



# SALT LAKE CITY TRANSMITTAL

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Salt Lake City Council Chair

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**Director Signed Date**  
10/03/2024

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10/03/2024

**Subject:**  
Follow-up to the draft legislative policies for the Housing Program Funds focusing on Funding Our Future

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**Budget Impact \***  
 Yes  
 No

**Budget Impact:**

**Recommendation: \***  
Follow-up briefing and policy discussion

**Background/Discussion** (?)

Salt Lake City ("City") utilizes various funding sources to support housing and community development activities. These funding sources primarily include U.S. Department of Housing and Urban Development (HUD) grant programs, Funding Our Future (FoF) sales tax funds, and program income, collectively called the Housing Program Funds. Over the past several months, the Administration has briefed the Council on the Housing Program Funds. An important part of this discussion is the portion of FoF administered by Housing Stability to support unsheltered individuals, tenants, and homeowners for items such as rental vouchers, eviction prevention, landlord-tenant mediation, and other housing stability services (the "FoF Housing Program Funds"). For clarification, the Redevelopment Agency of Salt Lake City (RDA) administers the portion of FoF housing funds dedicated to the development of new housing units, whereas Housing Stability administers FoF for housing-related services.

In 2018, specific funding categories were established for the FoF Housing Program Funds and these categories have been carried over in each subsequent annual budget, refer to Exhibit A. At the briefing on August 13, 2024, and in the related staff report, the Council expressed interest in reviewing funding categories associated with FoF housing programs. Accordingly, the Administration has provided a revised version of the draft Housing Program Funds Policy ("Draft Policy"), that was originally presented during the August 13, 2024 briefing – refer to Exhibit B. The Draft Policy contains proposed legislative policies for the budgeting and uses of all the Housing Program Funds. The Council may wish to take note of the following relating to FoF:

1. Budget Process  
Since the origination of the FoF Housing Program Funds in 2018, the funds have been allocated to specific programs and activities through a competitive request for proposal (RFP) process. Unlike most other funding sources administered by Housing Stability, once the Council allocated a lump sum of the FoF Housing Program Funds through the annual budget, allocations to specific programs and activities were made by an RFP selection committee rather than the Council.

As presented during the August 13, 2024 briefing, the Administration is proposing that the FoF Housing Program Funds be issued through a competitive application process rather than through an RFP. The competitive application process would be combined with the longstanding competitive application process to allocate HUD funding. After applications are collected, the applications would be reviewed and funding recommendations made by the Community Development and Capital Improvement Program (CDCIP) advisory board followed by the Mayor, with final funding allocations made by the City Council. As such, the funding requests/recommendations for HUD and FoF will be provided to the Council through the same process, allowing for better coordination of funding that is intended for the same purposes.

## 2. Eligible Uses and Funding Priorities

### A. Eligible Uses

The Draft Policy has been updated to include eligible uses for the various types of funds, with eligible uses of FoF Housing Program Funds as follows:

a. Programs and activities that implement the moderate-income housing plans, anti-displacement plans, and/or other plans related to housing stability programs. Revenue shall be allocated to programs and activities that directly serve homeowners, tenants, and unsheltered individuals and shall not be allocated to housing development. Specific funding eligibility categories shall include the following:

i. Tenant Housing Assistance: Programs and activities that provide landlord/tenant mediation; eviction prevention; tenant-based rental assistance; emergency rental assistance; tenant and homelessness-related supportive services; utility assistance; tenant relocation; and tenant navigation and resource coordination.

ii. Equity and Homeownership Assistance: Programs and activities that provide mortgage assistance; equity sharing; foreclosure prevention; homeownership preparedness; and home repairs necessary to meet code requirements, meet habitability standards, and for energy/water conservation.

The Draft Policy is intended to be a longstanding legislative policy resolution that transcends across new housing and anti-displacement plans as they are adopted. As such, the Draft Policy is not intended to include short-term funding priorities. Rather, current goals and objectives, and related funding priorities, are established in the recently adopted housing plan, Housing SLC, and an anti-displacement plan, Thriving in Place (TIP).

