



# BOARD STAFF REPORT

THE REDEVELOPMENT AGENCY *of* SALT LAKE CITY

**TO:** RDA Board Members

**FROM:** Allison Rowland  
Budget & Policy Analyst

**DATE:** December 10, 2019

**RE: RESOLUTION: APPROVING A FUNDING ALLOCATION FROM NOFA (NOTICE OF FUNDING AVAILABILITY) FOR AFFORDABLE HOUSING IN A HIGH-OPPORTUNITY AREA AT 2960 SOUTH RICHMOND STREET**

Item Schedule:

Briefing: December 10, 2019

Set Date: n/a

Public Hearing: n/a

Potential Action: December 10, 2019

## ISSUE AT-A-GLANCE

This project requests a \$1.8 million loan from NOFA high-opportunity funds for the Community Development Corporation of Utah (CDC) to build 60 units of affordable housing on 1.42 acres at 2960 South Richmond Street. These units will be priced at 41-60% AMI, for workforce and family rentals, and include 15 1-bedroom units, 25 2-bedroom units, and 10 units each of 3- and 4-bedrooms. Construction is expected to begin in August 2020 and be completed in June, 2022. The project would replace an existing residential four-plex.

The \$1.8 million would represent 13.8% of the total project costs of \$13.0 million, and City funds would represent \$30,000 per unit and remain affordable for at least 50 years. The applicant plans to close on the property only after it is rezoned from R-1-7000, and once its applications for 4% LIHTC tax credits and senior financing are approved. The project would meet the following Council priorities established in the *Growing SLC* housing plan: Equity/Geographic Distribution; Diversity and Innovation of Housing Types; and, Long-Term Affordability.

In 2019, the Redevelopment Agency (RDA) Board released a Notice of Funding Availability (NOFA) totaling \$10,746,096 in incentives to develop and preserve affordable housing, with \$4,500,000 of that amount reserved for projects in "high-opportunity census tracts." The Board approved funding for four projects (\$6,106,000) in September 2019, but no applications were received in 2019 and 2018 for the funds reserved for high-opportunity projects. If the Board approves the Richmond Flats project, \$2.7 million would remain in the NOFA for projects in high-opportunity census tracts.

In September, the Board also directed RDA staff to continue to accept applications for projects that would qualify for these funds, and suggested two approaches intended to support new proposals. The Board may wish to ask RDA staff if there is any updated information on these approaches:

1. **The RDA could take a more active and direct approach** to promoting affordable housing in high-opportunity areas. For example, the agency could promote development on relevant properties owned by the City, or could search for available properties in these areas. They could then pursue the traditional RDA method of issuing an RFP for development on that property, including the same stated policy goals as the NOFA.
2. There may be **other points at which the RDA could engage developers in these areas**. For example, the Board could ask RDA staff to work with the Building Services Division to identify developers that are already working on market-rate projects in high-opportunity areas and offer incentives to include affordable housing units in their projects. The Board may wish to ask how much time RDA staff might need to develop a menu of potential incentives for developers willing to work with the City in this manner. These might include, for example, the amount of incentives available, the terms of loans, etc.

***Goal of the briefing:*** Review and consider approving the proposed loan for a new affordable housing loan at 2960 South Richmond Street.

## **POLICY QUESTIONS**

1. Would the Board like to approve preliminary loan terms for the Richmond Flats project? Would the Board like to request more information and/or make modifications to the project summary listed in Attachment A of the Redevelopment Staff Memo of October 24, 2019?