



**\$8 MILLION**

FOR AFFORDABLE HOUSING PROJECTS



**2021 GUIDELINES + APPLICATION HANDBOOK | RELEASED SEPTEMBER 8, 2021**

**APPLICATION DEADLINE:**

**Competitive Funds: October 29, 2021 at 5:00 p.m.**

**High Opportunity Funds: remains open until expended**

[www.slcrda.com](http://www.slcrda.com)

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## SECTION 1: INTRODUCTION & OVERVIEW

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### 1.1 Introduction

In releasing this Notice of Funding Availability (NOFA) for the Housing Development Loan Program (HDLP), the goal of the Redevelopment Agency of Salt Lake City (“RDA”) is to provide low-cost financial assistance to incentivize the development and preservation of affordable housing within the city limits. Qualified housing developers who demonstrate their ability to: 1) construct and/or rehabilitate affordable housing developments, 2) align their projects with identified affordable housing priorities, and 3) maintain/manage affordable housing developments are encouraged to submit applications.

### 1.2 Intent

It is intended that funds allocated through the HDLP:

- a) Provide a mix of affordable housing, serving a range of households and income levels, consistent with income limits and affordability requirements for each fund source, to promote housing opportunity and choice throughout the City for household sizes ranging from single persons to families.
- b) Foster a mix of household incomes in projects and neighborhoods and to disperse affordable housing projects throughout the City to encourage a balance of incomes in all neighborhoods and communities.
- c) Promote equity and anti-displacement efforts through the development and preservation of affordable housing in low-income neighborhoods where underserved groups have historic ties, including neighborhoods where low-income individuals and families are at high risk of displacement.
- d) Contribute to the development of sustainable, walkable neighborhoods to expand housing choice near transportation, services, and economic opportunity.
- e) Support an array of scale of project types, including detached housing, accessory dwelling units, rowhouses, and small to large scale multifamily buildings, that contribute to neighborhood context and livability.
- f) Incorporate green-building elements and energy efficiency to lower housing expenses, conserve resources, and promote resiliency.
- g) Leverage private and non-city funding sources to ensure the greatest number of quality affordable housing units are preserved or produced.
- h) Be provided as loans that are repaid over time and not grants, forgivable loans, or indefinitely deferred loans.

### 1.2 Housing Development Loan Program Informational Meeting & Questions

- i. **Informational Meeting:** The RDA will host a virtual informational meeting to provide an overview of the HDLP application, requirements, and selection process. The meeting will offer an opportunity for prospective applicants to ask questions about the HDLP. Meeting details are as follows:

<b>Subject:</b>	NOFA 2021: Housing Development Loan Program Informational Meeting
<b>Date &amp; Time:</b>	<i>Friday, September 24, 2021 at 11:00 AM</i>
<b>Location:</b>	Virtual Meeting ( <a href="#">WebEx Meeting Link</a> )
<b>Add link to calendar:</b>	



Webex\_Meeting.ics

- ii. **Questions:** During the application period, prospective applicants may submit clarification questions to the RDA about the HDLP through the Utah Public Procurement system at <https://purchasing.utah.gov/for-vendors/>. The RDA will respond to all questions submitted and will distribute the responses to all registered users of the system. Questions must be submitted by Friday, October 22, 2021 to allow sufficient time for the RDA to respond to questions and for applicants to consider or incorporate the guidance in their proposals. Prior to the application deadline, please check the RDA's website, [www.slcrda.com](http://www.slcrda.com), regularly for any updates, corrections, or posted questions and answers regarding the HDLP.

### 1.3 Submittal Deadline

The application deadline is as follows:

<b><u>Funding Type</u></b>	<b><u>Deadline</u></b>
Competitive Funds	OCTOBER 29, 2021 @ 5:00 PM
High Opportunity Area Funds	Open on ongoing basis until expended*

\*While funds are available until depleted, it's encouraged that applications for these types of funding are submitted by the NOFA deadline. RDA staff will determine which funding type(s) a project may qualify for upon their submission.

