



BOARD STAFF REPORT

THE COMMUNITY REINVESTMENT AGENCY of SALT LAKE CITY

TO: RDA Board Members

FROM: Allison Rowland
Senior Budget & Policy Analyst

DATE: March 18, 2025

**RE: RESOLUTION: HOUSING DEVELOPMENT LOAN PROGRAM (HDLP) ALLOCATIONS
FOR FISCAL YEAR 2024-2025 FUNDS**

Item Schedule:

Briefing: March 18, 2025

Set Date: N/A

Public Hearing: N/A

Potential Action: March 18, 2025

ISSUE-AT-A-GLANCE

The Board will review and potentially approve recommendations for allocating up to \$5.77 million in affordable housing funds offered through a Notice of Funding Availability (NOFA) issued last year. The purpose of these low-interest loans is to incentivize the inclusion of affordable housing in new construction and in preservation/rehabilitation projects. The five applications forwarded to the Board requested a total of nearly \$7.5 million, and the CRA Finance Committee recommended funding four of these with available funds (see Attachment C1 for summary). The Board makes the final determination of which applications to fund and for what amount. Together, the projects recommended for funding would provide 482 units of new affordable housing.

Goal of the briefing: Discuss and consider adopting the Resolution entitled Affordable Housing – FY2024-2025 Competitive Housing Development Loan Program (HDLP) Funding Allocations.

ADDITIONAL INFORMATION

- A. Process Overview.** Since 2018, the CRA has released multiple NOFAs to facilitate the development of affordable housing units in Salt Lake City. The FY24 NOFA was released on October 30, 2024, and applications were due on December 19, 2024. This year, the five HDLP applications recommended to the Board requested a total of \$7.75 million. CRA staff indicated that four other applications were submitted but were later withdrawn, so they are not included in their transmittal.
- B. Available Funding.** The \$5.77 million in available funding this year includes \$4.59 million approved by the Board in 2024 as part of the FY25 CRA budget, plus one-time funding of \$475,330 in HOME Community Development Housing Organization funds from the Housing Stability Division (see policy

question XX below). If the Board chooses, an additional \$710,000, which became available when the loan for a project approved for FY24 was rescinded. (The developer for Project Open 3 was able to make the project work without the HDLP funding.)

Funds Availability	Total Available	Recommended Funding	Funds Remaining
CRA HDLP Funds	\$4,586,859	\$4,241,714	\$ -
Possible Additional CRA Funds (rescinded application)	\$710,000	\$710,000	\$ -
HOME Community Housing Development Organization (CHDO) Funds	\$475,330	\$0	\$475,330
Total Potential HDLP Funds	\$5,772,189	\$5,296,859	\$475,330

The \$475,330 remaining in the HDLP would result from receiving no applications that would meet the relatively narrow criteria for the U.S. Department of Housing and Urban Development’s HOME Community Housing Development Organization Funds. These funds may be used only for projects that are owned, developed, or sponsored by a nonprofit that qualifies as a Community Housing Development Organization (CHDO), as defined in Federal regulations. The Housing Stability Division in the Community and Neighborhoods Department (CAN) has worked to recruit new CHDOs over the years, but local organizations typically do not meet the regulatory requirements. If no qualified applications for these funds are received in the next two years, HUD regulations allow them to be recaptured and proposed for reallocation during the next annual HUD application process through the HDLP as regular HOME funds. The Housing Stability Division has not initiated such a process in the past.

- C. Project Evaluation.** As part of the application review process, CRA staff analyzes applications first to ensure they meet the HDLP eligibility requirements. The CRA Finance Committee then considers the Board’s funding priorities, along with factors related to the feasibility and technical qualities of each application. These include developer experience, the completeness and quality of the application, the amount of requested funding per affordable unit, the unit mix, community impact, and the financial and regulatory readiness of the proposed project.

All of the eligible applications were reviewed and ranked by the CRA Finance Committee, and their specific recommendations for allocating \$4.95 million of the \$5.77 million available are summarized in Attachment C1. Four of the five applications were recommended for HDLP funding. Of those four, three were recommended for the full amounts requested, and one was recommended for less than the full amount. All four of the recommended projects include both 2- and 3-bedroom units, and together they would provide 108 new 2-bedroom units and 79 new 3-bedroom units.

The only project that the Finance Committee did not recommend for any funding was Flats at Folsom, which includes only studio and one-bedroom units.

POLICY QUESTIONS

1. The funding application for the North West Pipeline project is from Housing Assistance Management Enterprise (HAME), which also applied for fundings in the separate Wealth-Building NOFA (also to be

discussed on March 18). The Council may wish to discuss with the CRA the potential advantages and risks of funding both applications.

2. All of the proposed projects intend to apply for 4% tax credits. Board Members may wish to inquire whether any or all these projects will be viable if these tax credits are not approved.
3. In past years, many HDLP projects included at least some market rate units, but this year they do not. Would Board Members like to discuss with RDA staff the potential causes of this change, and whether there are significant benefits to including market rate units in HDLP-funded projects?
4. This year, for the first time, potential ownership units are recommended for funding through the CRA. ***The Board may wish to discuss questions like those listed below.***
 - a. Is the HDLP structured in a way that facilitates applications for home ownership projects?
 - b. What are the key differences between rental projects and home ownership projects? Examples may include income and wealth levels of potential residents, unit sizes, etc.
 - c. What are the potential benefits and disadvantages for the City of funding home ownership projects versus rental projects?
 - d. Are there models of home ownership or wealth-building that Board Members have encountered elsewhere which they would like CRA staff to research?
5. The projects reviewed by the CRA Finance Committee would be charged interest rates that range from 1% to 2.5%. In the context of continued high interest rates in the broader economy (relative to recent previous decades), ***would the Board like to discuss the potential advantages and disadvantages of changing how the Base Interest Rate is set for HDLP loans?***

ATTACHMENTS

Attachment C1. Summary of CRA Finance Committee Recommended FY25 HDLP Funding.