

2212 S West Temple
South Salt Lake , Ut 84115



JEFFERSON STATION

ACRES
3.77

TOTAL DWELLING UNITS
188

TOTAL PROJECT COSTS
\$30,630,973

STABILIZED NOI (YR 2)
\$2,122,220

STABILIZED VALUE (YR 2)
\$35,370,333

DISPOSITION VALUE (6.00% CAP)
\$46,124,790

NET PRESENT VALUE
\$8,462,972

LEVERED IRR
20.93%

AVERAGE CASH ON CASH
11.66%

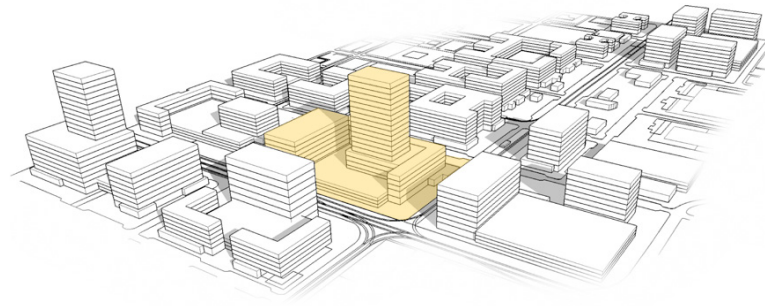
- New sub-market in pioneering location
- Smaller units priced below comps with a higher price per SF
- Modern warehouse style with ground level live/work spaces





THE CITY OF SOUTH SALT LAKE

South Salt Lake is a city that is catching on to the growth momentum of neighboring Salt Lake City. Much of this is attributed to the transformation of Sugar House, as recent developments are creeping westward along the Sugar House Streetcar corridor.



ABOVE: Our site offers a centralized location with quick access to anywhere in the Salt Lake Valley.

LEFT: South Salt Lake's Master Plan puts our selected site at the forefront of the city's aggressive downtown redevelopment plan.

image courtesy of Downtown South Salt Lake Master Plan

SUMMARY

LOCATION

The proposed site for Jefferson Station is located on West Temple and a half block south of the Salt Lake City - South Salt Lake boundary. It is a transit epicenter with the TRAX Red, Blue, and Green lines creating the western border; and the Sugar House S-Line bordering the lot to the south. TOD potential is further emphasized by UTA's Central Point Station, which operates 50ft from the site. Additional transit options include the Parley's Trail (which follows the S-Line corridor), and access to I-80, I-15, and highway 201 all within a half mile.

HIGHEST & BEST USE

Jefferson Station is our solution to the affordable housing crisis in Salt Lake City. Our project is innovative in offering smaller units that fit the needs of our sub-market, but it is less risky than the extreme 'micro-unit' proposals of Salt Lake. All of the property along South Salt Lake's S-Line corridor has recently been rezoned in favor of dense mixed-use development, with projects by Cowboy Partners and Boyer already underway east of Main Street.

Jefferson Station will be a pioneer in the western corridor, with immediate access to a true transit hub in TRAX Central Point. Our project fulfills three sub-market demands: aesthetically pleasing affordable housing; ample transit connections; and proximity to urban amenities.



PROPOSED USE

Five-story, multi-family development totaling 188 units. Project will offer hip, small units that compliment the larger, more expensive properties of Downtown and Sugar House, without going to the extreme of 'micro-unit' proposals. Despite the smaller size of our units, we maximize profit with quantity at a higher price per sq ft.

DUE DILIGENCE

This site carries a low risk of annual floods at 0.2%. There are no fault lines present in the district. Existing light-industrial buildings are on the site. A \$100k demolition and removal budget should be expected.

Many people remain partial to the amenities of urban life that are helping to create dense, quasi-urban enclaves that offer the qualities of downtowns—things like access to public transportation, high walkability, shopping, restaurants and bike-able commutes—without the high rents of downtown.

