



REDEVELOPMENT AGENCY of SALT LAKE CITY

STAFF MEMO

DATE: January 26, 2024

PREPARED BY: Tracy Tran, Senior Project Manager

RE: Consideration and Adoption of a Resolution Approving Funding Allocation for Gap Financing through a Notice of Funding Availability for High Opportunity Areas through the Housing Development Loan Program

REQUESTED ACTION: Consider approving affordable housing funding allocations as selected through a Notice of Funding Availability for High Opportunity Areas through the Housing Development Loan Program

POLICY ITEM: Affordable Housing – Housing Development Loan Program

BUDGET IMPACTS: \$2,7000,000 of RDA funds set aside for affordable housing located within High Opportunity Areas

EXECUTIVE SUMMARY: In 2017, the Redevelopment Agency of Salt Lake City (“RDA”) Board of Directors (“Board”) allocated \$4.5 million to incentivize the development and preservation of affordable housing located within High Opportunity Areas, which are neighborhoods that provide access to resources that improve chances at upward economic mobility. In 2019, the RDA Board received and approved a \$1.8 million loan application for these funds. The Board has directed staff to continue to solicit applications for projects within High Opportunity Areas on an ongoing basis until funds are expended. In late 2023, the High Opportunity Area map was updated to reflect newer data and metrics, which resulted in an expanded area that qualifies for these funds. \$2.7 million remains in High Opportunity Area Funds (“HOAF”) through the Housing Development Loan Program (“HDLP”).

Although the HOAF have not been advertised in a competitive manner like the RDA’s annual competitive HDLP Notice of Funding Availability (NOFA), RDA staff received two applications on January 3, 2024, with total requests of \$5.35 million for the remaining \$2.7 million.

Guiding Policy

The HOAF are being administered pursuant to the Housing Allocation Funds Policy (“Funds Policy”), resolution R-1-2022, and the Housing Development Loan Program Policy (“HDLP Policy”), resolution R-2-2022, which replaced the Affordable Housing Notice of Funding Availability Policy, resolution R-17-2018. The Funds Policy establishes policies for allocating and directing resources for the development and preservation of housing by various funding sources. Highlights of the Funds Policy

include:

- *Housing Funds*: The Policy establishes four housing funds based on fund source. The revenues, expenditures, interest, and payments for each fund source shall be separately accounted for to ensure the RDA control and oversight to comply with statutory requirements.
- *Annual Budgeting Process*: The policy provides that on an annual basis, the RDA shall present for the Board's consideration a Housing Development Funding Strategy that projects revenues for the upcoming fiscal year and proposes funding priorities and allocations. This will allow the RDA to be flexible to address current needs, leverage current opportunities, coordinate with other city resources and allow funding priorities to align with evolving plans and policies.

The HDLP provides low-cost financial assistance to incentivize the development and preservation of affordable housing within Salt Lake City municipal boundaries. The HDLP Policy provides a centralized application, underwriting, and approval process regardless of the fund source and also features:

- Funding allocations and priorities determined on an annual basis. The funding priorities for these funds were based on the FY2023-24 Annual Housing Funding Priorities.
- The transparent administration of funds through a Notice of Funding Availability (NOFA) process. Revenue from various funds may be combined into a consolidated NOFA or a NOFA may be issued for a specific funding source. NOFAs could be offered on an annual basis or multiple times per year and can be competitive or open-ended depending on availability of funds, priorities, and demand.
- A standardized process for approving applications and a uniform set of underwriting policies.

FY2023-2024 Annual Housing Priorities

In April 2023, the Board adopted the FY2023-2024 Annual Housing Funding Priorities. These priorities included Threshold Requirements for the HDLP, which requires developments to meet at least one of the following to qualify for funding in addition to threshold requirements laid out in the HOAF HDLP Guidelines + Application Handbook:

- Deeply Affordable Housing Threshold Requirement
 - *Policy Objective*: Expand the availability of units for extremely low-income households, thereby providing housing options for individuals or families that are homeless or at risk of homelessness.
 - *HDLP Implementation*: To meet the RDA's deeply affordable threshold, at least 10% of the total residential units shall be income and rent restricted to households earning 40% of the area median income ("AMI") and below as established by the U.S. Department of Housing and Urban Development ("HUD"). These units will be rent and income deed restricted.
- Family Housing Threshold Requirement
 - *Policy Objective*: Provide opportunities for families to enjoy the many benefits of urban living by encouraging the development of housing that is more conducive to larger household sizes.
 - *HDLP Implementation*: For a development to qualify for these funds, a minimum of 10% of the total residential units shall have three or more bedrooms and shall be income and rent restricted to those earning 60% AMI and below, with AMI limits as established by HUD.

Application Submissions

Pursuant to the policies, the RDA administered a transparent application process for the \$2.7 million in HOAF. RDA staff received two (2) loan applications for funding totaling \$5.35 million. Please refer to *Attachment A: Applications Overview* and *Attachment B: Project Summary Sheets* for additional information.