Refer to Section 4 for additional detail on the requirements and process for submitting an application.

### 1.4 Submittal Requirements

To be considered complete, application submittals must meet the application requirements as outlined in Section 4. Incomplete applications will not be accepted.

### 1.5 Funding Decision

After an initial review to ensure applications are complete and meet threshold requirements, the process for awarding funding shall be carried out in two parts: 1) the Project Review Body shall evaluate applications and provide funding recommendations, and 2) the RDA Board of Directors shall consider funding recommendations and select projects for funding awards subject to the negotiation of final terms.

## SECTION 2: GENERAL PROVISIONS

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### 2.1 Funds Availability

Through the HDLP the RDA intends to solicit, evaluate, select, and fund the construction and/or rehabilitation of affordable housing projects. The funds aim to increase the availability and accessibility of affordable housing in Salt Lake City.

The RDA Board of Directors has set aside at least \$8 million for the HDLP. Funding shall be allocated through a competitive and transparent public process to be administered by the RDA, for which any developer/community group may apply with a project that meets affordable housing goals.

FUNDS CATEGORY	AMOUNT*
Competitive	\$5,300,000
High Opportunity Area**	\$2,700,000

*\*Note: Amounts are approximate. Additional funds may become available after this document has been published.*

*\*\*Note: Developments that qualify for this type of funding must be located within a high opportunity area within Salt Lake City boundaries. Please see Attachment A for a map of high opportunity areas.*

### 2.2 Standard Loan Terms and Conditions

The purpose of this funding is to expand housing opportunities for low- and moderate-income households. This shall be accomplished by reducing a project's financing cost in order to reduce housing costs over an extended period. Flexibility shall be provided to accommodate a wide range of projects that may be dependent upon myriad of underwriting standards by outside lenders. Please see Attachment B for the standard loan terms and conditions for 1) Gap Financing: Rental Construction to Permanent, 2) Property Acquisition, and 3) Gap Financing: Homeownership Construction.

### 2.3 Funding Commitment

Successful applicants under the HDLP will receive a conditional commitment of funding, the length of which will be determined by the project scope, timing, and approvals. The commitment will expire if the project has not obtained all required financial, legal, and regulatory approvals necessary for loan closing within the established funding commitment period.

### 2.4 Relocation

Displacement is strongly discouraged. However, if it is necessary and unavoidable, projects awarded funding must submit a relocation plan that complies with all Federal, State and local real property acquisition and relocation requirements, and, at a minimum, must comply with Salt Lake City's Residential Demolition Provisions, City Code 18.64.050, and the Federal Uniform Relocation Assistance and Real Property Acquisition Act.

### 2.5 Design Requirements

Projects shall align with applicable design guidelines and comply with all applicable Salt Lake City building codes and ordinances.

## SECTION 3: THRESHOLD REQUIREMENTS

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### 3.1 Eligible Applicants

Applications will be accepted from:

- i. For-profit corporations, partnerships, joint ventures, or sole proprietors.
- ii. Private incorporated non-profit agencies with IRS 501(c) designation.
- iii. Public housing agencies or units of local government.

### 3.2 Development Team Experience

Applicants and their development teams must have 1) the experience, financial expertise, and technical capacity to deliver a project that meets all of the requirements contained herein, and 2) the demonstrated ability to maintain long-term viability and compliance of affordable housing projects.

### 3.3 Eligible Project Types

Eligible project types include the following:

- i. New Construction: Construction of new housing.
- ii. Adaptive Reuse: Conversion or adaptive reuse of existing non-residential structures for housing.
- iii. Rehabilitation: Substantial rehabilitation of existing substandard housing units that do not meet the City's minimum housing or building code.

### 3.4 Eligible Activities

Eligible activities include land/property acquisition, hard construction costs, site improvements, and related soft costs.

