



SALT LAKE CITY TRANSMITTAL

To:
Community Reinvestment Agency Chair
Salt Lake City Council Chair

Submission Date:
02/28/2025

Date Sent to Council:
03/03/2025

From:

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Community Reinvestment Agency

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**Community Reinvestment Agency
Director Signature**

DANNY WALE

Mayor's Office Chief of Staff Signature

Rachel Otto

**Community Reinvestment Agency
Director Signed Date**
02/28/2025

Chief of Staff's Signed Date
03/02/2025

Subject:
Wealth Building Notice of Funding Availability Funding Allocations

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Document Type
Resolution

Budget Impact?
☒ Yes
☐ No

Budget Impact:
\$3,252,851

Recommendation:
Recommend that the CRA Board approve a resolution award funding as recommended by the Selection Advisory Committee.

Background/Discussion
The Residential Wealth Building Pilot Program is a new opportunity to support wealth-building through affordable housing. Following the Selection Advisory Committee's recommendations, the Board has the opportunity to consider funding two applications to the program.

Will there need to be a public hearing for this item?*

☐ Yes
☒ No

Public Process

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MAYOR ERIN MENDENHALL
Executive Director



DANNY WALZ
Director

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

STAFF MEMO

DATE: February 28, 2025

PREPARED BY: Browne Sebright, Project Manager and Tracy Tran, Senior Project Manager

RE: Wealth Building Notice of Funding Availability Funding Allocations

REQUESTED ACTION: Consider approving funding allocations for applications received through Residential Wealth Building Notice of Funding Availability

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.

EXECUTIVE SUMMARY: In June of 2024, the Board of Directors (“Board”) of the Community Reinvestment Agency of Salt Lake City (“CRA”) 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 combined these funding sources to support resident wealth-building projects. This funding was allocated through a competitive and transparent public process known as the Residential Wealth Building (“Wealth Building”) Notice of Funding Availability (“NOFA”).

Pursuant to the policies, the CRA administered a transparent application process that resulted in two (2) applications. Applicants submitted requests for funding totaling \$4,000,000 – refer to *Attachment A: Applications Summaries*, and *Attachment B: Proposed Term Sheets* for additional information.

The CRA has evaluated the application submittals, and a Selection Advisory Committee (“Committee”) provided recommendations on funding. This memorandum includes an overview of the process, the goals, a summary of application submittals, and the Committee’s recommendations for the Board’s consideration and determination of funding allocations.

ANALYSIS & ISSUES:
FUNDS AVAILABILITY

The Board has set aside \$3.25 million for this NOFA to fund affordable housing wealth-building opportunities within Salt Lake City boundaries. This funding is available for wealth-building proposals

that may not meet the underwriting terms of the CRA’s annual competitive HDLP NOFA and for piloting proposals that could demonstrate where future targeted financing could be successful.

The funding for this NOFA comes from three separate funds, each with its own restrictions on where or how it can be used. The funding categories and restrictions are listed in the chart below.

<i>Funding Category</i>	<i>Restrictions</i>	<i>Amount</i>
Housing Development Fund	Available within Salt Lake City Boundaries	\$2,000,000
Westside Community Initiative Fund	Available for projects west of I-15	\$835,469
School District Family Housing	Available for projects with 3 or more bedrooms	\$417,382
Total:		\$3,252,851

PROGRAM GOALS

This NOFA aims to support housing developments or programs that help low-to-moderate-income individuals and families access affordable housing wealth-building opportunities such as homeownership and shared equity models that improve their long-term financial viability. The goals of this NOFA include supporting:

- New or existing affordable housing proposals that bridge the wealth gap between renters and homeowners
- Projects that may not meet the underwriting terms of the CRA’s annual Housing Development Loan Program (HDLP) NOFA
- Pilot proposals that could demonstrate where future targeted financing could be successful
- Tools that allow for long-term affordability

RESIDENTIAL WEALTH BUILDING NOFA PROCESS

Below is an overview of the residential wealth building pilot program process:

1. Application Process

Applications were solicited with a NOFA released on October 30, 2024. A copy of the Resident Wealth Building Guidelines that applicants used to apply can be found [here](#).

On November 13, 2024, CRA staff hosted a virtual information session to provide an overview of the application, requirements, and process. Staff recorded the information session and posted the video on the CRA website for those unable to attend. Staff also utilized press releases, website and email communications, social media, and notifications through secondary outlets to publicize the competitive Wealth Building NOFA. Applications were due on or before December 19, 2024.