Multifamily Market Research Report
CBRE, 2016

SITE PLAN

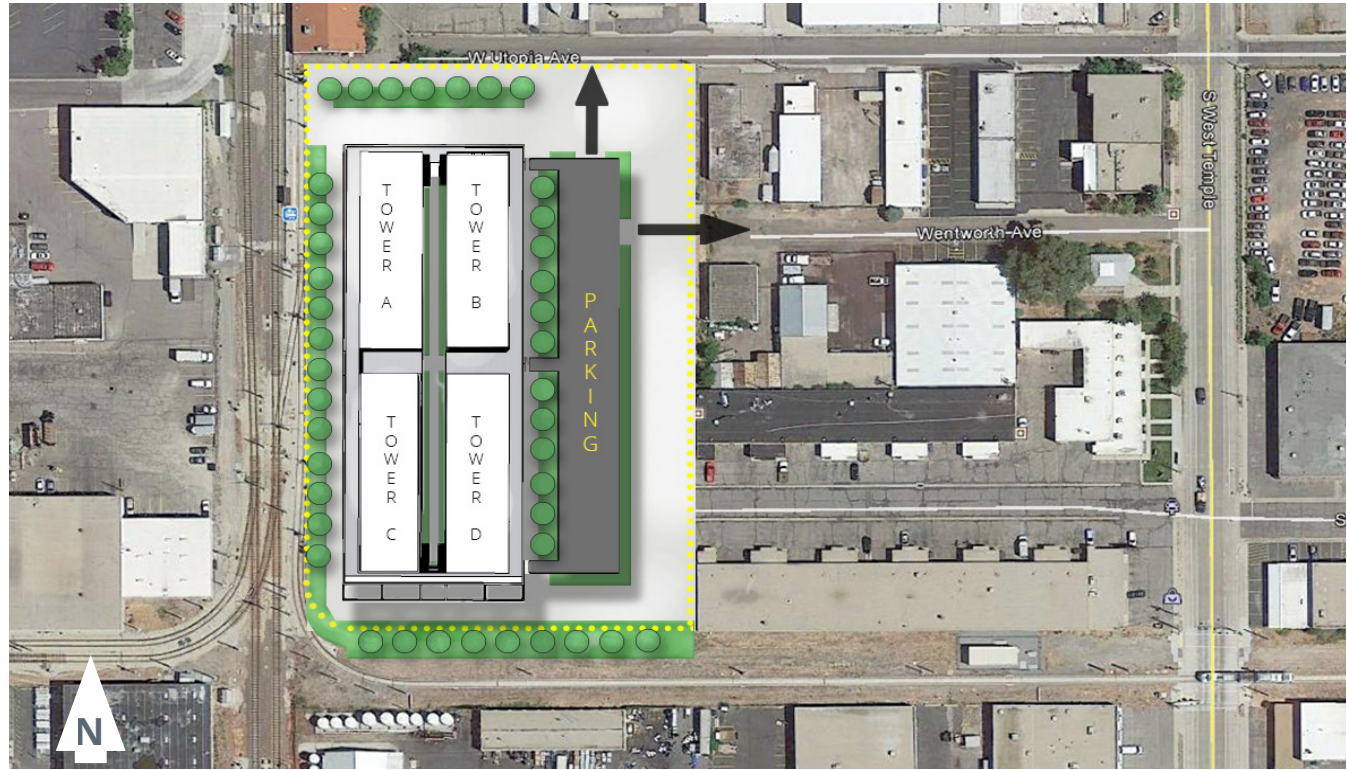
MASTER PLAN

Jefferson Station will be situated on the southwest corner of the site, where it is wrapped by TRAX and the S-Line/future Parley's Trail greenway. Public plazas will create attractive spaces on the north and south end.

A modern quad-tower design promotes both density and security in a warehouse style that is highly desirable among prospective urbanites. Additional in-house amenities include a fitness center, a shaded courtyard, a second story wrap-around balcony, and rooftop access. It must be noted that South Salt Lake plans on purchasing an easement along the eastern half of our site. This easement is to be a continuation of Jefferson Street and will be a pedestrian/vehicular hybrid, as it is intended for weekend markets and festivals. Needless to say, this will not only increase access to our site, but drastically increase future desirability and urban flare at Jefferson Station.