The RDA has reviewed the application submittals, and the RDA Finance Committee (“Committee”) will provide recommended applications for funding. This memorandum includes a summary of application submittals and the Committee’s recommendations for the Board’s consideration and determination of funding allocations will be provided after the February 1 meeting.

ANALYSIS & ISSUES:

Below is an overview of the HOAF HDLP application process:

I. Application Process

In 2018, the RDA issued a NOFA to solicit applications for approximately \$4.5 million available for affordable housing projects located within High Opportunity Areas or areas that provide resources that improve chances at upward economic mobility. In 2019, the RDA Board received and approved a \$1.8 million loan application for these funds. The remaining \$2.7 million in HOAF have been open and continued to be advertised. In November 2023, the High Opportunity Area map was updated to reflect newer data and metrics, which resulted in an expanded area that qualifies for these funds. A copy of HOAF Guidelines + Application Handbook that applicants used to apply can be found [here](#).

II. Project Review

As part of the application review process, RDA staff analyzed applications according to the HDLP Policy’s eligibility requirements and project priorities, which can be found in *Attachment C: Project Priorities and Interest Rate Reductions*. The housing priorities include the ability for an applicant to receive an interest rate reduction if priorities are met. All HDLP loans will be available to selected projects for acquisition, construction, and/or development uses. The RDA recognizes that the construction sources and uses for projects may not be the same as the permanent sources and uses and that the amount of debt that the HDLP loans are subordinated to may vary depending on the status of the projects. The RDA Finance Committee will review and evaluate the applications and provide a recommendation to the RDA Board.

III. Funding Allocations, Conditional Commitment, and Loan Closing

Pursuant to the Policy, the Board will make the final determination of applications to fund. Subsequently, the RDA will issue a conditional commitment letter to those applications that are selected for funding. The conditional commitment letter between the RDA and the applicant will contain the covenants, terms and conditions upon which the RDA will provide financial assistance to the proposed project once financial, legal, regulatory, and design approvals are obtained. Prior to closing on a loan, RDA staff will ensure that the project is financially viable, underwriting standards are met, and the use of public funds is necessary for the project to succeed.

RDA STAFF REVIEW: As part of the initial application review process, RDA Staff verified that all applications meet the Threshold Requirements laid out in the [HOAF Guidelines + Application Handbook](#). RDA staff affirms that all applications meet or will meet the Threshold Requirements.

Below is an overview of the submitted applications:

PROJECT	DEVELOPER	ADDRESS	FUNDING REQUEST
1. 515 Tower - Conversion Phase I*	Perpetual Housing Fund of Utah	515 East 100 South Salt Lake City, UT 84102	\$2,650,000
2. Fairmont Heights II**	Lincoln Avenue Capital	2257 South 1100 East Salt Lake City, UT 84106	\$2,700,000
TOTAL FUNDING REQUEST:			\$5,350,000
AVAILABLE FUNDING:			\$2,700,000

**This project also applied for funding through the competitive HDLP. They are seeking a total of \$2,650,000 between the two applications. If they receive the full amount in this process, they will not need the amount within the competitive HDLP.*

***This project also applied for funding through the competitive HDLP. They are seeking a total of \$5,900,000 between the two applications.*

Additional details of the HOAF HDLP applications can be found in *Attachment A: Applications Overview* and *Attachment B: Project Summary Sheets*.

RDA FINANCE COMMITTEE RECOMMENDATION: The RDA Finance Committee will review the applications and provide their funding recommendation at their February 1, 2024 meeting. Refer to *Attachment D: RDA Finance Committee Funding Recommendation* for recommendation detail.

PREVIOUS BOARD ACTION:

- November 14, 2023: RDA Staff briefed the Board on the updated data set, methodology, and map for High Opportunity Areas.
- April 12, 2023: The Board adopted the Affordable Housing Funding Priorities for Fiscal Year 2023-24.
- March 8, 2022: The Board adopted revisions to the Housing Development Loan Program Policy to direct review of applications to the RDA Finance Committee.
- February 9, 2022: The Board adopted revisions to the Housing Allocation Funds Policy.
- March 2021: The Board adopted the Housing Development Loan Program Policy, which repealed the Affordable Housing Notice of Funding Availability Policy.
- February 2021: The Board adopted the Housing Allocation Funds Policy.
- May 2020: The Board adopted Resolution R-10-2020, which amended the loan terms to structure the loan into two phases with conditions.

- December 2019: The Board adopted Resolution R-25-2019, which allocated \$1,800,000 and established a conditional commitment to the Community Development Corporation of Utah (CDCU) for an affordable housing project located within a high opportunity area.
- June 2018: The Board adopted policy guidelines and funding priorities for the NOFA, Resolution R-17-2018 (Affordable Housing Notice of Funding Availability Policy).
- December 2017: The Board adopted the third amendment for FY 2017-2018, which includes \$4,500,000 for a high opportunity area NOFA.