2. Application Review

Two applications were received for potential funding. The two applications were submitted by Housing Assistance Management Enterprise (HAME), which is a division of the Housing Authority of Salt Lake City (HASLC), and the Community Development Corporation of Utah (CDCU). CRA staff completed an initial review to ensure the applications received met the threshold requirements. The Committee evaluated both applications received for funding recommendation. Summaries of the two applicants’ proposals are provided in *Attachment A*.

Selection Advisory Committee Recommendation: When evaluating the applications, the Committee discussed the financial sustainability of each proposal, transitioning rental units into homeownership, funding flexibility, the impact of affordability restrictions, and the readiness of proposal launch. The Committee recommended the following funding allocations for each project:

- Fully fund CDCU with \$2M
- Partially fund HAME with \$1.25M, with conditions including a two-year time limit requiring further staff details.

3. Funding Allocations, Conditional Commitment, and Funding Distribution

The CRA Board will make the final determination on funding applications. Subsequently, the CRA will issue a conditional commitment letter to those applications that are selected for funding. The conditional commitment letter between the CRA and the applicant will contain the covenants, terms, and conditions upon which the CRA will provide financial assistance to the proposed project once financial, legal, regulatory, and design approvals are obtained. Proposed term sheets for the two projects are provided in *Attachment B*. A resolution authorizing funding allocations for the two projects is provided in *Attachment C*. Prior to disbursing funds, CRA 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.

APPLICATION OVERVIEW:

Applicant:	HAME (HASLC)	CDCU
Proposal:	Northwest Pipeline Rent to Own Program at Northwest Pipeline Building	Down Payment Assistance Loan Fund (citywide)
Requested Funding:	\$2,000,000	\$2,000,000
Funding Type:	Loan	Grant, with interest payments to CRA
Description:	Development of housing; Project anticipates using Historic tax credits and will build upon the HASLC's Family Self Sufficiency (FSS) program to convert the former Salt Lake City Public Safety building to 56 rent-to-own housing units with a mix of studio, 1-, 2-, and 3-bedrooms.	Program provides approximately 20 qualified homebuyers with additional downpayment assistance to purchase a home. This assistance may be tailored to the homeowner's needs, as described in the Use of Funds section below.
Use of Funds:	Subordinate construction and permanent loan	Silent second mortgage product, down payment assistance, and interest rate buydown

Timeline:	Break ground: mid-2026; project completion: mid-2027	Program Start: Summer 2025; funds dispersed by 2026; mortgage products in place for approximately 8-12 years
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PREVIOUS BOARD ACTION:

- *2023:* The City Council established its housing priorities, including wealth-building initiatives, in Housing SLC (adopted June 2023) and Thriving In Place (adopted October 2023).
- *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.

ATTACHMENTS:

- ATTACHMENT A: Application Summaries
- ATTACHMENT B: Proposed Term Sheets
- ATTACHMENT C: Resolution

ATTACHMENT A: APPLICATION SUMMARIES

HAME Rent to Own Program at the Northwest Pipeline Building Summary

Proposal Summary:

- Proposal Title: Rent to Own Program at the Northwest Pipeline Building
- Requested Funding Amount: \$2,000,000
- Proposal Description: Project anticipates using Historic tax credits and will build upon the Housing Authority of Salt Lake City's (HASLC's) Family Self Sufficiency (FSS) program to convert the former Salt Lake City Public Safety building to 56 housing rent to own units with a mix of studio, 1-, 2-, and 3-bedrooms.
- Type of CRA Financing: Subordinate cash flow loan that matches the term of the senior lender with repayment based on the following:
 - NOI during rental phase for units held as rentals
 - Net financing proceeds following unit sales
- Target Population:
 - During the rental period, all units will be affordable to households earning at or below 80% of AMI (56 units)
 - The proposed current unit mix in the rental period includes:
 - 60% of AMI: 12 Units (21%)
 - 80% of AMI: 44 Units (79%)
 - During the ownership period, at least 20% of units are dedicated to households at or below 80% of AMI. The remaining units will be affordable at or below 150% of AMI.
 - The proposed current unit mix in the ownership period includes:
 - 80% of AMI: 15 units (27%)
 - 120% of AMI: 22 units (39%)
 - 150% of AMI: 19 units (34%)
- Use of Funds: construction and soft second position loans as a long-term subsidy to the project
- Project has also applied for \$1M loan from CRA Housing Development Loan Program and applicant proposes that these loan terms match.
- Affordability Period:
 - Proposal does not clearly define the affordability terms for either the rental or ownership periods.
 - As outlined, all units will remain affordable to households making 80% of AMI or less during the duration of the rental period.
 - Affordability restrictions will mirror the requirements of the senior loan, which will likely be at least 20 years but may be as long as 40 years.
 - "Initial thinking" is that there will be an "initial affordability period" when the products convert to ownership. Following this period, the home could transition to market-rate, but with rights of first refusal for HAME/HASLC and the City.

