

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY  
ACCESSORY DWELLING UNIT (ADU)  
FINANCING PROGRAM  
NOTICE OF FUNDING AVAILABILITY SELECTION

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CRA BOARD OF DIRECTORS MEETING – MARCH 18, 2025



# BACKGROUND

- **NOFA released** to find 3<sup>rd</sup> party group to administer program to support construction of ADUs
  - Released July 29, 2024
  - Proposals received September 27, 2024
- **\$2.9 million available**
  - \$1.9 million - 9-Line only
  - \$1 million - Unrestricted
- Launching an ADU financing program by December 31, 2025 allows the CRA to meet one of three performance benchmarks required to increase CRA tax increment collection from 50% to 60% of the TI starting in 2026.

# REVIEW PROCESS

- **October 2024: Internal review committee**
  - CRA, Housing Stability, Building Services staff
  - Proposal scoring and ranking
- **November 2024: CRA Finance Committee**
  - Funding recommendation
- **December 2024: CRA Board**
  - Funding decision through straw poll
- **March 2025: CRA Board**
  - Program funding term sheet approval by resolution

# PROGRAM PROPOSAL HIGHLIGHTS

- Top-ranked proposal was from Community Development Corporation of Utah (CDCU)
- Proposed program offers financing and income and affordability verification
- Proposed program consists of a combination grant and loan product that is available to either:
  - (1) homeowners earning up to 80% of AMI and renting their ADU at market rate, or
  - (2) homeowners earning greater than 80% of AMI and renting their ADU at a rate affordable to renters earning 80% of AMI or less.
- Request is for the full \$2.9 million in CRA funds to pay for program servicing, a loan loss reserve fund, and a revolving loan fund.
- Proposed program would launch in 2025 and finance 15-20 ADUs.

# CDCU PROGRAM PROPOSAL DETAILS

Loan Terms	<p>Up to \$200,000</p> <p>30-year amortization</p> <p>5-year term with 5-year extension option</p> <p>3% fixed rate</p> <p>\$2,000 origination fee</p> <p>Interest only for first 12 months with a capitalized construction period interest reserve funded from loan proceeds.</p>
Forgiveness Terms	Up to 10% of the loan balance forgiven for homeowners whose ADUs are rent-restricted to 80% AMI or below
Other Services Included	Required participation in good landlord training and financial counseling programs.
Use of RDA Funds	<p>Revolving loan fund</p> <p>Loan loss reserve</p> <p>Program servicing</p>
Affordability Compliance	In-house, \$200/yr fee paid by borrower
Marketing	Web, social media, events, and community partnerships

# CONSIDERATIONS

- Board to consider approving a resolution and term sheet authorizing the CRA Staff to negotiate and execute a funding agreement with the Community Development Corporation of Utah (CDCU) for an Accessory Dwelling Unit (ADU) financing program.