ATTACHMENTS:

- A. Applications Overview
- B. Project Summary Sheets
- C. Project Priorities and Interest Rate Reductions
- D. RDA Finance Committee Funding Recommendation
- E. High Opportunity Area Funding Allocation Resolution

ATTACHMENT A: APPLICATIONS OVERVIEW

Project	515 Tower - Conversion Phase I		Fairmont Heights II		
Developer	Perpetual Housing Fund		Lincoln Avenue Capital		TOTAL
Address	515 E 100 S		2257 S 1100 E		
RDA Loan Request					
RDA Request	\$	2,650,000	\$	2,700,000	\$ 5,350,000
Total Project Cost	\$	39,231,648	\$	34,009,242	
RDA Loan to Cost		6.8%		7.9%	7.3% Average
Acquisition Loan					
Interest Rate (w/ project priority deductions)		n/a		1.0%	1.0% Average
Term		n/a		2	
Amortization		n/a		TBD	
Repayment Type		n/a	Balloon or conversion to permanent loan		
Construction to Permanent Loan					
Interest Rate (w/ project priority deductions)		2.0%		1.0%	
Term		15		16	
Amortization		15		40	
Repayment Type		Cash Flow		Hard	
Financial Metrics					
Deferred Developer Fee %		22%		40%	31% Average
Tax Credits	Yes, 9% reserved		Yes, 9%, applying for 2025		
Cost per Unit	\$	408,663	\$	618,350	\$ 513,506 Average
Cost per SF	\$	458	\$	1,085	\$ 771 Average
Threshold Requirements					
Family-Sized Affordable or Deeply Affordable Units	Both		Deeply Affordable		
Energy Star Score 90+	Cond. of Approval		Cond. of Approval		
100% Electric	Cond. of Approval		Cond. of Approval		
Housing Unit Details					
40% AMI and Below					
Studio		15	-	15	
1bd		2	18	20	
2bd		-	9	9	
3bd		2	-	2	
4bd		1	-	1	
Total 40% AMI & Below		20	27	47	
41%-60% AMI					
Studio		25	-	25	
1bd		6	15	21	
2bd		-	4	4	
3bd		30	-	30	
4bd		15	-	15	
Total 41%-60% AMI		76	19	95	
61%-80% AMI					
Studio		-	-	-	
1bd		-	7	7	
2bd		-	2	2	
3bd		-	-	-	
4bd		-	-	-	
Total 61%-80% AMI		-	9	9	
Total Residential Units					
Studio		40	-	40	
1bd		8	40	48	
2bd		-	15	15	
3bd		32	-	32	
4bd		16	-	16	
Total of the Total Residential Units		96	55	151	
Priorities & Interest Rate Reductions					
Priorities: The four Funding Priorities determined by the FY2023-2024 Annual Housing Funding Priorities include: Family Housing, Target Populations, Homeownership, and Missing Middle/Unique Housing Type. These receive a weighted ranking of 3 points each as compared to other priorities which receive 1 ranking point.					
Interest Rate Reductions: Projects receive a 0.5% interest rate reduction for each included priority. Sustainability allows for a 1% or 2% reduction. The maximum reduction per development application is 2%.					
Family Housing		3			
Target Populations		3	3		
Transportation Opportunities		1	1		
Expand Opportunity		1	1		
Architecture and Urban Design			1		
Commercial Vitality		1			
Historic Preservation/Adaptive Reuse		1			
NOFA Ranking Weight Total		10	6	8	Average

ATTACHMENT B: PROJECT SUMMARY SHEETS



PROJECT NAME: 515 Tower - Conversion Phase I
ADDRESS: 515 E 100 S

OVERVIEW

Developer	Perpetual Housing Fund of Utah LLC
Request Type	HDLP Loan – High Opportunity Area
Project Type	Adaptive Reuse
Existing Land Use	Office

RDA FUNDING REQUEST

Funding Request	\$2,650,000
Total Project Cost	\$39,231,648
RDA Loan to Cost	6.75%

PROPOSED TERMS

Interest Rate	2%
Term, Amortization	15 Yr
Repayment Terms	Cash Flow
Lien Priority	Subordinate to permanent debt

HDLP THRESHOLDS AND PRIORITIES

Family-Sized Units and/or Deeply Affordable Units	Family-Sized Units and Deeply Affordable Units
90+ Energy Star Score	Yes
100% Electric	Yes
Priorities Met	Family Housing, Target Populations, Expand Opportunity, Historic Preservation/Adaptive Reuse, Transportation Opportunities, Commercial Vitality

TIMELINE

Construction Start	May 1, 2024
Construction Completion	December 31, 2024

LOW-INCOME HOUSING TAX CREDIT

Applying for Tax Credits (Y/N)	Yes
Tax Credits Reserved (Y/N)	Yes, 9%, 2023

HOUSING UNITS

Bedroom Count	Total Units	Market Rate	41-60% AMI	<40% AMI
Studio	40	-	25	15
1 Bed	8	-	6	2
2 Bed	-	-	-	-
3 Bed	32	-	30	2
4 Bed	16	-	15	1
Total	96	-	76	20