### B. Funding Priorities

Housing Stability staff will include current goals and objectives from the housing plans in the competitive application process, and alignment with the goals and objectives will be incorporated into the application review process. Relevant goals and objectives from the current housing and anti-displacement plan, Housing SLC and TIP, include the following:

#### a. Protect the Most Vulnerable from Displacement (TIP, Goal 1)

- i. Develop a Tenant Relocation Assistance Program (TIP, Strategic Priority 1A)
- ii. Improve and Expand Tenant Resources and Services [including resources for unsheltered individuals in need of housing] (TIP, Strategic Priority 1C)
- iii. Help Tenants Become Owners (TIP, Strategic Priority 1E)

#### b. Increase housing stability throughout the city. (Housing SLC, Goal 2)

- i. Dedicate funding to:
  - Mitigate displacement
  - Serve family households
  - Increase geographic equity
  - Increase physical accessibility

#### c. Provide affordable homeownership and wealth and equity building opportunities to a minimum of 1,000 low-income households (Housing SLC, Goal 3)

Of the various goals and objectives outlined in the housing and anti-displacement plans, the Council and Administration may wish to work together to target funding to specific priorities on any given fiscal year.

### Next Steps:

As stated in the original transmittal that was presented at the August 13, 2024, the ultimate goal is to accomplish the following:

- Adopt the Draft Policy, which includes policies for FoF, to establish budgeting standards. This policy shall include the formation of:
  - o A Housing Program Funds Loan Committee that will review, and in limited circumstances approve, funding allocations.
  - o A Tenant and Homeowner Loan Fund that will serve as a revolving source of revenue to continue to fund the Direct Delivery Programs.
- Adopt a policy for each of the Direct Delivery Programs to establish legislative standards for how the programs shall be administered.

If the Council is supportive of the updates to the policy, then the Administration will follow up with resolutions to all the draft policies for the Housing Program Funds, including the establishment of a Tenant and Homeowner Loan Fund, and the Direct Delivery Housing Programs.

### Will the City Council need to hold a public hearing for this item? \*

- Yes
- No

### Public Process

The Administration has briefed the Council over the months, most recently on August 13, 2024.

### Chief Administrator Officer's Comments

EXHIBIT A

## Current FoF Housing Program Funding Categories

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<b>Current Service Areas</b>	<b>Connected <i>Housing SLC</i> Goals</b>
1 - Shared Housing	2(d)
2 - Incentivized Rental Assistance	1(y), 2(d), and 2(e)
3 - Service Models for the Most Vulnerable	1(y), 2(d), and 2(e)
4 - Marketing Home Ownership	1(y) and 3(d)
5 - House 20	2(d)
6 - Expanding Housing Opportunities	2(b), 2(c), 2(d), and 2(e)
7 - Build a More Equitable City	2(b), 2(c), 2(d), and 2(e)
8 - Mortgage Assistance	3(d)
9 - Tenant Relocation Services	2(g)
10 - Tenant Resource Center & Navigation Services	2(c)

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**Salt Lake City Housing Program Funds Policy**  
**DRAFT – Version 2.0**

**1. GENERAL**

**1.1 Scope**

Salt Lake City (“City”) utilizes various funding sources to support housing and community development activities (collectively the “Housing Program Funds”). The City allocates a portion of the Housing Program Funds to local organizations for the implementation of activities that support the City’s goals (“Subrecipient Programs”). The City also retains a portion of the Housing Program Funds to administer activities and programs directly to tenants, homeowners, landlords, and property owners (“Direct Delivery Programs”). This policy establishes standards for the financial and reporting standards for the Housing Program Funds. In addition, this policy establishes a revolving loan fund as a self-replenishing pool of revenue to fund the Direct Delivery Programs.

**1.2 Intent**

Housing and community development policies are outlined in various plans that have been adopted or approved by the City. The intent of the Housing Program Funds is to implement the goals and objectives that are outlined in the relevant plans, including but not limited to the City’s moderate-income housing plan, anti-displacement plan, and 5-year consolidated plan as required by the U.S. Department of Housing and Urban Development (HUD). The uses of the funds for the Direct Delivery Programs shall be outlined in the specific program policy.

