



SALT LAKE CITY TRANSMITTAL

To:
Community Reinvestment Agency Chair
Salt Lake City Council Chair

Submission Date:
05/23/2025

Date Sent to Council:
05/23/2025

From:

Department*
Community Reinvestment Agency

Employee Name:
Fenton, Meghan

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Meghan.Fenton@slc.gov

**Community Reinvestment Agency
Director Signature**

DANNY WALE

Mayor's Office Chief of Staff Signature

Rachel Otto

**Community Reinvestment Agency
Director Signed Date**
05/23/2025

Chief of Staff's Signed Date
05/23/2025

Subject:
Partnership with NeighborWorks Salt Lake for Shared Equity Workforce Housing

Additional Staff Contact:

Presenters/Staff Table
Tracy Tran tracy.tran@slc.gov
Browne Sebright browne.sebright@slc.gov

Document Type
Resolution

Budget Impact?
☒ Yes
☐ No

Budget Impact:
2,100,000

Recommendation:
Staff recommends the CRA and NeighborWorks execute a funding agreement with conditions to ensure that CRA Funds are deployed in accordance with funding regulations and in a manner that brings the greatest public benefit for City residents and prospective residents.

Background/Discussion

In Fiscal Year 2023-2024 ("FY2023-24"), the Salt Lake City Community Reinvestment Agency ("CRA") Board of Directors ("Board") made a direct allocation of \$2.1 million towards a partnership with NeighborWorks Salt Lake ("NeighborWorks") to support two affordable homeownership, shared-equity housing projects in the Fairpark and Poplar Grove neighborhoods. This funding, administered outside of CRA's competitive NOFA process, aims to support NeighborWorks' Community Land Trust ("CLT") project and the first two developments that will participate in that model.

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: May 22, 2025

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

RE: Partnership with NeighborWorks Salt Lake for Shared Equity Workforce Housing

REQUESTED ACTION: Review, and consider approving via resolution, the proposed Term Sheet

POLICY ITEM: Wealth Building Affordable Housing

BUDGET IMPACTS: \$2,100,000 in CRA funds

EXECUTIVE SUMMARY

In Fiscal Year 2023-2024 ("FY2023-24"), the Salt Lake City Community Reinvestment Agency ("CRA") Board of Directors ("Board") made a direct allocation of \$2.1 million towards a partnership with NeighborWorks Salt Lake ("NeighborWorks") to support two affordable homeownership, shared-equity housing projects in the Fairpark and Poplar Grove neighborhoods. This funding, administered outside of CRA's competitive NOFA process, aims to support NeighborWorks' Community Land Trust ("CLT") project and the first two developments that will participate in that model.

The purpose of this project is to provide affordable homeownership opportunities on the Westside and ensure long-term affordability and community ownership of land. This proposal is to be carried out by NeighborWorks and the NeighborWorks CLT, and funding will be allocated in two installments commensurate with the number of units in each of the two development projects.

On June 13, 2023, the CRA Board adopted a resolution (Resolution 12 of 2023 Budget for the Redevelopment Agency of Salt Lake City for Fiscal Year 2023-24) that allocated funds from the

Westside Community Initiative (“WCI”) and the Housing Development Fund to NeighborWorks. This funding was allocated, contingent on the Board’s approval of an associated term sheet. This memo reviews NeighborWorks’ proposal and the terms and conditions upon which the approved funding would be released to the organization.

The \$2.1 million in CRA Funds would be provided to NeighborWorks for acquisition reimbursement, hard construction costs, site improvements, and related soft costs to develop two separate projects located at approximately 1002 West 200 South (“Maltair Lanes”) and 319 North and 800 West (“Stanbridge”). Of the \$2.1 million, Maltair Lanes would receive \$850,000 and Stanbridge Property would receive \$1,250,000. NeighborWorks anticipates developing the projects sequentially, beginning with the Maltair Lanes development. Additionally, NeighborWorks is seeking a waiver of the CRA’s Sustainable Development Policy (“Sustainability Policy”) for Maltair Lanes, which the Board may consider.

BACKGROUND/DISCUSSION

About NeighborWorks Salt Lake NeighborWorks is a Utah non-profit organization incorporated in 1977 in response to neighborhoods becoming blighted as a result of disinvestment and redlining. Today, they focus on neighborhood revitalization, affordable housing, and community leadership and are affiliated with the national network of NeighborWorks organizations.

Through this investment from the CRA, NeighborWorks will be able to develop 31 wealth-building affordable housing units in the Fairpark and Poplar Grove neighborhoods that will be protected for long-term affordability through the community land trust model.

How the CLT Model Works A CLT is a nonprofit organization that acquires and holds land on behalf of a community to ensure long-term affordable housing and prevent displacement. The CLT typically retains ownership of the land while allowing individuals or families to purchase homes or lease properties on it, usually through long-term, renewable ground leases. This separation of land ownership from building ownership helps reduce purchase prices and keeps housing costs more stable over time. Homeowners agree to resale restrictions designed to maintain affordability for future buyers while allowing them to earn limited equity.