CONSTRUCTION DEBT AHEAD OF RDA

Source	Amount
Senior Debt	\$16,960,000

PERMANENT SOURCES

Source	Amount	% of Total
Senior Debt	\$6,508,958	16.7%
RDA Loan	\$2,650,000	6.8%
OLWHLF	\$1,000,000	2.6%
Utility Rebates	\$76,800	0.2%
LIHTC Equity	\$27,696,083	71%
SLCO ARPA Grant	\$598,584	1.5%
Deferred Fee ¹	\$500,000	1.3%
Total	\$39,030,425	100%

USES

Use	Amount	% of Cost
Land	\$16,000,000	41.0%
Hard Costs	\$15,466,320	39.6%
Soft Costs	\$1,097,907	2.8%
Developer Fee	\$2,249,922	5.8%
Financing Expense	\$1,921,418	4.9%
Contingency	\$1,686,134	4.3%
Reserves	\$608,724	1.6%
Total	\$39,030,425	100%

¹ The Developer is committing an additional \$625,000 of developer fee from the project to create an equity line of credit so that residents can access their equity prior to a refinance or sale event, for a total of \$1,125,000 deferred developer fee.



PROJECT NAME: 515 Tower - Conversion Phase I
ADDRESS: 515 E 100 S

RDA APPLICATION NOTES

The RDA, through the City's American Rescue Act Plan (ARPA) funds, allocated \$10,000,000 to the Perpetual Housing Fund of Utah, LLC to purchase this property for an affordable housing development with a tenant wealth building program. This \$10,000,000 will be used for the purchase of the property that would then allow PHF to develop additional projects that carry out their goals to provide 1,000 affordable homes that will help families and individuals build wealth. This is a unique model in which the developer will be contributing their own profits, which they will share with the tenants of the building. This development also applied for funding through the competitive HDLP, which will be in front of the RDA Finance Committee at a future date. The 515 Tower needs a total of \$2,650,000 and if the full amount is received through this round of high opportunity area funding, they will not need to request funds through the competitive HDLP process.

PROJECT SUMMARY

From Developer: 515 Conversion Phase I a mixed-income, sustainable, adaptive-reuse project located on the East side of Salt Lake City. The project is part of multi-phase, mixed-use project on the site and will be a beacon of affordable housing in the rapidly unattainable east side of Salt Lake City. The overall project is planned to include a mixed-income daycare, local retailers, and impact-focused commercial and co-working space. This project is being developed by Perpetual Housing Fund and all 96 units in this phase will feature a shared-equity model - sharing 75% of the phase's profits and appreciation with the residents living here. 515 will incorporate an array of amenities that will benefit the lives of its residents including a fitness center, a clubhouse, a Greenbike station on site (with annual passes included at no charge), indoor bike storage, a bike-repair station, and shared outdoor space. Located within walking distance of the project is an elementary school, a core bus route, and a public park. The project will also be fully electric, contributing to better air-quality in the area and improving the health and wellbeing of its tenants. The units will also be built within the criteria for Enterprise Green Communities 2020.

DEVELOPER SUMMARY

The project is being developed by Perpetual Housing Fund with Giv Communities as a development consultant. The team has successfully developed or consulted on over a thousand affordable housing units utilizing the Low-Income Housing Tax Credit, OWHLF, and SLC loan programs along the Wasatch Front. Recent affordable housing projects by the development team include:

Exchange - Salt Lake City

Project Open Phases 1 and 2 - Salt Lake City

Citizens West Phase I - Salt Lake City

Denver Street Apartments - Salt Lake City

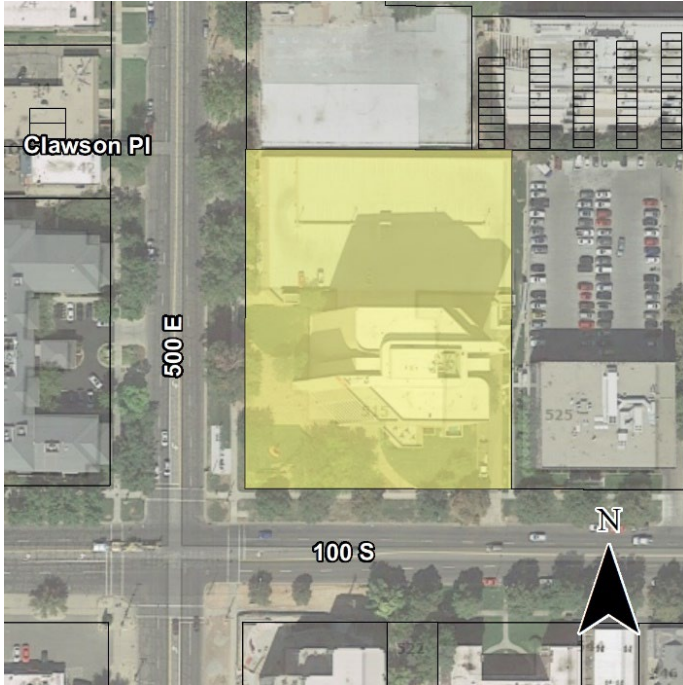
Pamela's Place - Salt Lake City

Imagine Jefferson - Ogden

Startup Crossing - Provo

Harris Village Shelter and Permanent Supportive Housing - Tooele

SITE MAP



PROJECT RENDERINGS



515 Tower





PROJECT NAME: Fairmont Heights II
ADDRESS: 2257 S 1100 E

OVERVIEW

Developer	Lincoln Avenue Capital and Housing Authority of Salt Lake City
Request Type	HDLP Loan – High Opportunity Area
Project Type	New Construction
Existing Land Use	Office

