

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY
RESIDENTIAL WEALTH BUILDING NOTICE OF FUNDING AVAILABILITY
PILOT PROGRAM COMPETITIVE APPLICATIONS

CRA BOARD MEETING – MARCH 18, 2025



BACKGROUND

CHALLENGES FOR WEALTH BUILDING IN SLC

Renting vs. Owning

- Average homeowner's net worth in the US: \$396,200
- Average renter's net worth in the US: \$10,400

Homeownership is Out of Reach

- SLC is a Majority-Renter City
- High-Interest Rate Environment
 - Median Mortgage Rate is above 6%
- High Home Prices
 - Median Home Price is more than \$530,000
- Limited New For-Sale Housing Development



BACKGROUND

PROGRAM GOALS

- Support housing developments and proposals that help LMI individuals and families access affordable wealth-building opportunities (homeownership and shared equity models)
- Support to new or existing affordable housing proposals that bridge the wealth gap between renters and homeowners
- Support proposals that may not meet the underwriting terms of the RDA's annual HDLP NOFA
- Pilot program that could demonstrate where future targeted financing could be successful



RESIDENTIAL WEALTHBUILDING NOFA OVERVIEW

APPLICATION PROCESS

- \$3.25M Available
- Competitive Process
- Applications Released: *October 30, 2024*
- Information Session: *November 13, 2024*
- Applications Due: *December 19, 2024*

APPLICATION SUMMARY

- 2 applications received, both eligible for Wealth Building funding:
 - HAME: Rent to Own Program at Northwest Pipeline
 - CDCU Down Payment Assistance Loan Fund
- \$4,000,000 total eligible funding request



RESIDENTIAL WEALTH BUILDING PILOT PROGRAM



RELEASE DATE October 30, 2024 APPLICATION DEADLINE December 19, 2024
AMENDED November 22, 2024

NOTICE OF FUNDING AVAILABILITY

[SLCRDA.COM/DEVELOPMENT-OPPORTUNITIES](https://slcrda.com/development-opportunities)

THRESHOLDS REQUIREMENTS

ELIGIBLE APPLICANTS: Projects Private incorporated non-profit agencies with IRS 501(c) designation; Public housing agencies or units of government; or For-profit corporations, partnerships, joint ventures, or sole proprietors.

PROPOSAL TYPES: Rent-to-own developments; Sweat-equity homes; conversions of existing rental properties to condos or co-ops; Tenant shared-equity models; Live-work units; Cohousing; Land trusts; Sleeping/Silent second mortgage products; Down payment assistance; Interest rate buydowns; Credit rate repair programs.

ELIGIBLE AREA: Proposals must be located and/or provide services in Salt Lake City boundaries. The Westside Community Initiative funds by be spent west of I-15.

SUSTAINABILITY: Projects required to be designed to achieve a “Designed to Earn the Energy Star” Score of 90 or higher, contain no onsite fossil fuel combustion, and participate in the City’s Elevate Buildings program once the building is operating.



PROJECT PRIORITIES

HOUSING DEVELOPMENT PRIORITIES: USED TO EVALUATE DEVELOPMENT PROJECTS

- **Family Housing with Amenities for Children**
- **Expand Opportunity**
- **Neighborhood Commercial & Services**
- Affordable Housing Preservation
- Architecture and Urban Design
- Historic Preservation/Adaptive Reuse
- Missing Middle & Unique Housing Types
- Neighborhood Safety
- Public Art
- Public Space
- Sustainability
- Transportation Opportunities



APPLICATION REVIEW

PROPOSAL EVALUATION

- Narrative Completeness
- Tenant Selection Plan and Procedures
- Relevant Experience
- Alignment with Program Goals
- Number of Beneficiaries
- Community Needs
- New Units to Market
- Affordable Housing
- Budget Feasibility
- Funding Leveraging
- Competitiveness of Pricing
- Utilization of CRA Funds
- Readiness
- Sustainability
- Administrative Burden
- Novel Methods



