



# SALT LAKE CITY TRANSMITTAL - RDA

**To:**  
Salt Lake City Redevelopment Agency Chair

**Start Date:**  
09/19/2024

**Date Sent to RDA Board:**  
09/25/2024

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**Department**  
Redevelopment Agency

**Mayor's Office Leadership \***

*Rachel Otto*

**Mayor's Signed Date**  
09/25/2024

**Subject:**  
Wealth Building Notice of Funding Availability Update

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**Document Type \***  
Information Item

**Budget Impact \***  
 Yes  
 No

**Budget Impact:**  
3,252,851

**Recommendation: \***  
Information item

**Background/Discussion**

In June of 2024, the Board of Directors ("Board") of the Redevelopment Agency of Salt Lake City ("RDA") set aside \$2.8 million for the development of a pilot program to support wealth-building through affordable housing. At the same time, the Board allocated approximately \$417,382 of Salt Lake City School District tax increment for initiatives that provide family and workforce housing with three or more bedrooms. RDA plans to combine these funding sources to support resident wealth-building projects. This funding would be allocated through a competitive and transparent public process known as a Notice of Funding Availability ("NOFA").

This memorandum provides the following: 1) an overview of the current wealth-building landscape through affordable housing, 2) an assessment of the challenges of funding affordable housing projects that generate wealth for residents, and 3) options for moving forward to successfully fund affordable housing projects that generate wealth for residents.

**Will the RDA Board need to hold a public hearing for this item? \***

Yes  
 No

**Public Process**

**Mayor's Comments**

**Attachment(s)**

Wealth Building Notice of Funding Availability Update.pdf

273.38KB



REDEVELOPMENT AGENCY of SALT LAKE CITY

**STAFF MEMO**

**DATE:** September 20, 2024  
**PREPARED BY:** Browne Sebright, Project Manager and Tracy Tran, Senior Project Manager  
**RE:** Wealth Building Notice of Funding Availability Update

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**REQUESTED ACTION:** Information Item

**POLICY ITEM:** Wealth Building Notice of Funding Availability Opportunity

**BUDGET IMPACTS:** \$3,252,851 of RDA funds set aside for wealth-building opportunities through housing and for family and workforce housing with 3+ bedrooms.

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**EXECUTIVE SUMMARY:** In June of 2024, the Board of Directors (“Board”) of the Redevelopment Agency of Salt Lake City (“RDA”) set aside \$2.8 million for the development of a pilot program to support wealth-building through affordable housing. At the same time, the Board allocated approximately \$417,382 of Salt Lake City School District tax increment for initiatives that provide family and workforce housing with three or more bedrooms. RDA plans to combine these funding sources to support resident wealth-building projects. This funding would be allocated through a competitive and transparent public process known as a Notice of Funding Availability (“NOFA”).

This memorandum provides the following: 1) an overview of the current wealth-building landscape through affordable housing, 2) an assessment of the challenges of funding affordable housing projects that generate wealth for residents, and 3) options for moving forward to successfully fund affordable housing projects that generate wealth for residents.

**ANALYSIS & ISSUES:** According to the Kem C. Gardner Policy Institute, the recent sharp two-year increase in the cost of the median-priced home precludes a growing share of households from homeownership and threatens the housing opportunities of future generations<sup>1</sup>. Furthermore, high interest rates and housing prices exclude an increasing share of renters from home ownership. Long-term renters face a rental market with rising rents and low vacancy rates, inhibiting their ability to save money and pursue homeownership. In October 2023, the Federal Reserve found that the average homeowner’s net worth in the United States is almost 40 times greater than a renter’s (\$396,200 vs. \$10,400)<sup>2</sup>. This gap in wealth building between renters and homeowners is particularly relevant in Salt Lake City, which has become a majority-renter City over the last decade.

The RDA is authorized to support the implementation of the City’s Housing Plan and Project Area Plans

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<sup>1</sup> [State of the State’s Housing Market, 2022-2024](#), Kem C. Gardner Policy Institute

<sup>2</sup> [Changes in U.S. Family Finances from 2019 to 2022](#), Board of Governors of the Federal Reserve System

by dedicating funds to be administered for the development and preservation of affordable housing Citywide. Through programs like the Housing Development Loan Program (“HDLP”), the RDA has provided low-cost financial assistance to incentivize the development and preservation of affordable housing within Salt Lake City municipal boundaries. This funding, while successfully bringing thousands of additional affordable units to market, has primarily supported the development and preservation of rental housing.