### 3.5 Site Control

Evidence of site/location control must be demonstrated through ownership, option, sale agreement, or long-term lease.

### 3.6 Minimum Affordability

For rental units, a minimum of 20% of the project's total residential units must be affordable for the proposed development to be eligible for financing. For a unit to be considered affordable, its rent must be restricted as affordable to households earning 60% of the area median income ("AMI") and below as per guidelines established by the U.S. Department of Housing and Urban Development ("HUD"). RDA funding shall be sized in proportion to the affordable component, taking into consideration the AMI structure and number of units within the project.

Affordable homeownership developments should be restricted to households earning 80% AMI and below as per guidelines established by the HUD. The number of affordable units and level of affordability for affordable homeownership developments will be evaluated on a case-by-case basis.

### 3.7 Sustainability

Projects must achieve building and energy conservation standards to lower housing expenses, conserve resources, and promote resiliency. To meet this threshold requirement, all projects shall be designed to achieve a "Designed to Earn ENERGY STAR" score of 80 or higher or achieve an Energy Use Intensity (EUI) target that is 30% lower than the median EUI of similar building types AND participate in City Sustainability Department's [Elevate Buildings Program](#) once the building is operating. Projects must submit a Statement of Energy Design Intent ("SEDI") from ENERGY STAR to verify required Score of 80+ and corresponding EUI target with application submission. If

a project's energy use cannot yet be modeled at the time of application, the SEDI will be required prior to loan closing. Please see the following link for more information:

[https://www.energystar.gov/buildings/resources\\_topic/commercial\\_new\\_construction/achieve\\_designed\\_earn\\_energy\\_star](https://www.energystar.gov/buildings/resources_topic/commercial_new_construction/achieve_designed_earn_energy_star)

### **3.8 Financing Gap**

HDLP Funds are limited to 10% or less of the project's financing sources. Projects shall demonstrate RDA funding is necessary for the project to succeed and that the request is reasonable. Applicants must maximize private market funding sources and obtain commercial loans sized with the highest loan-to-value and lowest debt service to minimize the HDLP request.

### **3.9 Policies and Master Plans**

Projects shall align with the Housing Plan, Project Area Plans, Master Plans, and other applicable adopted plans and policies.

## SECTION 4: APPLICATION REQUIREMENTS

### 4.1 Application Components

To be considered complete, application submittals must include all of the following components:

SECTION	DESCRIPTION
<b>1</b> Application Form (form provided)	<p>The Application Form, including the following information:</p> <ul style="list-style-type: none"> <li>A. Project summary.</li> <li>B. Applicant summary.</li> <li>C. Development team overview.</li> <li>D. Housing and land use overview.</li> <li>E. Property overview.</li> <li>F. Project priorities.</li> <li>G. Project description.</li> <li>H. Applicant experience.</li> <li>I. Financials.</li> <li>J. Applicant certification.</li> <li>K. Additional applicant attachments (if applicable).</li> </ul>
<b>2</b> Other Attachments	<p>Supporting documents, including the following:</p> <ul style="list-style-type: none"> <li>A. Preliminary project drawings, including a conceptual site plan (including the context of the area), elevation drawings, and architectural renderings (if available).</li> <li>B. Proof of site control</li> <li>C. ENERGY STAR Statement of Design Intent (SEDI)</li> <li>D. Sources and uses.</li> <li>E. Financing term sheets (if available).</li> <li>F. Operating proforma.</li> <li>G. Project timeline, including significant project milestones.</li> <li>H. Notes from a Salt Lake City Development Review Team (DRT) meeting (if available).</li> </ul>

### 4.2 Completeness

HDLP applications must be submitted as per the competitive application process administered through the Utah Public Procurement system. Applications that are not received by the RDA prior to the time and date specified will be deemed late and will not be considered.