PARKING

Being a definitive TOD development, parking requirements are less stringent, yet we still address the needs of the average Utahn by providing tenants with 1 space per unit. Costs will be kept low with a two story structure situated east of the building. Positioning allows for a tree buffer that hides undesirable views from tenants. Guest parking will be available in 10 dedicated spaces with overflow options on Utopia Ave and Wentworth Ave.



Additional transportation needs will be met with a secured bicycle-storage unit located on the ground level. We expect this development to attract cycling enthusiasts, given the immediate access to Parley's Trail, the Jordan River Parkway, and the commutable bike lanes of West Temple.

COMPOSITION

Jefferson Station is 5 stories of multi-family housing that will revolutionize housing in South Salt Lake. This project will meet the demands of urban dwellers, artists, and transplants who want easy access to all that Salt Lake City has to offer, without having to pay Salt Lake prices. The City of South Salt Lake has already lured Cowboy Partners as well as Boyer to bring new

development to the S-Line corridor, and this project seeks to take advantage of the most prime piece of TOD real estate in the area. In anticipation of South Salt Lake's downtown growth, we have opted to create ground level live-work space that assimilates existing businesses in the district, yet is readily convertible to retail at a later date. Currently, the area is a hub of offices for small businesses like architects, graphic designers, and specialty artisans. If we cater to this bustling market, while addressing the affordable housing crisis needs of the area, Jefferson Station will become the model of successful transition development in the western S-Line corridor.

FEASIBILITY

DEMAND

Salt Lake City is making great strides with growth in employment, population, and new development. However, this growth has resulted in an increase in rent prices and led to an affordable housing crisis. This crisis has isolated many prospective residents who want to live an urban lifestyle, yet can't afford the recently hiked prices. We believe that the urban lifestyle does not have to be constrained to city limits, as Jefferson Station offers minimalistic design, dense living, and access to urban amenities on the edge of Salt Lake.

South Salt Lake has a steady 2% annual population growth and jobs are projected to grow 40.27% over the next ten years. Major employers such as OC Tanner, University of Utah, the Utah Capitol, Workday, Goldman Sachs, Intermountain Health care, are key drivers to population and job growth.

SUPPLY

The median age of South Salt Lake residents is 29.8. This accounts for a large percentage of students and new professionals, who cannot afford housing in the current market.

The city's strong economy (3.9% unemployment) and projected job growth ensure that the population will continue to grow.

DEMOGRAPHICS

The current supply of quality multifamily housing does not match the needs of the population. The median household income for South Salt Lake is \$27,172. Other multifamily projects are priced well above the budget of many potential renters. Jefferson Station's smaller and less expensive units provide an feasible option for working professionals, students, young families, and empty nesters.

UNIT MIX

Based on market research, and filling the demand for our target market, Jefferson Station provides a mix of studio (13%), 1B/1B (55%), 2B/1B (21%), and a small percentage of Live/Work units on the ground floor (11%). These numbers represent the need for smaller, cheaper units with easy access to downtown Salt Lake. South Salt Lake's median household size is smaller than that of neighboring communities, thus the need for more 1B and 2B units. The Live/Work spaces offer frontage on the future 'green-way' and higher than average ceilings, which accommodate existing renters of the business district. At the same time, the design of the spaces allows for easy conversion to retail as the neighborhood evolves into a walkable downtown.

COMPARABLES

THE VUE SUGAR HOUSE



BEDS	SF	RENT
Studio	600	\$1300
1	700	\$1650
2	950	\$2000
3	1500	\$3000

2550 S MAIN SALT LAKE CITY



BEDS	SF	RENT
1	600	\$1100
2	1180	\$1350

LIBERTY VILLAGE 2150 S MCCLELLAND



BEDS	SF	RENT
Studio	530	\$1050
1	700	\$1250
2	1000	\$1550

JEFFERSON STATION SOUTH SALT LAKE



BEDS	SF	RENT
Studio	495	\$850
1	730	\$1050
2	846	\$1250
L/W	1400	\$1800

DEAL ECONOMICS

COSTS	Per Door	Total
Land Costs		
3.77 Acres		
\$17.70/SF	\$ 15,462	\$ 2,906,900
Total Land Costs	\$ 15,462	\$ 2,906,900