- Timeline:
 - Breaking ground: mid-2026
 - Project completion projected: mid-2027

Expected Impact:

- Homeownership or Rental Model: Rent-to-Own
- Wealth-Building Mechanism:
 - HASLC's Family Self Sufficiency (FSS) program.
 - A 5-year voluntary program provides households vouchers and support, including a path to homeownership.
 - The program places a portion of income increases into an escrow account.
 - The FSS program enables participants to generate savings for the rental phase.
 - Following the rental phase, participants may purchase their unit using a combination of their FSS escrow account savings (estimated to be a minimum of 5% of the purchase price), down payment assistance grants, and traditional financing.
- Long-Term Benefits: Units will have "long-term deed restrictions with a shared equity model to ensure continued ability to serve low- and moderate-income households upon sale of the homes."

Proposal Evaluation:

- Affordability & Accessibility: Program targets low-to-moderate income households. Applicant does not anticipate that every household in the rental phase will participate in the FSS program. HASLC can identify current families in its existing programs with the best potential to become downtown homeowners. Applicant also plans to partner with other ownership organizations to market the opportunity, including NeighborWorks Salt Lake, Community Development Corporation of Utah (CDCU), and Greater Salt Lake Area Habitat for Humanity, as well as local employers such as the University of Utah, Intermountain Health Care, Salt Lake City, and Salt Lake County.
- Scalability & Sustainability:
 - The program builds upon HASLC's existing FSS program and taps into its experience working with approximately 3,000 households and managing 1,600 housing units.
 - Novelty: This proposal will demonstrate proof of concept for pairing FSS with development opportunity sites. HASLC can do this because it is part of the Moving to Work (MTW) Demonstration cohort, enabling it to deploy housing resources more flexibly than other housing authorities.
 - Details of development are still in flux.
- Financial Feasibility: Overall financial feasibility cannot be fully determined until sources of funding are secured and construction costs are solidified.

- The proposal relies on several sources of funding that have not been secured yet, including:
 - Historic Tax Credits (HTC)
 - Transportation Infrastructure Finance and Innovation Act (TIFIA) loan
 - Environmental Protection Agency (EPA) grant
 - Down payment assistance loans, with variable sources
- Construction cost assumptions are very high; per unit costs are modeled at \$799k.

Impact Potential:

- Assumptions, per HASLC's submittal materials:
 - 5-year rental period
 - Average unit sales price: \$370,680
 - 5% downpayment: \$18,534 (savings in FSS program)
 - \$352,146 mortgage, at a 6.5% interest rate, 30-year amortization
 - 0.7% PMI, \$621/month in taxes, insurance, and HOA fees

CDCU Down Payment Assistance Loan Fund Summary

Proposal Summary:

- Proposal Title: CDCU Down Payment Assistance Loan Fund
- Requested Funding Amount: \$2,000,000
- Proposal Description: To provide qualified homebuyers with additional downpayment assistance to purchase a home.
- Type of CRA Financing: Grant, with interest payments to CRA
- Number of Households Served: Approximately 20
- Timeline:
 - Program start: summer 2025;
 - Funds dispersed by summer 2026;
 - Mortgage products in place for approximately 10-12 years;
- Repaid mortgage funds are revolved to future mortgage products, and accrued interest (5%) is paid back to CRA (3%) and CDCU (2%).
- Target Population: Low-to-moderate income, first-time homebuyer households (ranging from 50%-80% of area median income)
- Use of Funds: Silent second mortgage product, down payment assistance, and interest rate buydown.
- Affordability Period: Housing costs will be affordable to homeowners for their tenure of the unit (approximately 10-12 years, on average); additionally, CDCU will require a right of first refusal deed restriction allowing CDCU to purchase the home back and use the returning second mortgage funds to provide funding for the next LMI homebuyer.

Expected Impact:

- Homeownership or Rental Model: Homeownership
- Wealth-Building Mechanism: Mortgage payments act as a form of forced savings, building equity over time. Also, as property values increase in the market, the homeowner will benefit from additional rising equity in their home.
- Long-Term Benefits: Deed restrictions ensure properties will remain attainable to low- and moderate-income households and recycle funding for future affordable homebuyers.