RDA FUNDING REQUEST

Funding Request	\$2,700,000
Total Project Cost	\$34,009,242
RDA Loan to Cost	7.9%

PROPOSED TERMS

Interest Rate	1%
Term, Amortization	Acq: 2 Yr, Balloon or conversion Perm: 16 Yr, 40 Yr
Repayment Terms	Hard for construction to perm
Lien Priority	Subordinate to permanent debt

HDLP THRESHOLDS AND PRIORITIES

Family-Sized Units and/or Deeply Affordable Units	Deeply Affordable Units
90+ Energy Star Score	Yes
100% Electric	Yes
Priorities Met	Target Populations, Expand Opportunity, Transportation Opportunities, Architecture and Urban Design

TIMELINE

Acquisition	May 1, 2024
Construction Start	2025

HOUSING UNITS

Bedroom Count	Total Units	Market Rate	41-60% AMI	<40% AMI
Studio	-	-	-	-
1 Bed	40	7	15	18
2 Bed	15	2	4	9
3 Bed	-	-	-	-
4 Bed	-	-	-	-
Total	55	9	19	27

LOW-INCOME HOUSING TAX CREDIT

Applying for Tax Credits (Y/N)	Yes, 9%
Tax Credits Reserved (Y/N)	No

ACQUISITION SOURCES

Source	Amount	% of Total
RDA -HDLP Competitive	\$3,200,000	45.1%
RDA High Opp Funds	\$2,700,000	38.1%
HASLC Cash	\$800,000	11.3%
LAC Cash	\$390,000	5.5%
Total	\$7,090,000	100%

ACQUISITION USES

Source	Amount	% of Costs
Acquisition	\$7,000,000	98.7%
Insurance	\$40,000	0.6%
Closing Costs	\$50,000	0.7%
Total	\$7,090,000	100%

CONSTRUCTION DEBT AHEAD OF RDA

Source	Amount
Senior Debt	\$21,767,665

PERMANENT SOURCES

Source	Amount	% of Total
Senior Debt	\$3,790,000	11.1%
RDA Loan	\$2,700,000	7.9%
Utility Rebates	\$142,500	.42%
LIHTC Equity	\$26,147,384	76.9%
Deferred Fee	\$1,229,257	3.6%
GP Capital Contribution	\$100	0.0%
Total	\$34,009,242	100%

PERMANENT USES

Use	Amount	% of Cost
Land	\$3,500,000	10.3%
Hard Costs	\$23,702,904	69.7%
Soft Costs	\$898,000	2.6%
Tax Credit Fees	\$308,375	.9%
Developer Fee	\$3,091,512	9.1%
Financing Expense & Reserves	\$2,146,018	6.3%
Escrow & Reserves	\$362,432	1.1%
Total	\$34,009,242	100%

RDA APPLICATION NOTES

This project also applied for \$3,200,000 for their Fairmont Heights I project through the competitive HDLP process. Both phases of the project will be located on the same parcel with Phase 1 being built first and Phase 2 to follow. The developer is seeking an acquisition to permanent financing loan, which means initial funds would be used to buy the property, but the developer would need to obtain tax credits, financing, and building approvals within 2 years. If successful, they would be able to convert their acquisition loan to a longer-term permanent financing loan. If they are not successful, they will be required to pay back the loan at the end of the acquisition loan term. This project is seeking funding from both sources of funds.