Hard Costs	Per Door	Total
Multifamily Units	\$ 100,000	\$ 18,800,000
Site Work	\$ 8,735	\$ 1,642,212
Demo and Haul out	\$ 532	\$ 100,000
Structured Parking	\$ 10,000	\$ 1,880,000
Contingency 5%	\$ 5,963	\$ 1,121,111
Total Hard Costs	\$ 125,230	\$ 23,543,323

Soft Costs	Per Door	Total
Architecture, Engineering & Planning	\$ 6,117	\$ 1,150,000
Permits and Off-Site Fees	\$ 1,144	\$ 215,000
Insurance	\$ 612	\$ 115,000
Property Taxes	\$ 878	\$ 165,000
Loan Closing Costs	\$ 505	\$ 95,000
Third Party Reports	\$ 186	\$ 35,000
Construction Interest	\$ 2,580	\$ 485,000
Marketing	\$ 350	\$ 65,750
Administration and Accounting	\$ 346	\$ 65,000
Legal and Title	\$ 293	\$ 55,000
Developer Fee at 3%	\$ 3,191	\$ 600,000
Soft Cost Contingency 5%	\$ 6,037	\$ 1,135,000
Total Soft Costs	\$ 22,238	\$ 4,180,750

TOTAL PROJECT COSTS	\$ 162,931	\$ 30,630,973
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EFFECTIVE RENTAL INCOME	SF	\$/SF	# Unit	Monthly/Door	Total Annual
Studio	495	\$ 1.72	24	\$ 850	\$ 244,800
1B/1B	730	\$ 1.44	104	\$ 1,050	\$ 1,310,400
2B/1B	846	\$ 1.48	40	\$ 1,250	\$ 600,000
Live/Work Space	1400		20	\$18 NNN	\$ 560,000
Less: 5% Vacancy					\$ (135,760)
Adjusted Gross Rent			188		\$ 2,579,440

	Annual/Door	Total Annual
Application Fees	\$ 20	\$ 45,120
Parking	\$ 50	\$ 112,800
Cable/Internet	\$ 150	\$ 338,400
Fees & Other	\$ 15	\$ 33,840
Total Other Income	\$ 235	\$ 530,160

EFFECTIVE GROSS INCOME	Annual/Door	Total Annual
	\$ 1,378	\$ 3,109,600

OPERATING EXPENSES	Annual/Door	Total Annual
Administrative	\$ 100	\$ 18,800
Advertising and Marketing	\$ 100	\$ 18,800
Repairs, Maintenance, Turnover	\$ 400	\$ 75,200
Payroll	\$ 950	\$ 178,600
Utilities(G/W/S/E/Cable)	\$ 850	\$ 159,800
Trash	\$ 100	\$ 18,800
Amenities	\$ 300	\$ 56,400
Employee Unit	\$ 100	\$ 18,800
Reserves for Replacement	\$ 200	\$ 37,600
Grounds	\$ 75	\$ 14,100
Management/Contract Services	\$ 300	\$ 56,400
RE Taxes	\$ 850	\$ 159,800
Insurance	\$ 100	\$ 18,800
Total Operating Expenses	\$ 4,425	\$ 530,160

NET OPERATING INCOME	\$ 12,115	\$ 2,277,700
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Debt Assumptions

Loan to Cost	75%	\$ 22,973,229
Investor Equity		\$ 7,657,743
Total Project Cost		\$ 30,630,973
Construction Loan	2 Year	4.00%
Term Loan	10 Year	5.00%

Before Tax Yields

Equity IRR (YR 10)	20.93%
Average Cash on Cash	11.66%
DSCR Stabilized (YR 2)	1.64x
Net Present Value	\$ 8,462,972

Disposition

YR 10 Sale Price	6.00% Cap**	\$ 46,124,790
Less: Cost of Sale 3%	3%	\$ (1,383,744)
Less: Loan Balance		\$ (18,250,677)
Before Tax Cash from Sale		\$ 26,490,370

**CAP Rate analysis from 2016 Multifamily CBRE Report

*This project may also be eligible to receive both TOD related tax credits, CRA financing, and low interest city loans.