Proposal Evaluation:

- Affordability & Accessibility: Program targets low-to-moderate income households. CDCU has an existing pipeline of clients through their HomeStart program, a list of real estate agents they have worked with for the past 30 years for referrals, and mortgage lenders that rely on CDCU to give their clients a boost in down payment assistance and/or home readiness counseling.
- Scalability & Sustainability:

- Program builds upon CDCU's existing Down Payment Assistance program, with notable changes. Program could be expanded by leveraging additional funding sources. Program is fiscally sustainable, although funds will be 'locked' in place for the tenure of each household, which may be 10-12 years, on average.
- CDCU has a comprehensive set of services to help with moderate income homebuyers.
- Financial Feasibility:
 - CDCU proposes leveraging CRA funding to seek additional funding for this loan pool. Potential additional sources include US Treasury funding, CRA banking partners, and private foundations.
 - Funds do not get repaid to CRA, except for a portion of the interest proceeds, which will happen only upon refinance or sale of unit.

Impact Potential:

- Assumptions, per CDCU's Loan Scenario:
 - Present home value: \$420,000
 - \$90,000 in down payment assistance with 5% interest
 - \$348,500 mortgage, at a 6% interest rate
 - Payoff of first mortgage in 8 years
- Calculations:
 - End home value: \$499,000 (2.5%/yr)
 - Total debt repayment at sale of home: \$436,125
 - End silent second balance: \$127,125 (\$90,000 from the principal and \$37,125 in accrued interest)

ATTACHMENT B: TERM SHEETS

HAME RENT-TO-OWN PROGRAM AT THE NORTHWEST PIPELINE BUILDING PROPOSED TERM SHEET

Purpose

To allocate \$1,252,851 million in funds to Housing Assistance Management Enterprise (HAME) for the development of 56 units of rent-to-own housing at the Northwest Pipeline Building (315 E 200 S).

Parties

Housing Assistance Management Enterprise (“HAME” or “Recipient”), the Housing Authority of Salt Lake City (“HASLC”), and the Salt Lake City Community Reinvestment Agency (“CRA”).

Program Description

HAME shall close on the funds by March 31, 2027, to develop the site in the Central City neighborhood. Any funds not closed by this date shall be returned to the CRA. HAME will develop the project to create affordable, rent-to-own units, with a minimum of 56 residential units.

Eligible Activities

The funds shall be used for hard construction costs, site improvements, and related soft costs.

Proposed Funding Terms

\$1,252,851 will be allocated in the form of a conditional loan for the development of affordable, rent-to-own housing units as part of the affordable housing project named above.

- 2% interest rate
- 40-year term
- NOI cash flow repayments during the rental phase
- Net financing proceeds following unit sales

Affordability and Compliance

- During the rental period, all units will be affordable to households earning at or below 80% of AMI (56 units).
 - The proposed current unit mix in the rental period includes:
 - 60% of AMI: 12 Units (21%)
 - 80 of AMI: 44 Units (79%)
- During the ownership period, at least 20% of units must be dedicated to households at or below 80% of AMI. The remaining units will be affordable at or below 150% of AMI.
 - The proposed current unit mix in the ownership period includes:
 - 80% of AMI: 15 units (27%)
 - 120% of AMI: 22 units (39%)
 - 150% of AMI: 19 units (34%)
- Total monthly housing costs (including mortgage, property taxes, insurance, utilities, and HOA dues) may not exceed 30% of a household’s gross income.

Ownership Requirements

- Units must be developed, platted, and rented initially as individual units in conjunction with HASLC's Family Self Sufficiency (FSS) program, enabling eventual individual unit ownership.
- Upon conversion to for-sale units, each unit shall be restricted for primary owner-occupancy through deed restriction, ground lease agreements, or similar restrictive-use agreements.
 - Rental of entire units designed for owner-occupancy shall not be permitted.
 - Short-term rental of any portion of each unit (for periods of 30 days or less) shall not be permitted.

Homeowners Association (HOA) Oversight

The CRA shall have the right to review and approve HOA governance documents.

Sustainability

The project must comply with CRA Sustainable Development Policy which requires that all new construction projects will achieve a Designed to Earn the ENERGY STAR score of 90 or more, participate in the City's Elevate Buildings Program, and be designed to operate without onsite fossil fuel combustion.

Reporting and Accountability

Recipient shall provide quarterly progress reports through construction, rental, and sale of the units to the CRA detailing the use of funds, project development status, and HOA formation progress.

Conditions to Fund

HAME must meet the following conditions to close on the loan:

- Evidence of site/location control as demonstrated through ownership, option, sale agreement, or long-term lease.
- Disclosure of identity of interest relationships with each project.
- Sufficient and appropriate sources of project financing for each project, including letters of commitment for additional funding.
- Per unit sales price for the 20% of affordable units does not exceed 80% AMI, including all housing costs. CRA review and approval of proforma including capital stack for construction of units and projected sale prices.
- Evidence that CRA funds will be repaid in appropriate timeframe.
- CRA review and approval of Building plans.
- Evidence and CRA approval of a home-owner selection plan/tenant selection process.
- Use of funds strictly for Eligible Activities related to the project.
- HAME obtains all required city approvals and building permits for each project.
- Project secures all necessary funding to construct, rent, and sell the units within the required affordability levels.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet project obligations or completion deadlines.