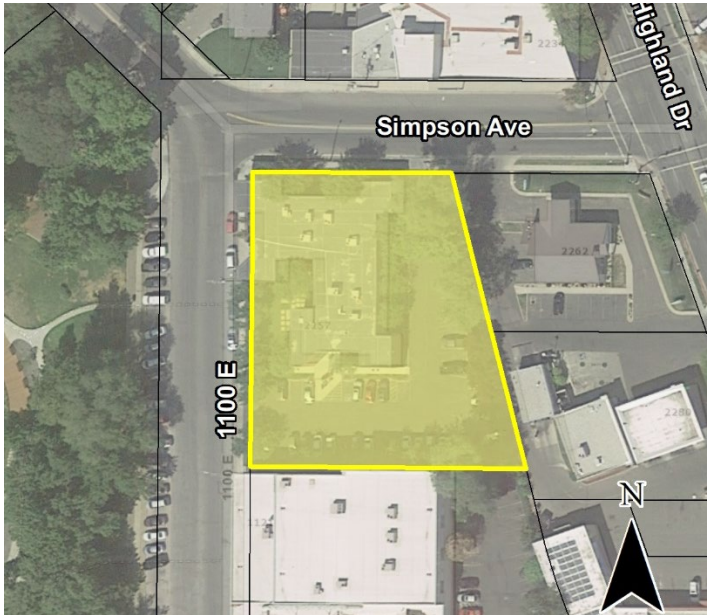
PROJECT SUMMARY

From Developer: This is Phase II of a two (2) phase project. Phase II is 55 units with 40 1 bed/1 bath units at 710 sf/unit, and 15 2 bed/2 bath units at 1038 sf/unit, with an emphasis on deeply affordable senior housing. The structure will be a 7-story midrise building comprised of a 2-story parking deck and a 5-story wooden structure containing the housing. The site is located near the Fairmont stop on the TRAX S-Line. 5 units will be set aside for the chronically homeless, 5 units for mobility impaired individuals, and 9 units for the disabled. The site presents an incredible opportunity to tie into the neighborhood fabric and locate housing near transit, employment, recreation, and services. Both phases are designed to mirror the surrounding neighborhood. The project transitions into the neighborhood using elements in both the contemporary form of the building and the materials that clad its skin. The space on the ground floor along Simpson Avenue and 1100 S will activate the building to the public and bring the design into the neighborhood. The pedestrian nature of the activities within and the rhythm of the living units help the project feel comfortable.

DEVELOPER SUMMARY

From Developer: Lincoln Avenue Communities was founded with the mission to expand access to high-quality, affordable homes for families, individuals, and seniors. This work is more important than ever amid historic inflation and a nationwide housing affordability crisis that have weighed heavily on communities across the country. These complex challenges have inspired us to continue developing innovative housing solutions that embody the bold and creative spirit of our growing company. Over the past year, we've reaffirmed our commitment to preserve and create thousands of affordable housing units, and we are excited to have recently broken ground on several ground-up developments, adding much-needed units to communities across the country. Today, we're proud that more than 50,000 residents at 119 properties across 22 states call an LAC community their home. We've maintained a resident-first approach across our portfolio, connecting families, individuals, and seniors with local organizations, health resources, and opportunities to further their educational and career goals.

SITE MAP



PROJECT RENDERINGS





ATTACHMENT C: PROJECT PRIORITIES AND INTEREST RATE REDUCTIONS

Project priority criteria will be utilized to evaluate applications as well as provide for interest rate reductions.

CATEGORY		POLICY OBJECTIVE	BENCHMARK	NOFA RANKIN G WEIGHT *	0.5% INTEREST RATE REDUCTION **
1	Family Housing	Provide opportunities for families to enjoy the many benefits of urban living by encouraging the development of housing that is more conducive to larger household sizes	Project provides at least 15%*** of the total units as 3+ bedroom units AND includes family-oriented community amenities, as approved by RDA Staff.	3	X
2	Target Populations	Expand the availability of units for extremely low-income households and special populations, thereby providing housing options for individuals or families that are homeless or at risk of homelessness	Project sets aside at least 15%*** of the units for extremely low-income households (40% AMI or less) and/or special populations in partnership with a governmental or nonprofit entity	3	X
3	Homeownership	Create opportunities for those who have historically rented in the community to build wealth and establish permanent roots through homeownership	Project is a for-sale product that will be sold to income qualified individuals/families	3	X
4	Missing Middle & Unique Housing Types	Promote an array of scale of project types to diversify the City's housing stock/forms and provide more affordable living options for residents	Projects are either a missing middle housing type (i.e. townhomes, courtyard apartments, small-scale apartments) or a housing type that is not commonly built: tiny homes, modular homes, pre-fab homes, accessory dwelling units (ADUs)	3	X

5	Sustainability	Achieve green building and energy conservation standards to lower housing expenses, conserve resources, and promote resiliency	Projects must be built to Off-Site Net Zero or On-Site Net Zero standard as described in the RDA's Sustainable Development Policy Resolution .	1	X****
6	Transportation Opportunities	Promote a multimodal transportation network and ensure convenient and equitable access to a variety of transportation options	<p>Projects must meet <i>two</i> of the following:</p> <ul style="list-style-type: none"> • Includes a car sharing, bike sharing, or transit pass program that is widely available to employees/ residents • Includes a commercial project that includes employee shower, locker, and bicycle facilities • Is located within 1/3 mile walking distance of a TRAX station or S-Line station • Implements reduced parking strategies without negatively impacting the neighborhood • Incorporates majority of parking within a primary structure to minimize the need for a surface parking lot 	1	X
7	Neighborhood Safety	Utilize the development of housing to reduce the number of vacant and distressed buildings and lots to reduce crime and return land to a productive use	Projects are located within an active RDA project area, refer to <i>Attachment B: RDA Project Area Map</i> and incorporate documented Crime Prevention through Environmental Design (CPTED) principles. RDA staff shall provide final review and approval. RDA staff may require Developer to provide approval from a certified professional.	1	X
8	Expand Opportunity	Provide for Neighborhoods of Opportunity by promoting the economic diversity of the housing stock within neighborhoods	Projects are located within a High Opportunity Area, which is defined as an area that provides conditions that expand a person's likelihood for social mobility as identified through an	1	X