Submissions lacking one or more of the requested documents may be considered incomplete or irregular. The RDA reserves the right to reject any incomplete or irregular submission and reserves the right to waive any non-material irregularity in submissions. The RDA reserves the right to reject any and all applications.

### 4.3 Submittal Process

Applications shall be submitted electronically via email to:

Tracy Tran, Project Manager, [tracy.tran@slcgov.com](mailto:tracy.tran@slcgov.com).

Application documents must be clearly labeled to correspond with the Application Component Sections outlined in section 4.1. Proposals submitted later than 5:00 PM on Friday, October 29, 2021 either due to human or technological error, will not be considered.



## SECTION 5: APPLICATION, REVIEW, & APPROVAL PROCESS

The Application, Review & Approval Process shall be carried out in five phases, as follows. The deadlines and specific dates listed below are for the competitive HDLP applications for projects not within a high opportunity area

PHASE	DATE/TIME	MILESTONE
1 Application	Wednesday, September 8, 2021	• NOFA released.
	Friday, September 24, 2021 at 11:00 AM	• NOFA Informational Meeting Virtual Meeting ( <a href="#">WebEx Meeting link</a> )
	Friday, October 29, 2021 at 5:00 PM	• Applications due.
2 Threshold Review	November 1-5, 2021	• Threshold requirement review. Applications that meet Threshold Requirements proceed to Phase 3.
3 Project Evaluation and Review	November 8-19, 2021	• Applications that are forwarded from Phase 2 will be further evaluated and ranked. • Project Review Committee to provide project funding recommendation.
4 Project Selection	December Meeting of the RDA Board of Directors (tentatively scheduled for December 14, 2021)	• RDA Board of Directors Review and Project Selection
5 Funding Award	Varies by project.	• Conditional Commitment
		• Firm Commitment and Loan Closing

The five phases of the application process are described below.

1. **Application:** A competitive application process shall be administered through the Utah Public Procurement system.
2. **Threshold Review:** Once the application window is closed, the RDA will conduct a review to determine whether applications conform to the Threshold Requirements outlined in Section 3. Applications must meet every one of these requirements or they will be deemed ineligible and will not be reviewed further. Applications that meet all of the Threshold Requirements will advance to Phase 3, *Project Evaluation and Review*.
3. **Project Evaluation and Review:** Applications that meet all Threshold Requirements will be evaluated based on the following:
  - i. Alignment with project priorities.
  - ii. Content and quality of the project narrative.
  - iii. Qualifications and experience of the applicant and development team.
  - iv. Content, effectiveness, and appropriateness of the budget, sources and uses, operating proforma, and related assumptions.
  - v. The readiness of the project to proceed to construction.

- vi. Any and all content regarding building and site design.

Once applications have been evaluated and ranked, they will be forwarded to the Project Review Committee. Projects that the Project Review Committee finds to score more competitively than other proposed projects of similar type will be recommended to the RDA Board of Directors for a conditional commitment for funding.

4. **Project Selection:** The RDA Board of Directors will make the final selection of projects identified for a conditional commitment of funding.
5. **Funding Award:** The funding award process will be carried out in two subparts as follows:
  - i. **Conditional Commitment Period:** The RDA will issue a Conditional Commitment letter to those applications that are selected for funding by the RDA Board of Directors. The Conditional Commitment letter between the RDA and the applicant will contain the general covenants, terms and conditions upon which the RDA will provide financial assistance for the proposed project once financial, legal, regulatory, and design approvals are obtained. During the Conditional Commitment Period, terms and conditions may be refined based on updated project information (i.e. project costs, terms of other financing, etc.). The length of the Conditional Commitment Period will be determined on a case-by-case basis depending on the project's scope and timeline.
  - ii. **Firm Commitment & Loan Closing:** Projects that successfully meet conditions will be invited to execute a Letter of Commitment that finalizes the loan terms, subject to a set of conditions precedent to closing.