- Failure to construct one or more of the projects within the timeframe provided in the funding agreement.
- Failure to maintain the affordability, including resale price restrictions, as required under the restrictive use agreements and covenants.
- Failure to provide regular development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Misuse or misappropriation of funds.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if HAME fails to cure in the event of a default may include, but are not limited to:

- If HAME does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against HAME to comply with their obligations.
 - Any other remedies available at law or equity.

CDCU DOWN PAYMENT ASSISTANCE LOAN FUND PROPOSED TERM SHEET

Purpose

To allocate \$2,000,000 million in funds to the Community Development Corporation of Utah (CDCU) for the administration and delivery of a first-time homebuyer down payment assistance program.

Parties

Community Development Corporation of Utah ("CDCU" or "Recipient") and the Salt Lake City Community Reinvestment Agency ("CRA").

Program Description

CDCU shall make all reasonable efforts to disperse all loan funds by March 31, 2027, to administer a first-time homebuyer program for Salt Lake City as a whole and for Salt Lake City's Westside. This shall be accomplished by providing homeowners with a silent second mortgage product, used for down payment assistance, closing costs, and interest-rate buydowns.

Eligible Activities

CRA funds will be used for a revolving loan fund for the purpose of providing first-time homebuyers with down payment assistance in Salt Lake City municipal boundaries and west of I-15 in Salt Lake City.

Proposed Funding Terms

\$2,000,000 will be allocated in two accounts based on their source of funding.

- Amount: A total of \$2,000,000
 - City-wide funds: \$1,164,531
 - Westside (west of I-15): \$835,469

The CRA will disburse funds to CDCU on a per-homebuyer basis. Each installment will equal the amount required to fund the homebuyer's silent second mortgage product, down payment assistance, or interest-rate buydown, contingent upon adherence to the requirements and conditions outlined below.

CRA funds contributed to the program's revolving loan fund, will become property of CDCU. Any funds not distributed through this program will revert back to the CRA on June 30, 2027. Principal and interest payments made back into the revolving loan fund will be split between the CRA (3%) and CDCU (2%).

CDCU will notify CRA of any additional sources of program financing, including letters of commitment for additional funding.

Affordability

The target population is low-to-moderate income, first-time homebuyer households at or below 80% of area median income. Total monthly housing costs (including mortgage, property taxes, insurance, utilities, and HOA dues) may not exceed 45% of a household's gross income. The loan will be underwritten according to CDCU Loan Policies and Procedures and will require borrower to attend one-on-one home purchase counseling, which includes a budget and credit session as well as post-home purchase counseling to ensure homebuyer success.

CDCU will charge 2% origination fee for administering the program. This amount can be financed with the DPA loan. The interest rate for participants will be 5.0%. The term of loans to participants will match first mortgage (typically 30 years). No payments from participants will be required until the transfer of property or end of term.

Ownership Requirements

- Units shall be restricted for primary owner-occupancy through deed restriction, or similar restrictive-use agreements.
 - Rental of entire units designed for owner-occupancy shall not be permitted.
 - CDCU shall require a right-of-first-refusal deed restriction allowing CDCU to purchase the home back and use the returning second mortgage funds to provide funding for the next LMI homebuyer.

Sustainability

As funds spent on Eligible Activities will generally be used to acquire existing housing units and loan amounts will be less than \$200,000 per loan recipient, the CRA anticipates that the Sustainable Development Policy will be inapplicable to most loans under the Down Payment Assistance program. However, in the event that funds are spent on Eligible Activities involving new construction, CDCU shall require that development to follow the CRA Sustainable Development Policy.