The CLT model promotes community control of land and decisions, often involving residents and community members in governance through a board of directors. It is especially useful in areas facing gentrification or rapid development, as it creates a permanent stock of affordable housing that cannot be lost to market pressures. CLTs may also support other community assets like gardens, commercial spaces, or cultural sites. By focusing on stewardship rather than profit, CLTs aim to balance individual ownership with collective benefit.

NeighborWorks has established a nonprofit CLT entity that will have a permanent interest in the development and the contractual obligation to ensure that the homes remain affordable in perpetuity.

PROJECT DETAILS

Maltair Lanes: 1002 West 200 South

- New construction on a vacant lot in the Poplar Grove Neighborhood.
- Thirteen (13) three-story townhome-style units that will be condominiumized for individual ownership with shared surface parking lot.
- Zoning: Currently zoned TSA-UN-T – allows up to 50’ in height; will be rezoned to MU-5 as part of City’s zoning consolidation; could qualify for one additional story through affordable housing zoning incentives, but NeighborWorks is not seeking to use the incentives.
- NeighborWorks is seeking waiver of CRA’s Sustainability Policy; see details of this request below.
- All units must be restricted to households earning no more than 120% of the area median income (AMI).
- All units must remain affordable for a minimum period of 50 years.
- NeighborWorks will maximize the number of units affordable to households earning 80% AMI and below as per guidelines established by HUD.
 - A minimum of 20% of units must be made affordable to households earning no more than 80% AMI.

Stanbridge Property: 319 North 800 West

- New construction on a vacant lot in the Fairpark Neighborhood.
- Design underway, has not been shared
- 18 units, tentatively anticipated to be townhome-style units or multi-family condos.
- Zoning: RMF-30; allows up to 30’ in height; could qualify for affordable housing zoning incentives, which would remove minimum lot size provisions.
- All units must be restricted to households earning no more than 120% of the area median income (AMI).
- All units must remain affordable for a minimum period of 50 years.
- NeighborWorks will maximize the number of units affordable to households earning 80% AMI and below as per guidelines established by HUD.
 - A minimum of 20% of units must be made affordable to households earning no more than 80% AMI.

SUSTAINABLE DEVELOPMENT POLICY WAIVER REQUEST

NeighborWorks is requesting that the CRA Board waive the CRA's Sustainability Policy requirements for the Maltair Lanes project. The CRA's Sustainability Policy requires that all new construction developments meet the following:

- Designed to Earn the Energy Star score of 90
- 100% electric building operation (no on-site fossil fuel combustion)
- Participation in SLC's Energy Benchmarking Program: Annual operational data must be submitted to Salt Lake City's Elevate Building Program once the building is in operation

NeighborWorks has stated that prior to receiving notice of the Board's direct funding allocation and requirement to adhere to the CRA's Sustainability Policy, they designed the building to include natural gas. They state that if they had to redesign the building, it would add additional costs and 3-6 months to the project. The following timeline describes the project's progress to date:

- December 2021 – CRA Board adopts the Sustainability Policy
- November 2022 – NeighborWorks develops plans for the Maltair Lanes site, including electrical and gas drawings.
- June 2023 – CRA Board allocates \$2.1M for Shared Equity Housing for a partnership with NeighborWorks, via Resolution 12 of 2023.
- September 2023 – CRA meets with NeighborWorks
- April 30, 2024 – CRA meets with NeighborWorks
- June 12, 2024 – NeighborWorks receives Planning Commission approval for the development of 13 townhomes at the Maltair Lanes project.

CRA staff has reached out to NeighborWorks requesting additional information about the request for a Sustainable Development Policy waiver, including whether they would be able to meet portions of the policy, what Energy Star score the project currently achieves, whether they would consider swapping out certain appliances, and their ability to participate in Salt Lake City's Energy Benchmarking Program.

Since the adoption of the Sustainability Policy, all housing developments that have received competitive funding from the CRA have been able to comply. In 2023, an office-to-residential conversion project that received a direct allocation initially sought and received a waiver to the Sustainability Policy, but was able to meet the requirements after the fact. If the Board grants a waiver for Maltair Lanes, this would be the first housing development that would not meet the policy since it has been adopted.

CONDITIONS FOR FUNDING

The CRA and NeighborWorks must execute a funding agreement with conditions to ensure that CRA Funds are deployed in accordance with funding regulations and in a manner that brings the

greatest public benefit for City residents and prospective residents. These conditions have been outlined on the Term Sheet under Attachment B for the Board's review and include proposed funding terms, residential units and affordability requirements, conditions to fund and overall legal requirements.