## SECTION 6: PROJECT PRIORITIES AND INTEREST RATE REDUCTIONS

Project priority criteria will be utilized to evaluate and rank applications as well as provide for interest rate reductions. Priority will be given to projects that meet housing and community priorities, as follows:

CATEGORY		POLICY OBJECTIVE	BENCHMARK	NOFA RANKING WEIGHT*	0.5% INTEREST RATE REDUCTION**
1	Family Housing	Provide opportunities for families to enjoy the many benefits of urban living by encouraging the development of housing that is more conducive to larger household sizes.	At least 10% of the total units are 3+ bedroom units.	3	X
2	Target Populations	Expand the availability of units for extremely low-income households and special populations, thereby providing housing options for individuals or families that are homeless or at risk of homelessness.	At least 10% of the units are set aside for special populations in partnership with a governmental or nonprofit entity.	3	X
3	Neighborhood Safety	Utilize the development of housing as a method to remove blight, reduce crime, revitalize neighborhoods, and stabilize communities.	Projects are located within an active RDA project area, refer to <i>Attachment B: RDA Project Area Map</i> and incorporate documented Crime Prevention through Environmental design (CPTED) principals.	3	X
4	Homeownership	Create opportunities for those who have historically rented in the community to build wealth and establish permanent roots through homeownership.	Project is a for-sale product that will be sold to income qualified individuals/families.	3	X
5	Transportation Opportunities	Promote a multimodal transportation network and ensure convenient and equitable access to a variety of transportation options.	Projects must meet <i>two</i> of the following: <ul style="list-style-type: none"> <li>Includes a car sharing, bike sharing, or transit pass program that is widely available to employees/residents</li> <li>Includes a commercial project that includes employee shower, locker, and bicycle facilities</li> <li>Is located within 1/3 mile walking distance of a TRAX</li> </ul>	3	X

			station or S-Line station <ul style="list-style-type: none"> <li>• Implements reduced parking strategies without negatively impacting the neighborhood</li> <li>• Incorporates majority of parking within a primary structure to minimize the need for a surface parking lot.</li> </ul>		
6	Missing Middle & Unique Housing Types	Promote an array of scale of project types to diversify the City's housing stock/forms and provide more affordable living options for residents.	Projects are either a missing middle housing type (i.e. townhomes, courtyard apartments, small-scale apartments) or a housing type that is not commonly built: tiny homes, modular homes, pre-fab homes, accessory dwelling units (ADUs)	2	X
7	Expand Opportunity	Provide for Neighborhoods of Opportunity by promoting the economic diversity of the housing stock within neighborhoods.	Projects are located within a High Opportunity Area, which is defined as an area that provides conditions that expand a person's likelihood for social mobility as identified through an analysis of quality-of-life indicators. Refer to <i>Attachment A: High Opportunity Area Map and Table</i> .	2	X
8	Neighborhood Impact	Encourage housing that is high-quality, enduring, and that contributes to neighborhood context and livability through architectural and urban design best practices.	Buildings shall include an active ground floor use, significant ground floor glass, durable building materials and engaging building entrances.	2	X
9	Commercial Vitality	Foster a mix of land uses and unique neighborhood business districts that adequately meet the local community's needs.	Projects are mixed-use and establish new services, amenities, or underrepresented business types in the neighborhood that the local community	2	X

			identifies as lacking and desired.		
10	Historic Preservation /Adaptive Reuse	Encourage the preservation and/or reuse of buildings to preserve the character of neighborhoods.	Projects that preserve buildings that are 50 years old or older and/or projects that adaptively reuse an existing building	1	X
11	Public Art	Promote cultural expression and add to the experience and value of the built environment through art that is publicly visible or accessible for all to experience.	Project contributes at least 1.5% of the RDA contribution towards the installation of art onsite or towards the RDA art fund as outlined in the RDA Art Policy.	1	X