Reporting and Accountability

- CDCU shall provide quarterly progress reports through the administration of the program.
- Quarterly reports should include, but are not limited to, the following items:
 - Number of down payment assistance loan applications
 - Number of down payment assistance loan applicants who meet threshold requirements
 - Number of down payment assistance loan commitments made
 - Number of down payment assistance loans closed
 - Details of each down payment assistance loan funded
 - Location of property
 - Total mortgage amount of each property
 - Size of unit (bedrooms, bathrooms, lot size)
 - Requested amount
 - Funded amount
 - Household size
 - Household income/AMI level

- Compliance of purchased unit
 - Percent of units in compliance
 - Report of units not in compliance, if any

Conditions to Fund

The funding is provided with the following pre-conditions that CDCU must meet to receive funding:

- Evidence and CRA approval of an affordability compliance process.
- Use of funds strictly for Eligible Activities related to the project.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet program obligations or deadlines in the judgment of CRA.
- Failure to monitor/maintain the affordability requirements to the satisfaction of the CRA.
- Failure to provide quarterly development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Any use or appropriation of funds not in strict compliance with this term sheet or other agreement with the CRA.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if CDCU fails to cure in the event of a default may include, but are not limited to:

- If CDCU does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against CDCU to comply with their obligations.
 - Any other remedies available at law or equity.

ATTACHMENT C: RESOLUTION

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

RESOLUTION NO. _____

**AFFORDABLE HOUSING – RESIDENTIAL WEALTH BUILDING PILOT
PROGRAM FUNDING ALLOCATIONS**

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

WHEREAS, the Salt Lake City Community Reinvestment Agency (**CRA**) 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, on February 8, 2022, the CRA Board of Directors (“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 (“Housing Funds”).

WHEREAS, on June 13, 2023, the Salt Lake City Council (“Council”) adopted Housing SLC, a plan to guide the City’s housing-related efforts over the next 5 years, highlighting the need for shared-equity models and homeownership opportunities.

WHEREAS, on October 17, 2023, the Council adopted Thriving in Place, the City’s anti-displacement strategy, which calls for a broad set of tools to address the multiple factors that drive displacement and to create long-term solutions that can help residents and communities remain in place.

WHEREAS, on June 11, 2024, the Board adopted the FY 2024-2025 Budget, allocating \$2,000,000 of Housing Development Fund and \$835,469 from West Side Community Initiative money to support wealth-building through affordable housing. At the same time, the CRA board allocated \$417,382 of Salt Lake City School District tax increment for initiatives that provide family and workforce housing with three or more bedrooms.

WHEREAS, through a Notice of Funding Availability (“NOFA”), the CRA administered a funding application and review process to fund affordable housing developments and proposals that help low-and-moderate-income individuals and families access affordable wealth building opportunities. This Residential Wealth Building Pilot Program was administered pursuant to the CRA’s Housing Funding Priorities for Fiscal Year 2024-2025 set forth in R-2-2024 (“Funding Priorities”) that resulted in two eligible requests for funding totaling \$4,000,000 (the “Wealth Building Applications”).

WHEREAS, on February 13, 2025, a Selection Advisory Committee reviewed the Wealth building Applications, and recommended funding allocations and preliminary terms as further described in on Exhibit A.

WHEREAS, based on the Selection Advisory Committee's recommendations, CRA 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 Exhibits B1 and B2, the CRA shall provide a 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 CRA, to finalize the terms.

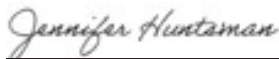
WHEREAS, applicants that successfully meet the requirements in Exhibit B1 and B2 shall be invited to close on the funding.

NOW, THEREFORE, BE IT RESOLVED by the Board that it approves the funding allocations and preliminary terms as further described in Exhibits B1 and B2, subject to revisions that do not materially affect the rights and obligations of the CRA 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 funding agreements, and other relevant documents consistent with the funding allocations and preliminary terms contained on Exhibits B1 and B2 and incorporating such other terms and conditions as recommended by the City Attorney's office.

Passed by the Board of Directors of the Salt Lake City Community Reinvestment Agency, this ____ day of _____, 2025.

Darin Mano, Chair

Approved as to form: _____



Salt Lake City Attorney's Office
Jennifer Huntsman
Date: 2/28/2025

The Executive Director:

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

Erin Mendenhall, Executive Director

Attest:

City Recorder

EXHIBIT A: THE SELECTION ADVISORY COMMITTEE RECOMMENDED RESIDENTIAL WEALTH BUILDING FUNDING ALLOCATIONS

The Selection Advisory Committee recommends that funding be allocated to projects as outlined below:

PROJECT/ APPLICANT	ADDRESS	ELIGIBLE PROJECT TYPE	FUNDING REQUEST	PRELIMINARY TERMS*	HOUSING DEVELOPMENT LOAN FUND	WESTSIDE COMMUNITY INITIATIVE	SCHOOL DISTRICT FAMILY HOUSING	TOTAL FUNDING RECOMMENDATION
Rent to Own Program at the Northwest Pipeline Building - <i>Housing Assistance Management Enterprise (HAME)</i>	315 E 200 S	Rent-to-Own	\$2,000,000	2% interest rate, 40-year term, cash flow repayments, repayment through unit sales.	\$835,469		\$417,382	\$1,252,851
Down Payment Assistance Loan Fund Fact Sheet - <i>Community Development Corporation of Utah (CDCU)</i>	Multi-Site	Down Payment Assistance Program	\$2,000,000	Grant; CRA receives a portion of interest payments (3%)	\$1,164,531	\$835,469		\$2,000,000
TOTAL			\$4,000,000		\$2,000,000	\$835,469	\$417,382	\$3,252,851