RESIDENTIAL WEALTH BUILDING PILOT PROGRAM



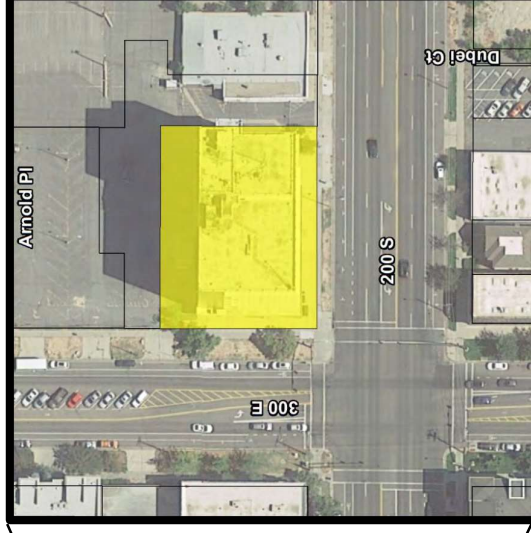
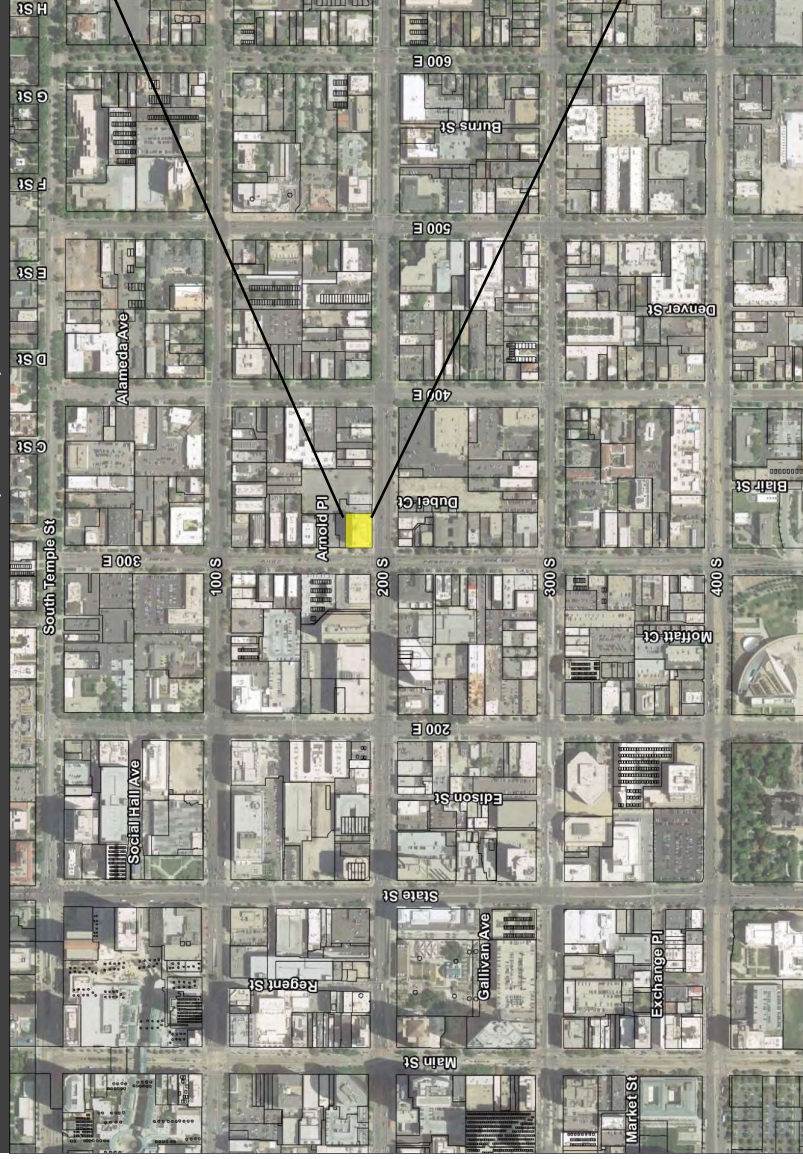
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APPLICATION REVIEW: HASLC (HAME)



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PROPOSAL: HAME RENT TO OWN PROGRAM AT THE NORTHWEST PIPELINE BUILDING

- Requested Funding Amount: \$2,000,000
- Use of Funds: construction and soft second position loans as a long-term subsidy to the project
- Type of CRA Financing: Subordinate cash flow loan that matches the term of the senior lender with repayment based on NOI during rental phase for units held as rentals and net financing proceeds following unit sales
- Target Population:
 - 56 Units / Households
 - During the rental period, all units will be affordable to households earning at or below 80% of AMI (56 units)
 - 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 rental period includes:
 - 60% of AMI: 12 Units (21%)
 - 80 of AMI: 44 Units (79%)
 - 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%)



APPLICATION REVIEW: CDCU

PROPOSAL: CDCU DOWN PAYMENT ASSISTANCE LOAN FUND

- Requested Funding Amount: \$2,000,000
- Use of Funds: Silent second mortgage product, down payment assistance, and interest rate buydown.
- Type of CRA Financing: Grant, with interest payments to CRA
 - Repaid mortgage funds are revolved to future mortgage products, and accrued interest (5%) is paid back to CRA (3%) and CDCU (2%).
- Target Population:
 - Approx. 20 Households Served
 - Low-to-moderate income, first-time homebuyer households (ranging from 50%-80% of area median income)



RESIDENTIAL WEALTHBUILDING NOFA OVERVIEW

FUNDS AVAILABLE

- Total: \$3.25M*

COMPETITIVE FUNDS CATEGORY	RESTRICTIONS	AMOUNT
RDA Housing Development Loan Fund	Available within Salt Lake City Boundaries	\$2,000,000
RDA Westside Community Initiative	Available for projects west of I-15	\$835,469
RDA School District Required Family Housing 3+ Bedrooms	Available for projects with 3 or more bedrooms	\$417,382
TOTAL:		\$3,252,851



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SELECTION ADVISORY COMMITTEE RECOMMENDATION

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

CONSIDERATIONS

- Board to consider approving a resolution and term sheets authorizing the CRA Staff to negotiate and execute funding agreements with the Community Development Corporation of Utah (CDCU) and Housing Assistance Management Enterprise (HAME) for residential wealth-building proposals.

