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New Utah nonprofit wins bid to put families into vacant housing

Development » Zions exec to oversee \$20 million in federal aid.

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A start-up organization, co-founded by developer Mark Cohen and two Zions Bank executives, will oversee use of Utah's \$20 million in federal neighborhood stabilization funds.

The state purchasing division awarded the competitive bid -- reopened because of a flawed first round in early May -- to Utah Center for Affordable Housing (UCAH), a self-described "new organization with no agenda or history."

One of the unusual elements cited as a plus in UCAH's proposal is that Zions will pay the salary of its executive director, Dan Peterson, for the first year. Peterson is Zions' wholesale mortgage lending vice president.

The UCAH proposal narrowly trumped a collaborative effort submitted by several seasoned housing advocates from around the state, led by Steve Graham of Utah Community Reinvestment Corporation.

Now those agencies hope to be included in the work.

"We put forth the best proposal possible," said Darin Brush, executive director of the nonprofit Community Development Corporation. "Now we will give them our support to make sure they're successful."

Gordon Walker, director of Utah's Division of Housing and Community Development, originally awarded the bid to UCAH in May -- in what some viewed as a secretive process.

After outcry from advocates, Palmer DePaulis, Walker's boss and executive director of the state's Department of Community and Culture, ordered the bid to be reopened and advertised more broadly.

According to UCAH's proposal, Zions Bank pledged to pay Peterson's salary for a year.

"It was definitely a strength in their proposal," said state purchasing agent Nancy Orton, noting the unusual offer would free up more funds for redevelopment.

Mike Plaizier, Zions senior vice president and managing director of community relations, will also oversee the new organization.

The heavy involvement of Zions Bank and Cohen's PSC Development and Evergreene Management Group was not viewed as a conflict of interest, Orton added.

"I don't recall anything in the [request for proposals] that prohibited private companies from submitting," Orton said. "It was not restricted to nonprofits."

Federal guidelines require the funds be used before October 2010. Walker called the infusion of neighborhood stabilization dollars significant.

"We've gone through an incredible effort to make sure they're spent right and the state of Utah gets the most benefit," Walker said.

"It would have been very simple for us to just write out checks -- and there would have been little impact from this money."

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Investing the \$19.6 million:

\$5 million to acquire rental properties for people at 50 percent or less of area median income (AMI) -- up to 51 homes could house the homeless.

\$3 million to help purchase up to 175 foreclosed homes that wage-earners who make 120 percent AMI or less can afford.

\$10 million to develop 260 multifamily units.

Start up costs estimated at \$25,000

Monthly operating expenses -- \$24,000

Five counties to be targeted: Davis, Salt Lake, Utah, Washington and Weber

Source: Utah Center for Affordable Housing proposal

County AMI: Washington \$53,800, Utah \$62,900, Salt Lake City \$67,800, Davis and Weber \$68,500

Source: www.efanniemae.com

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