NEXT STEPS

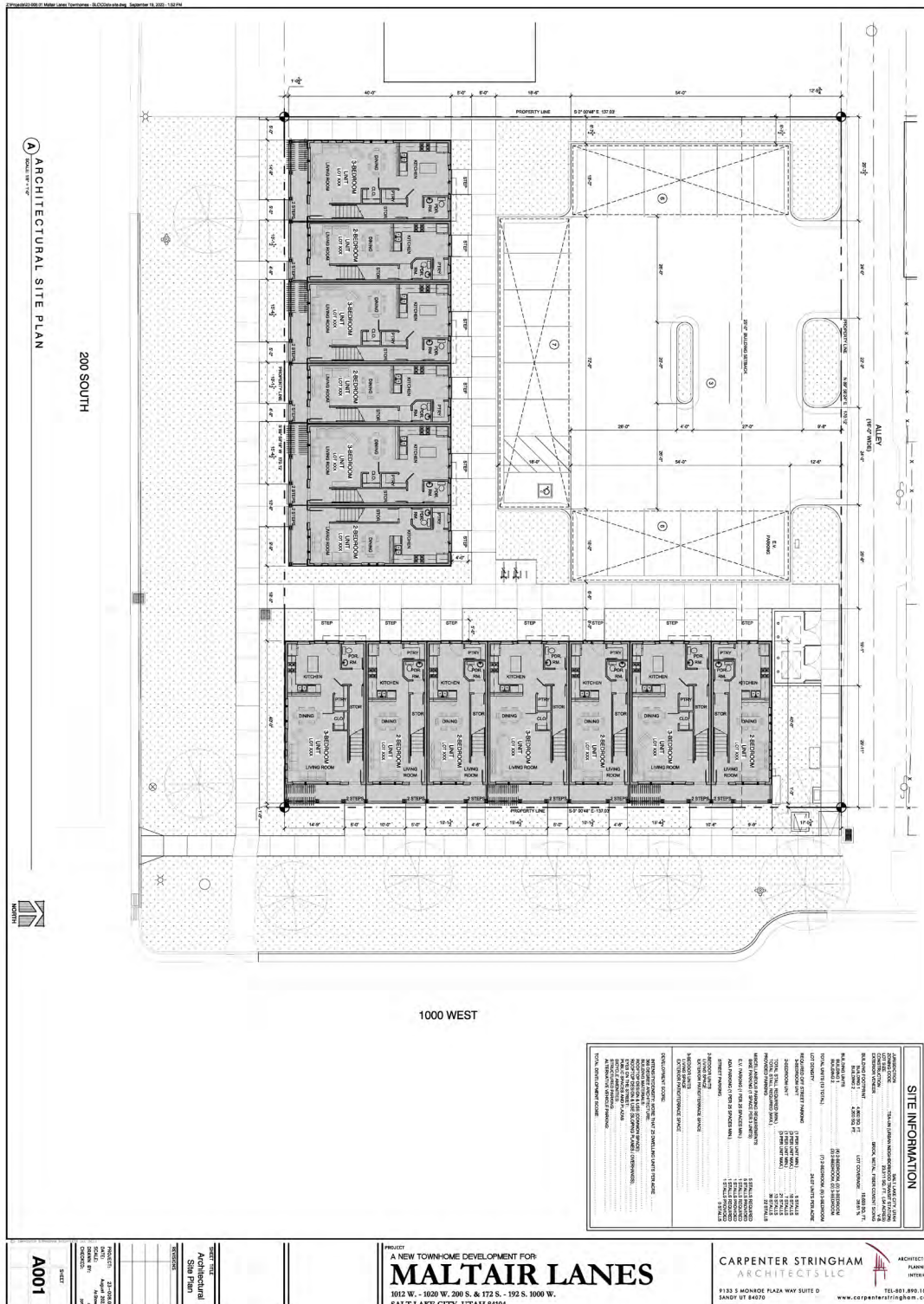
The Board should review and consider approving the Term Sheet included in Attachment B and consider whether to waive the Sustainability Policy requirements for Maltair Lanes. If the Board approves the term sheet, staff will ensure conditions for funding are met and will execute the necessary legal agreements upon releasing the funds.

PREVIOUS BOARD ACTION:

- In FY2023-24, the CRA Board approved Resolution 12 of 2023 - Budget for the Redevelopment Agency of Salt Lake City for Fiscal Year 2023-24, which allocated \$700,000 in Westside Community Initiative funds and \$1,400,000 in Housing Development Funds for a Partnership with NeighborWorks for Shared Equity Workforce Housing Development.

ATTACHMENTS

- A. Site Plan and Renderings for Maltair Lanes
- B. Term Sheet
- C. Resolution





ATTACHMENT B: FUNDING AGREEMENT TERM SHEET

Funding Agreement Term Sheet Partnership with NeighborWorks Salt Lake For Shared Equity Workforce Housing

Purpose

To provide \$2.1 million in financial assistance to NeighborWorks Salt Lake for the development of two affordable homeownership projects and to incorporate them into the NeighborWorks Community Land Trust aimed at ensuring long-term affordability and community ownership of land.