**EXHIBIT B1:
HAME RENT-TO-OWN PROGRAM AT THE NORTHWEST PIPELINE BUILDING
PROPOSED TERM SHEET**

Purpose

To allocate \$1,252,851 million in funds to Housing Assistance Management Enterprise (HAME) for the development of 56 units of rent-to-own housing at the Northwest Pipeline Building (315 E 200 S).

Parties

Housing Assistance Management Enterprise (“HAME” or "Recipient"), the Housing Authority of Salt Lake City (“HASLC”), and the Salt Lake City Community Reinvestment Agency (“CRA”).

Program Description

HAME shall close on the funds by March 31, 2027, to develop the site in the Central City neighborhood. Any funds not closed by this date shall be returned to the CRA. HAME will develop the project to create affordable, rent-to-own units, with a minimum of 56 residential units.

Eligible Activities

The funds shall be used for hard construction costs, site improvements, and related soft costs.

Proposed Funding Terms

\$1,252,851 will be allocated in the form of a conditional loan for the development of affordable, rent-to-own housing units as part of the affordable housing project named above.

- 2% interest rate
- Match term of permanent senior debt, up to 40-year term
- NOI cash flow repayments during the rental phase
- Net financing proceeds following unit sales

Affordability and Compliance

- During the rental period, all units will be affordable to households earning at or below 80% of AMI (56 units).
 - The proposed current unit mix in the rental period includes:
 - 60% of AMI: 12 Units (21%)
 - 80 of AMI: 44 Units (79%)
- During the ownership period, at least 20% of units must be dedicated to households at or below 80% of AMI. The remaining units will be affordable at or below 150% of AMI.
 - The proposed current unit mix in the ownership period includes:
 - 80% of AMI: 15 units (27%)
 - 120% of AMI: 22 units (39%)
 - 150% of AMI: 19 units (34%)

- Total monthly housing costs (including mortgage, property taxes, insurance, utilities, and HOA dues) may not exceed 30% of a household's gross income.

Ownership Requirements

- Units must be developed, platted, and rented initially as individual units in conjunction with HASLC's Family Self Sufficiency (FSS) program, enabling eventual individual unit ownership.
- Upon conversion to for-sale units, each unit shall be restricted for primary owner-occupancy through deed restriction, ground lease agreements, or similar restrictive-use agreements.
 - Rental of entire units designed for owner-occupancy shall not be permitted.
 - Short-term rental of any portion of each unit (for periods of 30 days or less) shall not be permitted.

Homeowners Association (HOA) Oversight

The CRA shall have the right to review and approve HOA governance documents.

Sustainability

The project must comply with CRA Sustainable Development Policy which requires that all new construction projects will achieve a Designed to Earn the ENERGY STAR score of 90 or more, participate in the City's Elevate Buildings Program, and be designed to operate without onsite fossil fuel combustion.

Reporting and Accountability

Recipient shall provide quarterly progress reports through construction, rental, and sale of the units to the CRA detailing the use of funds, project development status, and HOA formation progress.

Conditions to Fund

HAME must meet the following conditions to close on the loan:

- Evidence of site/location control as demonstrated through ownership, option, sale agreement, or long-term lease.
- Disclosure of identity of interest relationships with each project.
- Sufficient and appropriate sources of project financing for each project, including letters of commitment for additional funding.
- Per unit sales price for the 20% of affordable units does not exceed 80% AMI, including all housing costs . CRA review and approval of proforma including capital stack for construction of units and projected sale prices.
- Evidence that CRA funds will be repaid in appropriate timeframe.
- CRA review and approval of Building plans.
- Evidence and CRA approval of a home-owner selection plan/tenant selection process.
- Use of funds strictly for Eligible Activities related to the project.
- HAME obtains all required city approvals and building permits for each project.

- Project secures all necessary funding to construct, rent, and sell the units within the required affordability levels.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet project obligations or completion deadlines.
- Failure to construct one or more of the projects within the timeframe provided in the funding agreement.
- Failure to maintain the affordability, including resale price restrictions, as required under the restrictive use agreements and covenants.
- Failure to provide regular development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Misuse or misappropriation of funds.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if HAME fails to cure in the event of a default may include, but are not limited to:

- If HAME does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against HAME to comply with their obligations.
 - Any other remedies available at law or equity.