			analysis of quality-of-life indicators. Refer to <i>Attachment A: High Opportunity Area Map and Table</i>		
9	Architecture & Urban Design	Encourage housing that is high-quality, enduring, and that contributes to neighborhood context and livability through architectural and urban design best practices	Buildings shall include an active ground floor use, significant ground floor glass, durable building materials and engaging building entrances as determined by RDA staff	1	X
10	Commercial Vitality	Foster a mix of land uses and unique neighborhood business districts that adequately meet the local community's needs	Projects are mixed-use and establish commercial spaces within the development that are lacking and desired. These spaces shall be open to the public and shall not be spaces that are exclusive to the development	1	X
11	Historic Preservation /Adaptive Reuse	Encourage the preservation and/or reuse of buildings to preserve the character of neighborhoods	Project acknowledges a neighborhood's history and maintain its unique character through preservation, rehabilitation, or repurposing of historic or underutilized structures	1	X
12	Public Art	Promote cultural expression and add to the experience and value of the built environment through art that is publicly visible or accessible for all to experience	Project contributes at least 1.5% of the RDA contribution towards the installation of art onsite or towards the RDA art fund as outlined in the RDA Art Policy	1	X

**Note: NOFA Ranking Weight: Uses a number (the weight) between 1 and 3 to assess the importance of the funding priority, with 1 being of lower importance and 3 being of the highest importance.*

***Note: 0.5% Interest Rate Reductions: While 12 interest rate reductions are available, interest rates can be reduced by a maximum of 2.0%. Please see Attachment B for applicable standard loan terms and conditions.*

****Note: Between the two threshold requirements laid out in Section 3.7, if a project includes both family housing units and deeply affordable units in accordance with this section, the project may receive the interest rate reduction by meeting the second threshold requirement at a percentage of 10% instead of 15%.*

*****Note: Sustainability Interest Rate Reduction: As per the RDA's Sustainable Development Policy, projects built to an Off-Site Net Zero standard are eligible for a 1% interest rate reduction and projects built to an On-Site Net Zero standard are eligible for a 2% interest rate reduction.*

Attachment D: RDA Finance Committee Funding Recommendation

					RDA FINANCE COMMITTEE FUNDING RECOMMENDATIONS
PROJECT/APPLICANT	ADDRESS	PROJECT PRIORITIES/INTEREST RATE REDUCTION AND WEIGHTED PRIORITY SCORE**	FUNDING REQUEST	PRELIMINARY TERMS*	HDLP High Opportunity Funds: \$2,700,000
515 Tower - Conversion Phase I - Perpetual Housing Fund	515 E 100 S	Family Housing: 3 Target Populations: 3 Transportation Opportunities: 1 Expand Opportunity: 1 Commercial Vitality: 1 <u>Historic Preservation/Adaptive Reuse: 1</u> TOTAL: 10	\$2,650,000	2% interest rate, 15-year term, 15-year amortization, cash flow repayments	\$2,650,000
Fairmont Heights Phase II - Lincoln Avenue Capital and Housing Authority of Salt Lake City	2257 S 1100 E	Target Populations: 3 Transportation Opportunities: 1 Expand Opportunity: 1 <u>Architecture and Urban Design: 1</u> TOTAL: 6	\$2,700,000	Acquisition: 1% interest rate, 2- year term, balloon payment or conversion to permanent loan. Construction to permanent: 16- year term, 40-year amortization, hard repayments	
TOTAL			\$5,350,000		\$2,650,000

*Final Terms shall comply with the requirements, standard loan terms and conditions, interest-rate reductions, and all other details laid out within the High Opportunity Area Housing Development Loan Program (HDLP) Guidelines (updated November 2023). Changes to repayment type may occur (hard repayment versus cash flow repayment) and shall be based on requirements listed in the HDLP Guidelines or if required by a senior lender. Changes in repayment type will cause a change in the base interest rate. Repayment priority and lien position shall be based on the size of the loans. Funds may be disbursed in a lump sum if required by senior lenders.

**Projects receive a 0.5% interest rate reduction for each included priority. Sustainability allows for a 1% or 2% reduction. The maximum reduction per development is 2%. The interest rate is calculated as follows: Base Interest Rate minus (-) Interest Rate Reductions (up to 2%) = proposed interest rate; Base interest rate shall be locked within a month of closing. Projects shall maintain project priorities and the same weighted score at closing. Deviation from project priorities met may require Board approval.

Total Funds:	\$ 2,700,000
Recommended Funding:	\$ 2,650,000
Remaining Funds:	\$ 50,000

Attachment E: High Opportunity Area Funding Allocation Resolution

REDEVELOPMENT AGENCY OF SALT LAKE CITY

RESOLUTION NO. _____

**Housing Development Loan Program (HDLP)
Funding Allocation for High Opportunity Area Affordable Housing**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING CITYWIDE AFFORDABLE HOUSING PROJECT FUNDING ALLOCATIONS.