Parties

NeighborWorks Salt Lake (“NeighborWorks”), NeighborWorks Community Land Trust (“CLT”), and the Salt Lake City Community Reinvestment Agency (“CRA”).

Developments Projects (“Projects”)

- Maltair Lanes: 1002 W 200 S, Salt Lake City, Utah 84104, 0.54 Acres, 13 Units
- Stanbridge Property: 800 W 319 N, Salt Lake City, Utah 84116, 0.94 Acres, 18-20 Units

Project Description

NeighborWorks shall use the funds by June 30, 2027 to develop two sites in the Fairpark and Poplar Grove neighborhoods. Any funds not spent by this date shall be returned to the CRA. NeighborWorks may request one extension of up to one year to use the funds, which the CRA Board of Directors (“Board”) may approve or reject in its sole discretion. NeighborWorks will develop each project independently, with the purpose of creating affordable, for-sale townhome/rowhome units, with a minimum of 31 residential units. The land under the developments will be owned by the CLT and units will be sold to individual buyers with a ground lease agreement between each individual buyer and CLT.

Eligible Activities

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

Proposed Funding Terms

\$2,100,000 will be allocated in the form of two conditional grants for the development of affordable, for-sale housing units, as part of two affordable housing projects to be held in trust by the CLT.

- Amount: A total of \$2,100,000
 - Maltair Lanes \$850,000
 - Stanbridge Property \$1,250,000

The conditional grants will be disbursed for each Project upon meeting the requirements and conditions outlined in this term sheet. The conditional grants are intended to be disbursed concurrently with all other financing sources secured by the recipient and shall be made available at the time of financial close, contingent upon the fulfillment of all Conditions to Fund (as set forth below) in the CRA's sole judgment.

Residential Unit Requirements and Affordability

- Minimum residential units required for each Project:
 - Maltair Lanes: 13
 - Stanbridge Property: 18
- All units must be restricted to households earning no more than 120% of the area median income (AMI).
- All units must remain affordable for a minimum period of 50 years.
- NeighborWorks will maximize the number of units affordable to households earning 80% AMI and below as per guidelines established by HUD.
 - A minimum of 20% of units in each Project must be made affordable to households earning no more than 80% of AMI.
- The number of affordable units and level of affordability for affordable homeownership developments will be evaluated on a case-by-case basis, subject to CRA approval prior to closing.
- All affordability requirements must be memorialized in individual unit deed restrictions, ground lease agreements, or similar restrictive-use agreements. CRA will be a party to the recorded deed restrictions.
 - Subject to CRA approval, individual unit deed restrictions, ground lease agreements, or similar restrictive-use agreements must include re-sale restrictions, including re-sale and equity formulas, that ensure units sold in the future remain affordable to future buyers.
- Per unit cost (including land, construction, and soft costs) shall not exceed an amount that impedes affordability for the units at or below 120% of AMI and the minimum required number of affordable units at or below 80% of AMI.

Family-Sized Units

- A minimum of 45% of the units in each Project shall have 3 or more bedrooms.

Ownership Requirements

- Units must be developed, platted, and sold as individual units, enabling individual unit ownership. Sale of units may be conditioned upon execution of a ground lease agreement between each buyer of an individual unit and the CLT.
- Units 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.
 - Exceptions to the owner occupancy and short-term rental restrictions above may be listed in the deed restriction for units retained by NeighborWorks or the CLT for the purposes of the CLT Advisory Board (“CLTAB”) oversight and governance, subject to the conditions described in the following CLT Advisory Board Oversight section.

CLT Advisory Board Oversight

- Subject to CRA review and approval, the ownership of no more than 20% of units in either Project may be retained by NeighborWorks or the CLT for the purposes of CLTAB oversight and governance.
 - NeighborWorks must demonstrate that the number of units retained for CLTAB oversight is the minimum required to ensure effective governance, subject to Utah Code (the Community Association Act, U.C.A. 57-8a-101 et seq.). Documentation outlining the structure of the CLTAB will be submitted for CRA review by April 30, 2026.
 - Oversight and governance of the CLTAB shall be memorialized in each project’s Covenants, Conditions & Restrictions (“CC&Rs”), including specifying NeighborWorks’ responsibility to oversee capital needs assessments, operating budgets, reserve budgets, and special assessments.
 - CC&Rs shall establish maximum CLTAB contributions to ensure the long-term affordability of owners’ CLTAB fee obligations.
 - Units retained by NeighborWorks for CLTAB oversight and governance shall be considered “sold to initial homeowner” when occupied by qualified households for the purposes of Obligation Milestones.