*\*Note: NOFA Ranking Weight: Uses a number (the weight) between 1 and 3 to assess the importance of the funding priority, with 1 being of lower importance and 3 being of the highest importance.*

*\*\*Note: .05% Interest Rate Reductions: While 12 interest rate reductions will be available, the maximum a project can qualify for is four, thereby reducing the interest rate to a minimum of 1%.*

## SECTION 7: COMPLIANCE

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Each applicant must certify that the project is, and will be, in compliance with all applicable federal and local rules and regulations. Projects will be subject to ongoing monitoring to evaluate and ensure that projects comply with affordability requirements, applicable funding priority policies, and other requirements as determined in the loan agreement.

## SECTION 8: ATTACHMENTS

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Attachment A: High Opportunity Area Map and Table

Attachment B: Standard Loan Terms and Conditions

Attachment C: RDA Project Area Map

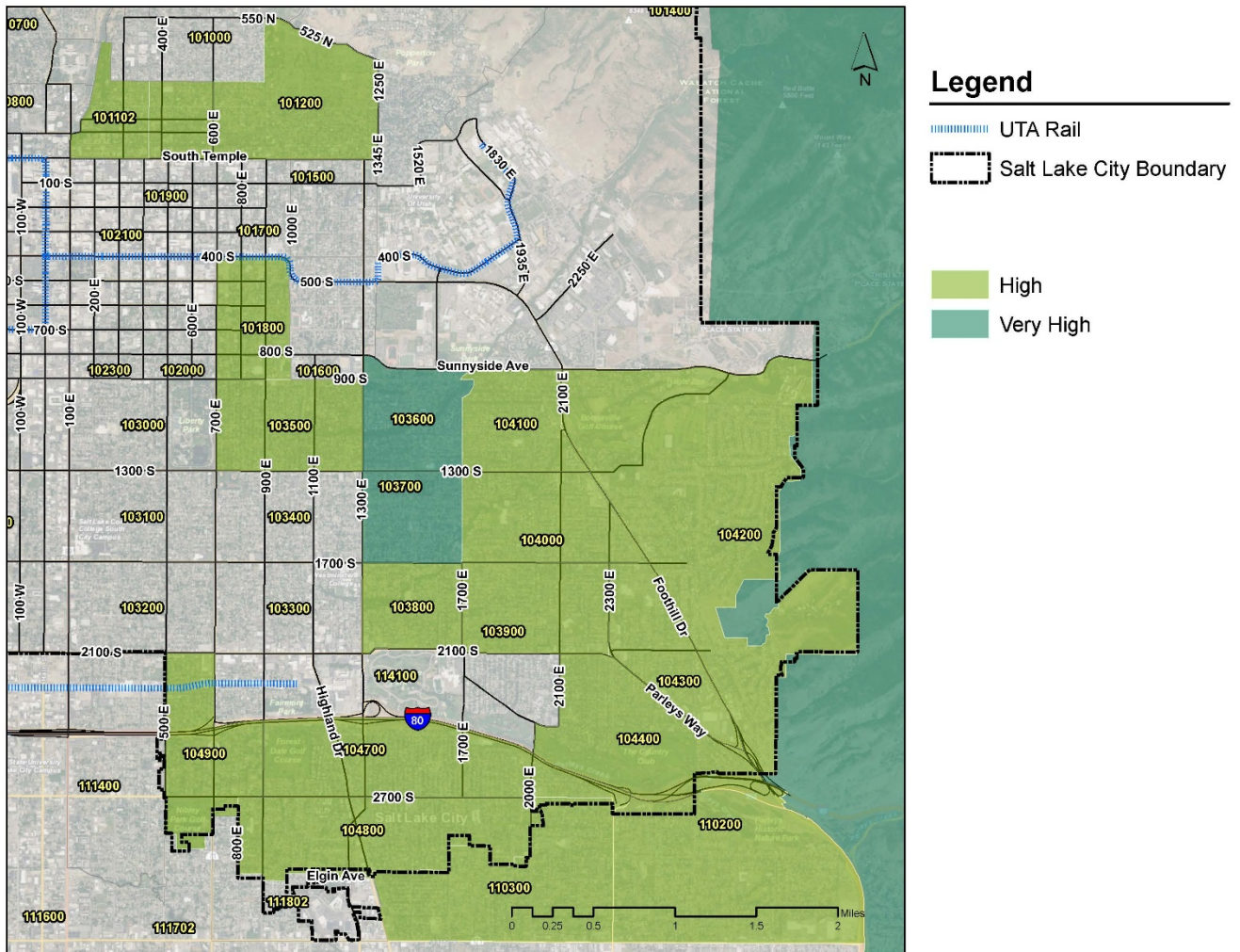
Attachment D: Maximum Rents & Incomes

### Attachment A: High Opportunity Area Map and Table

High opportunity areas are geographical locations within the city that provide conditions that expand a person's likelihood for social mobility. These areas have been identified through an analysis of quality-of-life indicators, homeownership rate, poverty, cost-burdened households, educational proficiency, unemployment rate, and labor force participation. With these multiple indicators, a single composite, or standardized, score is calculated for each census tract. Scores may range from 1 to 10, with 1 indicating low opportunity and 10 indicating high opportunity. A census tract with a standardized score above that of the citywide average shall be designated as an Area of Opportunity.

A census tract with a standardized opportunity index of 6 or higher shall be designated as an Area of Opportunity.

