 2017. In the event that the renovation has not been completed by July 1, 2017, the RDA reserves the right to complete the renovation.

RDA Funding: Owner shall provide no more than \$90,000 to the project from its Project Area Housing Fund to provide renovation services for the Property.

UHF Funding: UHF will provide no more than \$90,000 from its Revolving Loan Fund to provide renovation services for the Property. UHF will demonstrate a minimum of \$10,000 in in-kind contributions to the project before beginning the renovation.

Property Sale: Upon sale of the Property, the amount of money that provided was by the RDA from its Project Area Housing Fund, up to \$90,000, will be donated by the RDA to the UHF Michael Mahaffey Legacy Fund, with the stipulation that those donated funds may only be used for renovation projects within existing project areas. Owner will return the lesser of \$90,000, or the amount actually expended from UHF's Revolving Loan Fund on the renovation, back to UHF's Revolving Loan Fund. The list price will be set by the Owner and all offers to purchase or changes in price will be negotiated and decided solely by the Owner.

Profits: Owner and UHF will split any profits 50-50. However, Owner will donate any of its profits from the sale of the home to the UHF Michael Mahaffey Legacy Fund.

Losses: Owner and UHF will split any loss 50-50 on the sale of the Property. UHF will demonstrate a minimum of \$10,000 in in-kind contributions to the project before beginning the renovation.

Project Timeline (Estimate)

- ***December 2016 to January 2016*** – RDA Board reviews; UHF Board reviews; Joint Venture Agreement signed between the RDA and the UHF.
- ***January 2016***—Hire an architect to complete Design Services for the project; scope of work set and prioritized.
- ***February 2016***—Neighborhood meeting to promote project; first public walk-through before project start; document and photograph condition of the home prior to construction.
- ***February 2016***—Construction begins.
- ***March 2016***—First *Rehab it Right!* Workshop in partnership with SLC Planning Department with Bob Yapp on historic windows; workshops will be ongoing throughout the project as opportunities present themselves.
- ***February 2017***—Construction is completed one year after it begins; final public walk-through to document finished condition; Property is listed for sale.

CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY AUTHORIZING THE AGENCY TO ENTER INTO AN AGREEMENT WITH THE UTAH HERITAGE FOUNDATION REGARDING A BUDGET AND WORK SCOPE TO RENOVATE AN EXISTING SINGLE-FAMILY HOME LOCATED AT 528 NORTH ARCTIC COURT, SALT LAKE CITY, UTAH.

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 Capitol Hill Neighborhood Development Plan” in 1996; and

WHEREAS, the Agency owns an historic single-family home at 528 North Arctic Court (the “Property”); and

WHEREAS, Arctic Court is within the Capitol Hill Historic District; and,

WHEREAS, the Utah Heritage Foundation (UHF) and the Agency will each supply 50% of the funds to renovate the existing home; and

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 enter into an agreement with the Utah Heritage Foundation regarding a scope of work and budget to renovate an existing single-family home located at 528 North Arctic Court, Salt Lake City, Utah, in accordance with the Term Sheet attached hereto. 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 8th day of December, 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 legal form: _____
Damon Georgelas, RDA Legal Counsel

Attachment C – Site Plan



Property at 528 North Arctic Court, Salt Lake City, Utah
Parcel ID: 08-36-206-010



528 North Arctic Court, view to the east