- Any units with ownership retained by NeighborWorks must be leased at rates affordable to households making no more than 80% of AMI, with the affordability requirements to be memorialized in a restrictive use agreement and lease agreements.
 - Any units retained by NeighborWorks for CLTAB oversight may be leased in a lease-to-own arrangement, whereby a tenant is given the option to purchase the unit at a specified point in the future.
 - In the event that any units retained by NeighborWorks are sold to qualified households, NeighborWorks may replace the unit 1:1 through a right-of-first-refusal on any of the other for-sale units within the project, to ensure the continued oversight and governance of the CLTAB.
- The CRA shall have the right to review and approve all CLTAB governance documents.

Sustainability

- Projects, unless granted a project-specific waiver by the CRA Board of Directors, must comply with CRA Sustainable Development Policy that 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

- NeighborWorks shall provide quarterly progress reports through construction and sale of the units, and reports at each Obligation Milestone to the CRA detailing the use of funds, project development status, and CLT formation progress.

Compliance and Legal Requirements

NeighborWorks is required to take the following actions to meet the CRA's compliance and legal requirements:

- Comply with all local, state, and federal regulations, including but not limited to zoning, environmental, and fair housing laws.
- Execute loan documents (e.g. promissory notes, loan agreements, security documents, restrictive use agreements) as deemed necessary by the CRA and its legal counsel.
- Receive approval from the CRA and its legal counsel of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the loan transaction. CRA will work diligently to expedite review of the documents to prevent any delay in loan approvals.
- Provide evidence of insurance in such amounts and with such coverage as deemed necessary by the CRA for the Projects.

- Such other terms as recommended by the CRA's legal counsel and staff.
- Use grant funds solely for the purposes outlined in this term sheet. Any deviation requires prior written approval from the CRA which may be granted or denied at CRA's sole discretion.

Conditions to Fund

Each grant is provided with the following pre-conditions for the Project that NeighborWorks must meet, to the satisfaction of CRA, to receive funding:

- Evidence of site/location control as demonstrated through ownership, option, sale agreement, or long-term lease.
- Disclosure of identity of interest relationships with the Project.
- Sufficient sources of project funding/financing for the Project, including letters of commitment for additional funding/financing.
- Per unit cost (including land, construction, and soft costs) that does not exceed an amount that impedes affordability for the units at or below 120% of AMI and the minimum required number of affordable units at or below 80% of AMI.
- CRA subsidy that does not exceed 15% of the median sales price or \$70,000 per unit, whichever is less.
- CRA review and approval of proforma including capital stack for construction of units and projected sale prices.
- 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.
- Land placed in trust for the purpose of the long-term sustainability and affordability of homeownership on the site.
- All required city approvals and building permits for the Project issued prior to funding.
- All necessary funding secured to construct and sell the units with the required affordability levels.

NeighborWorks' Obligations after Funds are Distributed

- Project groundbreaking: Project must break ground within 6 months of grant funding.
- Subdivision Plat, CC&R, and Deed Restriction Recordation: All required documents ensuring the completion, operation, sustainability and affordability of units must be recorded with the Salt Lake City Recorder's and the Salt Lake County Recorder's Offices.

- Project Completion: Project construction is deemed to be complete by the issuance of a Certificate of Occupancy on all units. Each project shall be completed within 24 months of construction commencement.
- Absorption of units: All units must be sold to initial homeowners within 36 months of Project Completion.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet Project obligations or completion deadlines.
- Failure to construct the Project 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.

Conversion of Grant to Loan

Upon the occurrence of an Event of Default on either Maltair Lanes or Stanbridge Property Projects, NeighborWorks will have 180 days after CRA provides written notice of such Event of Default to cure; if NeighborWorks fails to cure any Events of Default within the specified time frame, the respective grant will automatically convert into a loan with the following terms:

- Amortized Repayment: The principal amount of the loan will equal the total disbursed grant funds as of the date of default. Amortized interest shall accrue on the principal outstanding calculated at the time of default at a per annum rate.
- Term: 15 years
- Interest Rate: 3% interest
- Security: The CRA shall be provided with a lien on the property that may be subordinated to senior lender(s). Lien priority shall be based upon the size of loans with greater loan amounts yielding higher lien priorities.

Remedies

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

- If NeighborWorks 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 within 90 days.
- 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 NeighborWorks to comply with their obligations.
 - Pursue any other remedies available at law or equity.

ATTACHMENT C: RESOLUTION

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

RESOLUTION NO. _____

Adopting Term Sheet for NeighborWorks Salt Lake for the Maltair Lanes and Stanbridge Projects

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALT LAKE CITY
COMMUNITY REINVESTMENT AGENCY APPROVING TERM SHEET FOR
NEIGHBORWORKS SALT LAKE FOR SHARED EQUITY WORKFORCE HOUSING

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, including the development of affordable housing.

WHEREAS, NeighborWorks Salt Lake (**NeighborWorks**) is an affordable housing developer whose mission is to provide affordable homeownership opportunities.