**2. FINANCIAL**

**2.1 Revenue**

Housing Program Funds revenue sources shall include:

- A. Federal Ongoing: Revenue from federal funding sources that is allocated annually to the City for affordable housing and community development activities, including the following HUD programs: Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). Eligible uses of Federal Ongoing revenue shall be compliant with federal HUD regulations and in alignment with the 5-year Consolidated Plan.
- B. Funding Our Future (FoF): FoF sales tax dollars that are designated annually for housing programs. Eligible uses of FoF revenue shall be programs and activities that implement the moderate-income housing plans, anti-displacement plans, and/or other plans related to housing stability programs. Revenue shall be allocated to programs and activities that directly serve homeowners, tenants, and unsheltered individuals and shall not be allocated to housing development. Specific funding eligibility categories shall include the following:
  - a. Tenant Housing Assistance: Programs and activities that provide landlord/tenant mediation; eviction prevention; tenant-based rental assistance; emergency rental assistance; tenant and homelessness-related supportive services; utility assistance; tenant relocation; and tenant

navigation and resource coordination.

a.b. Equity and Homeownership Assistance: Programs and activities that provide mortgage assistance; equity sharing; foreclosure prevention; homeownership preparedness; and home repairs necessary to meet code requirements, meet habitability standards, or for energy/water conservation.

B.C. Program Income: Revenue generated from the sale of property, the repayment of principal and interest, or other sources of revenue generated from an activity funded with the Housing Program Funds. To comply with the various statutory requirements for each revenue source, the City shall separately account for Program Income according to the associated source, as follows:

- a. Restricted Program Income: Program Income generated from Federal Ongoing, FoF, or other sources with federal, state, or other restrictions shall be administered according to associated requirements. For example, Program Income generated from Federal Ongoing funding sources maintains federal requirements in perpetuity and shall be recaptured and reallocated annually pursuant to federal regulations.
- b. Unrestricted Program Income: Program Income generated from the Tenant and Homeowner Loan Fund, or another source that does not have restrictions on the utilization of program income, shall be deposited into a revolving loan fund, pursuant to Section 3: Tenant and Homeowner Revolving Loan Fund, to continue to further the policy objectives contained herein.

C.D. Other Housing Program Funds: The City may designate general fund or other one-time funding from federal, state, or other sources for housing or community development purposes.

## 2.2 Expenditures

### 2.2.1: Annual Budget Allocations

The City Council shall appropriate the Housing Program Funds revenue to specific Direct Delivery and Subrecipient programs through the annual budget process. The Administration shall propose funding recommendations to the City Council either through a competitive application process or through administrative budget recommendations, as follows:

#### A. Competitive Application Process

The following sources of Revenue shall fund either Subrecipient or Direct Delivery programs and shall be subject to an annual competitive application process:

- a. Federal Ongoing
- b. FoF
- c. Restricted Program Income
- d. Other Housing Program Funds (on a case-by-case basis)

Applications shall be subject to a review and funding recommendation process conducted first by the Community Development and Capital Improvement Program Advisory Board (“CDCIP Board”), or its successor, then by the Mayor. The CDCIP Board and Mayor’s funding recommendations shall be submitted to the City Council during the budget deliberation process for the upcoming fiscal year.

#### B. Administrative Budget Recommendations

The following sources of Revenue shall fund Direct Delivery Programs to ensure their financial viability. Funding recommendations shall be submitted through the Mayor's Recommended Budget:

- a. Unrestricted Program Income
- b. Other Housing Program Funds (on a case-by-case basis)

### **2.2.2: Direct Delivery Program Project Allocations**

Once The City Council has appropriated funding to a Direct Delivery Program, funding allocations to specific project recipients shall be determined by the respective Direct Delivery Program policy. A Housing Program Funds Loan Committee shall be established to provide recommendations or decisions of funding, as established by the respective Direct Delivery Program policy, and shall be comprised of five (members), as follows:

- A. Two (2) members of the CDCIP Board, or its successor
- B. The Director of Community and Neighborhoods, or designee
- C. The Director of Housing Stability, or designee
- D. The City's Chief Financial Officer, or designee

## **3. TENANT AND HOMEOWNER REVOLVING LOAN FUND**

The Salt Lake City Tenant and Homeownership Loan Fund (THLF) shall be established and maintained as a restricted account in the general fund to facilitate the recycling of Unrestricted Program Income for the implementation of the Direct Delivery Programs. ~~The THLF shall be financially managed by the Department of Finance ("Finance").~~ There shall be deposited into the fund all monies received by the City that do not have federal or state restrictions and that are dedicated to community development and affordable housing programs, including, but not limited to:

- A. Unrestricted Program Income;
- B. In lieu payments, mitigation fees, contributions, and other monies that may be received by the City for the purposes of tenant and homeownership housing programs; and
- C. Other monies appropriated by the City Council.

No expenditure shall be made from the THLF without approval of the City Council. Through the annual budget, the City Council shall allocate funds from the THLF to specific Direct Delivery Programs pursuant to Section 2.2.