In June 2024, the Board allocated funding for affordable housing wealth-building opportunities such as homeownership and shared equity models. The RDA proposes to make this funding available through a NOFA for equity-building projects that may not meet the underwriting terms of the RDA’s annual HDLP NOFA, and for pilot programs that could demonstrate where future targeted financing could be successful. RDA staff have researched precedent funding opportunities, interviewed dozens of stakeholders, and developed a matrix of potential programs that may fit into this NOFA.

Because the RDA’s housing funds are required to be used for City-wide affordable housing, this Wealth Building NOFA intends to provide financial support to new or existing affordable housing programs that bridge the wealth gap between renters and homeowners. This NOFA is expected to solicit proposals for programs such as:

- **Rent-to-own developments**, which are designed to help potential homebuyers who may not have enough savings for a down payment or need time to improve their credit scores before securing a mortgage.
- **Tenant shared-equity models** to provide dividend income to tenants via an annual rent rebate or a profit payout from a project’s excess cash flow.
- **Sleeping/Silent second mortgage products**, which are secondary loans on a property with no immediate payments required until certain conditions, like a sale or refinance, trigger repayment. They are often used as a form of down payment assistance.
- **Sweat-equity homes** that allow individuals and families to contribute their own labor to the construction or rehabilitation of their homes in exchange for a reduction in the purchase price or down payment.
- **Conversions of existing rental properties to condos or co-ops** to facilitate the transformation of an existing rental property, such as an apartment building, into individually owned units that can be sold to buyers.
- **Land trusts**, which are a legal arrangement where a nonprofit or community-based organization holds land ownership to conserve and preserve a specific use, such as affordable housing.
- **Live-work units** that combine residential living with a workspace, allowing individuals to live and run a business on the same property.
- **Cohousing**, a community-focused living arrangement where residents have private homes but share common spaces and participate in the ownership, planning, and management of the development to foster social interaction and cooperation.

The next steps will involve finalizing eligible program types and establishing evaluation criteria to ensure that the various types of potential responses can be clearly reviewed and scored based on benefits to the number of households served, alignment with the RDA’s program goals, effectiveness of the proposed program approach, qualifications and experience of respondents, and readiness of the program to launch. Once completed, the RDA intends to release the Wealth Building NOFA concurrently with the HDLP NOFA.

In addition to the Wealth Building NOFA, the RDA is currently pursuing three additional wealth-building/shared equity affordable housing opportunities. These include the \$10 million partnership with

the Perpetual Housing Fund in support of the 515 Tower tenant shared-equity development; the Accessory Dwelling Unit (“ADU”) Financing Program NOFA<sup>3</sup>, which allocates up to \$2.9 million to fund ADUs on Salt Lake City’s Westside; and a \$2.1 million partnership with NeighborWorks Salt Lake for shared-equity workforce housing. The RDA is also looking to incorporate wealth-building and shared equity opportunities in future property dispositions for housing developments.

**CITY COORDINATION:** The RDA staff will work with the following City Departments/Divisions as we finalize the development of the Wealth Building NOFA:

- *Community and Neighborhoods/Housing Stability:* RDA is coordinating with CAN and Housing Stability staff to ensure that the NOFA is made available to all relevant potential partners and respondents and that its scope is complementary to existing City housing programs.

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**PREVIOUS BOARD ACTION:**

- The City Council established its housing priorities, including wealth-building initiatives, in Housing SLC (adopted June 2023) and Thriving In Place (adopted October 2023). Both of these plans highlight shared equity models, including putting housing units into community land trusts.
- March 2024: The Board adopted the FY-2024-25 Annual Housing Funding Priorities. One of the priorities is Wealth Building Opportunity, defined as facilitating the ability for low-moderate income households to build wealth through different pathways such as homeownership, supplemental income opportunities, stipends for renters, cooperative housing, and other wealth-building models.
- June 2024: The Board set aside \$2.8 million for the RDA to administer a NOFA to provide wealth-building opportunities through affordable housing. The Board allocated \$835,469 from the Westside Community Initiative (“WCI”) Fund and \$2,000,000 from the Housing Development Fund.
- June 2024: The Board set aside \$417,382 of school district funds for family and workforce housing with three or more bedrooms.

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<sup>3</sup> [Notice of Funding Availability \(NOFA\) For Accessory Dwelling Unit Financing Program](#), *Redevelopment Agency of Salt Lake City*