WHEREAS, NeighborWorks is developing two affordable housing projects at 1002 West 200 South (**Maltair Lanes**) and 319 North and 800 West (**Stanbridge**) in which they will develop 31 residential units and will be affordable to those making 120% area median income or less. Additionally, the Maltair Lanes and Stanbridge properties will be owned by the NeighborWorks Community Land Trust (**CLT**), which will preserve the long-term affordability of the units.

WHEREAS, on June 13, 2023, the CRA's Board of Director's (**Board**) approved Resolution R-12-2023 and set aside \$2.1 million of the CRA funds to be distributed by the CRA to NeighborWorks on the condition that the Board approve the final Funding Agreement Term Sheet.

WHEREAS, the CRA staff recommends the Board approve the attached Term Sheet for the funding agreement for NeighborWorks and the Maltair Lanes and Stanbridge projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Salt Lake City Community Reinvestment Agency that it approves the distribution of the funds pursuant to the terms outlined in the Term Sheet attached hereto, subject to revisions that do not materially affect the rights and obligations of the CRA hereunder. The Board authorizes the Executive Director to negotiate and execute the Funding Agreement and any other relevant documents consistent with the Term Sheet and incorporating such other terms and agreements 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 June, 2025.

Darin Mano, Chair

Approved as to form: Jennifer Huntsman

Salt Lake City Attorney's Office
Jennifer Huntsman
Date: 5/22/2025

The Executive Director:

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

Erin Mendenhall, Executive Director

Attest:

City Recorder

EXHIBIT A: FUNDING AGREEMENT TERM SHEET

Funding Agreement Term Sheet Partnership with NeighborWorks Salt Lake For Shared Equity Workforce Housing

Purpose

To provide \$2.1 million in financial assistance to NeighborWorks Salt Lake for the development of two affordable homeownership projects and to incorporate them into the NeighborWorks Community Land Trust aimed at ensuring long-term affordability and community ownership of land.

Parties

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Project Description

NeighborWorks shall use the funds by June 30, 2027 to develop two sites in the Fairpark and Poplar Grove neighborhoods. Any funds not spent by this date shall be returned to the CRA. NeighborWorks may request one extension of up to one year to use the funds, which the CRA Board of Directors (“Board”) may approve or reject in its sole discretion. NeighborWorks will develop each project independently, with the purpose of creating affordable, for-sale townhome/rowhome units, with a minimum of 31 residential units. The land under the developments will be owned by the CLT and units will be sold to individual buyers with a ground lease agreement between each individual buyer and CLT.

Eligible Activities

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

Proposed Funding Terms

\$2,100,000 will be allocated in the form of two conditional grants for the development of affordable, for-sale housing units, as part of two affordable housing projects to be held in trust by

the CLT.

- Amount: A total of \$2,100,000
 - Maltair Lanes \$850,000
 - Stanbridge Property \$1,250,000

The conditional grants will be disbursed for each Project upon meeting the requirements and conditions outlined in this term sheet. The conditional grants are intended to be disbursed concurrently with all other financing sources secured by the recipient and shall be made available at the time of financial close, contingent upon the fulfillment of all Conditions to Fund (as set forth below) in the CRA's sole judgment.

Residential Unit Requirements and Affordability

- Minimum residential units required for each Project:
 - Maltair Lanes: 13
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Family-Sized Units

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Ownership Requirements

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Compliance and Legal Requirements

NeighborWorks is required to take the following actions to meet the CRA's compliance and legal requirements:

- Comply with all local, state, and federal regulations, including but not limited to zoning, environmental, and fair housing laws.
- Execute loan documents (e.g. promissory notes, loan agreements, security documents, restrictive use agreements) as deemed necessary by the CRA and its legal counsel.
- Receive approval from the CRA and its legal counsel of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the loan transaction. CRA will work diligently to expedite review of the documents to prevent any delay in loan approvals.
- Provide evidence of insurance in such amounts and with such coverage as deemed necessary by the CRA for the Projects.

- Such other terms as recommended by the CRA's legal counsel and staff.
- Use grant funds solely for the purposes outlined in this term sheet. Any deviation requires prior written approval from the CRA which may be granted or denied at CRA's sole discretion.

Conditions to Fund

Each grant is provided with the following pre-conditions for the Project that NeighborWorks must meet, to the satisfaction of CRA, to receive funding:

- Evidence of site/location control as demonstrated through ownership, option, sale agreement, or long-term lease.
- Disclosure of identity of interest relationships with the Project.
- Sufficient sources of project funding/financing for the Project, including letters of commitment for additional funding/financing.
- Per unit cost (including land, construction, and soft costs) that does not exceed an amount that impedes affordability for the units at or below 120% of AMI and the minimum required number of affordable units at or below 80% of AMI.
- CRA subsidy that does not exceed 15% of the median sales price or \$70,000 per unit, whichever is less.
- CRA review and approval of proforma including capital stack for construction of units and projected sale prices.
- 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.
- Land placed in trust for the purpose of the long-term sustainability and affordability of homeownership on the site.
- All required city approvals and building permits for the Project issued prior to funding.
- All necessary funding secured to construct and sell the units with the required affordability levels.