WHEREAS, the Redevelopment Agency of Salt Lake City (“RDA”) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act (the “Act”).

WHEREAS, the Act provides that tax increment funds may be used for the purpose of increasing the affordable housing supply within the boundaries of Salt Lake City.

WHEREAS, pursuant to a motion adopted by the RDA Board of Directors (the “Board”) on December 5, 2017, the Board set aside \$4,500,000 to be dedicated to funding for affordable housing in areas of high opportunity (the “High Opportunity Funds”).

WHEREAS, the High Opportunity Funds were released for allocation pursuant to the Affordable Housing Notice of Funding Availability Policy (“NOFA Policy”), passed by the Board as Resolution R-17-2018.

WHEREAS, the Board subsequently approved Resolution R-25-2019, which allocated \$1,800,000 of the High Opportunity Funds to Community Development Corporation of Utah for affordable housing in a high opportunity area, leaving \$2,700,000 of High Opportunity Funds to allocate to additional projects.

WHEREAS, the Board approved the Housing Funds Allocation Policy (“Funds Policy”), Resolution R-1-2022, which establishes policies with respect to dedicating and directing resources for the development and preservation of housing based on funding source and the Housing Development Loan Program Policy (“HDLP Policy”), Resolution R-2-2022, which centralizes the application, underwriting, and approval process across all funding sources identified in the Funds Policy. The HDLP Policy repealed and replaced the NOFA Policy.

WHEREAS, through a Notice of Funding Availability (“NOFA”), the RDA administered a loan application and review process pursuant to the HDLP Policy and the RDA’s Housing Funding Priorities for Fiscal Year 2023-2024 set forth in R-8-2023 (“Funding Priorities”) that resulted in two requests for funding totaling \$5,350,000.

WHEREAS, on February 1, 2024, the RDA’s Finance Committee (“Finance Committee”) reviewed the HDLP applications and recommended funding allocations and preliminary terms for the remaining High Opportunity Funds, as further described in Exhibit A.

WHEREAS, based on the Finance Committee’s recommendations, RDA staff recommends that the Board approve the funding allocations and preliminary terms described in Exhibit A.

WHEREAS, following the Board’s approval of the funding allocations and preliminary terms as set forth on Exhibit B, the RDA shall provide a 24-month conditional commitment period during which the approved applicant shall have the opportunity to obtain needed financial, legal, and regulatory approvals, as well as satisfy other conditions determined by the RDA, to finalize the loan terms.

WHEREAS, pursuant to the HDLP Policy, applicants that successfully meet the conditions of the conditional commitment shall be invited to execute a Letter of Commitment to finalize the loan terms, subject to a set of conditions precedent to closing of the loan.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD that it approves the funding allocations and preliminary terms as further described in Exhibit B, subject to revisions that do not materially affect the rights and obligations of the RDA hereunder. For approved applicants that successfully meet the required conditions, the Board authorizes the Executive Director to negotiate and execute the conditional commitment letter, the Letter of Commitment, the loan agreements, and other relevant documents consistent with the funding allocations and preliminary terms contained on Exhibit B and incorporating such other terms and conditions as recommended by the City Attorney’s office.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this _____ day of February 2024.

Alejandro Puy, Chair

Approved as to form: *Sara Montoya*
Salt Lake City Attorney’s Office
Sara Montoya
Date: January 26, 2024

The Executive Director:

_____ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.

Erin Mendenhall, Executive Director

Attest:

City Recorder

EXHIBIT A: RDA FINANCE COMMITTEE RECOMMENDED HIGH OPPORTUNITY AREA HDLP FUNDING ALLOCATIONS

					RDA FINANCE COMMITTEE FUNDING RECOMMENDATIONS
PROJECT/APPLICANT	ADDRESS	PROJECT PRIORITIES/INTEREST RATE REDUCTION AND WEIGHTED PRIORITY SCORE**	FUNDING REQUEST	PRELIMINARY TERMS*	HDLP High Opportunity Funds: \$2,700,000
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**Final Terms shall comply with the requirements, standard loan terms and conditions, interest-rate reductions, and all other details laid out within the High Opportunity Area Housing Development Loan Program (HDLP) Guidelines (updated November 2023). Changes to repayment type may occur (hard repayment versus cash flow repayment) and shall be based on requirements listed in the HDLP Guidelines or if required by a senior lender. Changes in repayment type will cause a change in the base interest rate. Repayment priority and lien position shall be based on the size of the loans. Funds may be disbursed in a lump sum if required by senior lenders.*

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Total Funds:	\$ 2,700,000
Recommended Funding:	\$ 2,650,000
Remaining Funds:	\$ 50,000

**EXHIBIT B: RDA BOARD APPROVED HIGH OPPORTUNITY AREA HDLP
FUNDING ALLOCATIONS**

(To add after Board Meeting)