## **4. FINANCIAL OVERSIGHT**

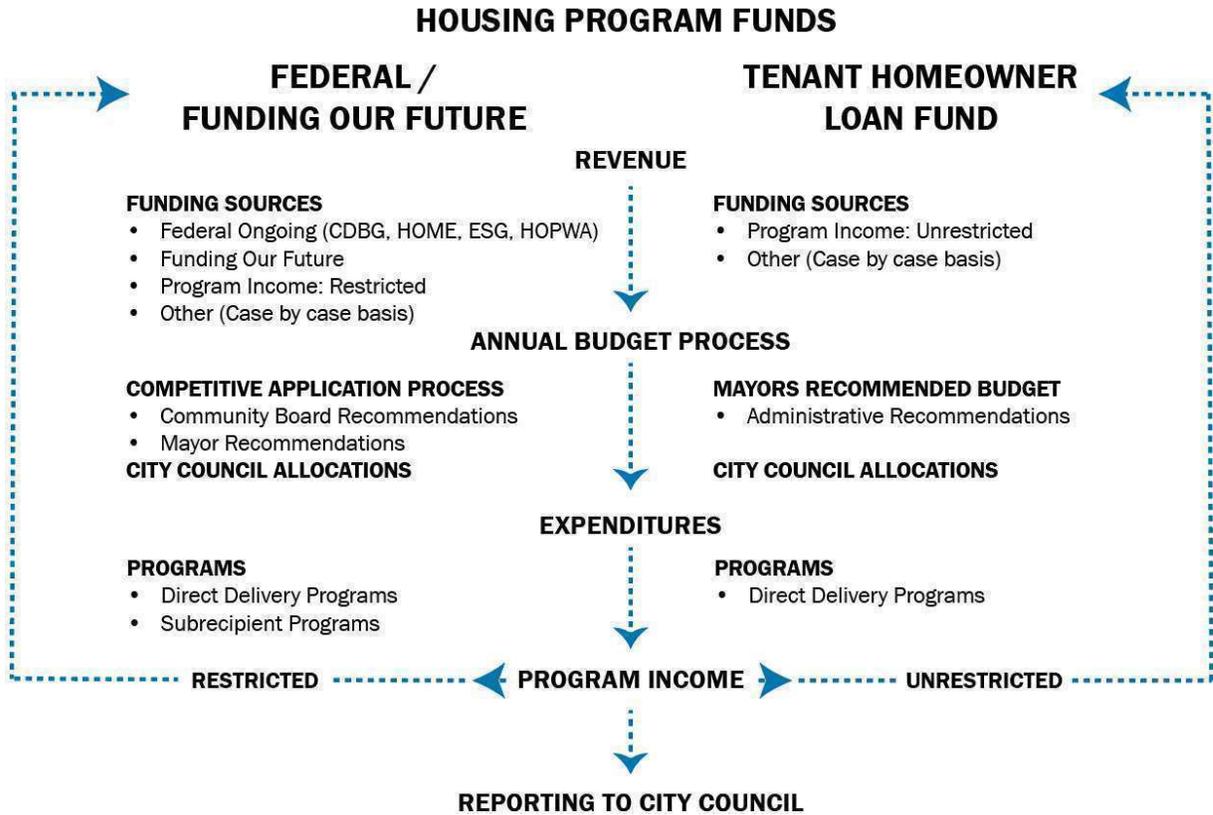
The Housing Program Funds and the THLF shall have financial oversight by the Department of Finance ("Finance"). Finance may conduct periodic audits to ensure that financial activities are conducted transparently and in compliance with regulations and accounting standards.

## **5. TIMELY EXPENDITURE OF FUNDS**

The Housing Program Funds shall be allocated and expended in a timely manner to be responsive to community needs. Federal Ongoing funds shall be expended based on a timeline in accordance with federal regulations. FoF funds shall be expended within two (2) fiscal years from the beginning of the fiscal year in which the funds were budgeted. If FoF are not disbursed within two (2) years, the unspent funding will be recaptured and reallocated through the Competitive Application Process the subsequent fiscal year.

**4.6. REPORTING**

The Mayor’s Administration shall submit a report to the City Council on an annual basis that provides an overview of budget expenditures and associated outcomes. The report shall include a summary of property transactions, loans, grants, and populations served. To keep the identity of individuals, tenants, homeowners confidential, reporting shall include the census block group of the property, household, or individual served rather than the address.



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