NeighborWorks' Obligations after Funds are Distributed

- Project groundbreaking: Project must break ground within 6 months of grant funding.
- Subdivision Plat, CC&R, and Deed Restriction Recordation: All required documents ensuring the completion, operation, sustainability and affordability of units must be recorded with the Salt Lake City Recorder's and the Salt Lake County Recorder's Offices.

- Project Completion: Project construction is deemed to be complete by the issuance of a Certificate of Occupancy on all units. Each project shall be completed within 24 months of construction commencement.
- Absorption of units: All units must be sold to initial homeowners within 36 months of Project Completion.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet Project obligations or completion deadlines.
- Failure to construct the Project 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.

Conversion of Grant to Loan

Upon the occurrence of an Event of Default on either Maltair Lanes or Stanbridge Property Projects, NeighborWorks will have 180 days after CRA provides written notice of such Event of Default to cure; if NeighborWorks fails to cure any Events of Default within the specified time frame, the respective grant will automatically convert into a loan with the following terms:

- Amortized Repayment: The principal amount of the loan will equal the total disbursed grant funds as of the date of default. Amortized interest shall accrue on the principal outstanding calculated at the time of default at a per annum rate.
- Term: 15 years
- Interest Rate: 3% interest
- Security: The CRA shall be provided with a lien on the property that may be subordinated to senior lender(s). Lien priority shall be based upon the size of loans with greater loan amounts yielding higher lien priorities.

Remedies

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

- If NeighborWorks 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 within 90 days.
- 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 NeighborWorks to comply with their obligations.
 - Pursue any other remedies available at law or equity.

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SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

RESOLUTION NO. _____

**Adopting Term Sheet for NeighborWorks Salt Lake for the Maltair Lanes
and Stanbridge Projects**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SALT LAKE CITY
COMMUNITY REINVESTMENT AGENCY APPROVING TERM SHEET FOR
NEIGHBORWORKS SALT LAKE FOR SHARED EQUITY WORKFORCE HOUSING

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, including the development of affordable housing.

WHEREAS, NeighborWorks Salt Lake (**NeighborWorks**) is an affordable housing developer whose mission is to provide affordable homeownership opportunities.

WHEREAS, NeighborWorks is developing two affordable housing projects at 1002 West 200 South (**Maltair Lanes**) and 319 North and 800 West (**Stanbridge**) in which they will develop 31 residential units and will be affordable to those making 120% area median income or less. Additionally, the Maltair Lanes and Stanbridge properties will be owned by the NeighborWorks Community Land Trust (**CLT**), which will preserve the long-term affordability of the units.

WHEREAS, on June 13, 2023, the CRA's Board of Director's (**Board**) approved Resolution R-12-2023 and set aside \$2.1 million of the CRA funds to be distributed by the CRA to NeighborWorks on the condition that the Board approve the final Funding Agreement Term Sheet.

WHEREAS, the CRA staff recommends the Board approve the attached Term Sheet for the funding agreement for NeighborWorks and the Maltair Lanes and Stanbridge projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Salt Lake City Community Reinvestment Agency that it approves the distribution of the funds pursuant to the terms outlined in the Term Sheet attached hereto, subject to revisions that do not materially affect the rights and obligations of the CRA hereunder. The Board authorizes the Executive Director to negotiate and execute the Funding Agreement and any other relevant documents consistent with the Term Sheet and incorporating such other terms and agreements 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 June, 2025.

Darin Mano, Chair

Approved as to form: *Jennifer Huntsman*
Salt Lake City Attorney's Office
Jennifer Huntsman
Date: 5/22/2025

The Executive Director:

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

Erin Mendenhall, Executive Director

Attest:

City Recorder

EXHIBIT A: FUNDING AGREEMENT TERM SHEET

Funding Agreement Term Sheet Partnership with NeighborWorks Salt Lake For Shared Equity Workforce Housing

Purpose

To provide \$2.1 million in financial assistance to NeighborWorks Salt Lake for the development of two affordable homeownership projects and to incorporate them into the NeighborWorks Community Land Trust aimed at ensuring long-term affordability and community ownership of land.

Parties

NeighborWorks Salt Lake (“NeighborWorks”), NeighborWorks Community Land Trust (“CLT”), and the Salt Lake City Community Reinvestment Agency (“CRA”).

Developments Projects (“Projects”)

- Maltair Lanes: 1002 W 200 S, Salt Lake City, Utah 84104, 0.54 Acres, 13 Units
- Stanbridge Property: 800 W 319 N, Salt Lake City, Utah 84116, 0.94 Acres, 18-20 Units

Project Description

NeighborWorks shall use the funds by June 30, 2027 to develop two sites in the Fairpark and Poplar Grove neighborhoods. Any funds not spent by this date shall be returned to the CRA. NeighborWorks may request one extension of up to one year to use the funds, which the CRA Board of Directors (“Board”) may approve or reject in its sole discretion. NeighborWorks will develop each project independently, with the purpose of creating affordable, for-sale townhome/rowhome units, with a minimum of 31 residential units. The land under the developments will be owned by the CLT and units will be sold to individual buyers with a ground lease agreement between each individual buyer and CLT.