**EXHIBIT B2:
CDCU DOWN PAYMENT ASSISTANCE LOAN FUND
PROPOSED TERM SHEET**

Purpose

To allocate \$2,000,000 million in funds to the Community Development Corporation of Utah (CDCU) for the administration and delivery of a first-time homebuyer down payment assistance program.

Parties

Community Development Corporation of Utah (“CDCU” or "Recipient") and the Salt Lake City Community Reinvestment Agency (“CRA”).

Program Description

CDCU shall make all reasonable efforts to disperse all loan funds by March 31, 2027, to administer a first-time homebuyer program for Salt Lake City as a whole and for Salt Lake City’s Westside. This shall be accomplished by providing homeowners with a silent second mortgage product, used for down payment assistance, closing costs, and interest-rate buydowns.

Eligible Activities

CRA funds will be used for a revolving loan fund for the purpose of providing first-time homebuyers with down payment assistance in Salt Lake City municipal boundaries and west of I-15 in Salt Lake City.

CDCU will notify CRA of any additional sources of program financing, including letters of commitment for additional funding.

Proposed Funding Terms

\$2,000,000 will be allocated in two accounts based on their source of funding.

- Amount: A total of \$2,000,000
 - City-wide funds: \$1,164,531
 - Westside (west of I-15): \$835,469

The CRA will disburse funds to CDCU on a per-homebuyer basis. Each installment will equal the amount required to fund the homebuyer’s silent second mortgage product, down payment assistance, or interest-rate buydown, contingent upon adherence to the requirements and conditions outlined below.

CRA funds contributed to the program’s revolving loan fund, will become property of CDCU. Any funds not distributed through this program will revert back to the CRA on June 30, 2027. Mortgage and interest payments made back into the revolving loan fund will be split between the CRA (3%) and CDCU (2%).

Affordability and Compliance

The target population is low-to-moderate income, first-time homebuyer households at or below 80% of area median income. Total monthly housing costs (including mortgage, property taxes, insurance, utilities, and HOA dues) may not exceed 45% of a household's gross income. The loan will be underwritten according to CDCU Loan Policies and Procedures and will require borrower to attend one-on-one home purchase counseling, which includes a budget and credit session as well as post-home purchase counseling to ensure homebuyer success.

CDCU will charge 2% origination fee for administering the program. This amount can be financed with the DPA loan. The interest rate for participants will be 5.0%. The term of loans to participants will match first mortgage (typically 30 years). No payments from participants will be required until the transfer of property or end of term.

Ownership Requirements

- Units shall be restricted for primary owner-occupancy through deed restriction or similar restrictive-use agreements.
 - Rental of entire units designed for owner-occupancy shall not be permitted.
 - CDCU shall require a right-of-first-refusal deed restriction allowing CDCU to purchase the home back and use the returning second mortgage funds to provide funding for the next LMI homebuyer.

Sustainability

As funds spent on Eligible Activities will generally be used to acquire existing housing units and loan amounts will be less than \$200,000 per loan recipient, the CRA anticipates that the Sustainable Development Policy will be inapplicable to most loans under the Down Payment Assistance program. However, in the event that funds are spent on Eligible Activities involving new construction, CDCU shall require that development to follow the CRA Sustainable Development Policy.

Reporting and Accountability

- CDCU shall provide quarterly progress reports through the administration of the program.
- Quarterly reports should include, but are not limited to, the following items:
 - Number of down payment assistance loan applications
 - Number of down payment assistance loan applicants who meet threshold requirements
 - Number of down payment assistance loan commitments made
 - Number of down payment assistance loans closed
 - Details of each down payment assistance loan funded
 - Location of property
 - Total mortgage amount of each property
 - Size of unit (bedrooms, bathrooms, lot size)
 - Requested amount
 - Funded amount
 - Household size

- Household income/AMI level
- Compliance of purchased unit
 - Percent of units compliance
 - Report of units not in compliance, if any

Conditions to Fund

The funding is provided with the following pre-conditions that CDCU must meet to receive funding:

- Evidence and CRA approval of an affordability compliance process.
- Use of funds strictly for Eligible Activities related to the project.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet program obligations or deadlines in the judgment of CRA.
- Failure to monitor/maintain the affordability requirements to the satisfaction of the CRA.
- Failure to provide quarterly development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Any use or appropriation of funds not in strict compliance with this term sheet or other agreement with the CRA.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if CDCU fails to cure in the event of a default may include, but are not limited to:

- If CDCU does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against CDCU to comply with their obligations.
 - Any other remedies available at law or equity.

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