

REDEVELOPMENT AGENCY OF SLC ACCESSORY DWELLING UNIT (ADU) FINANCING PROGRAM NOTICE OF FUNDING AVAILABILITY SELECTION

RDA BOARD OF DIRECTORS MEETING – DECEMBER 10, 2024



SLCRDA

BACKGROUND

- **NOFA released** to find 3rd 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 RDA to meet one of three performance benchmarks required to increase RDA tax increment collection from 50% to 60% of the TI starting in 2026.



REVIEW PROCESS

- **October: Internal review committee**
 - RDA, Housing Stability, Building Services staff
 - Proposal scoring and ranking
- **November: RDA Finance Committee**
 - Funding recommendation
- **December: RDA Board**
 - Funding decision through straw poll
- **Q1 2025: RDA 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 RDA funds to pay for program servicing, a loan loss reserve fund, a grant fund, and a revolving loan fund.
- Proposed program would launch in 2025 and finance 15-20 ADUs.

CDCU PROGRAM PROPOSAL DETAILS

Loan Terms	Up to \$200,000 30-year amortization 5-year term with 5-year extension option 3% fixed rate \$2,000 origination fee Interest only for first 12 months with a capitalized construction period interest reserve funded from loan proceeds.
Grant Terms	Up to \$50,000
Other Services Included	Required participation in landlord training and financial counseling programs.
Use of RDA Funds	Revolving loan fund Grant fund Loan loss reserve Program servicing
Affordability Compliance	In-house, \$200/yr fee
Marketing	Web, social media, events, and community partnerships

CONSIDERATIONS

- RDA staff asking Board for straw poll vote to confirm selection of CDCU as funding recipient
- RDA staff to work with Community Development Corporation of Utah (CDCU) as the selected program operator to finalize program terms and return to the Board for approval of program funding term sheet by resolution