Eligible Activities

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

Proposed Funding Terms

\$2,100,000 will be allocated in the form of two conditional grants for the development of affordable, for-sale housing units, as part of two affordable housing projects to be held in trust by

the CLT.

- Amount: A total of \$2,100,000
 - Maltair Lanes \$850,000
 - Stanbridge Property \$1,250,000

The conditional grants will be disbursed for each Project upon meeting the requirements and conditions outlined in this term sheet. The conditional grants are intended to be disbursed concurrently with all other financing sources secured by the recipient and shall be made available at the time of financial close, contingent upon the fulfillment of all Conditions to Fund (as set forth below) in the CRA's sole judgment.

Residential Unit Requirements and Affordability

- Minimum residential units required for each Project:
 - Maltair Lanes: 13
 - Stanbridge Property: 18
- All units must be restricted to households earning no more than 120% of the area median income (AMI).
- All units must remain affordable for a minimum period of 50 years.
- NeighborWorks will maximize the number of units affordable to households earning 80% AMI and below as per guidelines established by HUD.
 - A minimum of 20% of units in each Project must be made affordable to households earning no more than 80% of AMI.
- The number of affordable units and level of affordability for affordable homeownership developments will be evaluated on a case-by-case basis, subject to CRA approval prior to closing.
- All affordability requirements must be memorialized in individual unit deed restrictions, ground lease agreements, or similar restrictive-use agreements. CRA will be a party to the recorded deed restrictions.
 - Subject to CRA approval, individual unit deed restrictions, ground lease agreements, or similar restrictive-use agreements must include re-sale restrictions, including re-sale and equity formulas, that ensure units sold in the future remain affordable to future buyers.
- Per unit cost (including land, construction, and soft costs) shall not exceed an amount that impedes affordability for the units at or below 120% of AMI and the minimum required number of affordable units at or below 80% of AMI.

Family-Sized Units

- A minimum of 45% of the units in each Project shall have 3 or more bedrooms.

Ownership Requirements

- Units must be developed, platted, and sold as individual units, enabling individual unit ownership. Sale of units may be conditioned upon execution of a ground lease agreement between each buyer of an individual unit and the CLT.
- Units 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.
 - Exceptions to the owner occupancy and short-term rental restrictions above may be listed in the deed restriction for units retained by NeighborWorks or the CLT for the purposes of the CLT Advisory Board (“CLTAB”) oversight and governance, subject to the conditions described in the following CLT Advisory Board Oversight section.

CLT Advisory Board Oversight

- Subject to CRA review and approval, the ownership of no more than 20% of units in either Project may be retained by NeighborWorks or the CLT for the purposes of CLTAB oversight and governance.
 - NeighborWorks must demonstrate that the number of units retained for CLTAB oversight is the minimum required to ensure effective governance, subject to Utah Code (the Community Association Act, U.C.A. 57-8a-101 et seq.). Documentation outlining the structure of the CLTAB will be submitted for CRA review by April 30, 2026.
 - Oversight and governance of the CLTAB shall be memorialized in each project’s Covenants, Conditions & Restrictions (“CC&Rs”), including specifying NeighborWorks’ responsibility to oversee capital needs assessments, operating budgets, reserve budgets, and special assessments.
 - CC&Rs shall establish maximum CLTAB contributions to ensure the long-term affordability of owners’ CLTAB fee obligations.
 - Units retained by NeighborWorks for CLTAB oversight and governance shall be considered “sold to initial homeowner” when occupied by qualified households for the purposes of Obligation Milestones.

- Any units with ownership retained by NeighborWorks must be leased at rates affordable to households making no more than 80% of AMI, with the affordability requirements to be memorialized in a restrictive use agreement and lease agreements.
 - Any units retained by NeighborWorks for CLTAB oversight may be leased in a lease-to-own arrangement, whereby a tenant is given the option to purchase the unit at a specified point in the future.
 - In the event that any units retained by NeighborWorks are sold to qualified households, NeighborWorks may replace the unit 1:1 through a right-of-first-refusal on any of the other for-sale units within the project, to ensure the continued oversight and governance of the CLTAB.
- The CRA shall have the right to review and approve all CLTAB governance documents.

Sustainability

- Projects, unless granted a project-specific waiver by the CRA Board of Directors, must comply with CRA Sustainable Development Policy that 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

- NeighborWorks shall provide quarterly progress reports through construction and sale of the units, and reports at each Obligation Milestone to the CRA detailing the use of funds, project development status, and CLT formation progress.

Compliance and Legal Requirements

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