### HIGH OPPORTUNITY AREA MAP



**HIGH OPPORTUNITY AREA TABLE**

Tract	Opportunity Index	Tract	Opportunity Index
100100	5.0	103000	4.6
100200	5.5	103100	3.3
100306	3.5	103200	4.8
100307	3.5	103300	5.1
100308	3.1	103400	5.7
100500	3.7	103500	6.6
100600	3.3	103600	8.2
100700	4.6	103700	8.2
100800	5.3	103800	6.2
101000	5.7	103900	7.5
101101	6.4	104000	7.9
101102	6.2	104100	7.1
101200	6.8	104200	7.5
101400	4.6	104300	6.2
101500	4.8	104400	7.5
101600	5.3	104700	6.6
101700	4.8	104800	6.4
101800	6.2	104900	6.6
101900	4.8	110103	8.2
102000	3.7	110200	7.9
102100	3.7	110300	7.5
102300	2.8	111400	2.6
102500	3.7	111802	3.3
102600	2.4	113906	2.4
102701	3.1	114000	NA
102702	2.6	114100	NA
102801	2.4	114500	NA
102802	1.9	114700	NA
102900	1.9	114800	NA

Source: Opportunity Index derived by Kem Gardner Policy Institute, University of Utah from HUD Affirmatively Furthering Fair Housing database and HUD Comprehensive Housing Affordability Strategy, U.S. Census Bureau, and Utah State Office of Education.



**Attachment B: Standard Loan Terms and Conditions**

Standard loan terms and conditions for I) Gap Financing: Rental Construction to Permanent, II) Property Acquisition, and III) Gap Financing: Homeownership Construction are as follows:

**I. GAP FINANCING: RENTAL CONSTRUCTION TO PERMANENT****Limits to Assistance:**

- **Maximize Other Sources:** Applicants must demonstrate that they have maximized other available financing sources thereby limiting HDLP funding to the lowest amount necessary to close the funding gap and assure project feasibility.
- **Loan to Value:** A loan-to-value limit is not applicable. However, land and project costs shall be reasonable as compared similar projects in size, scope, and location.
- **Debt Service Coverage Ratio (DSCR):** Repayment terms for amortizing HDLP loans will be calculated as described herein and will be based on a DSCR of 1.10 inclusive of the RDA's loan and all senior debt.
- **Cash Flow:** For loans that qualify for a cash flow repayment structure, pursuant to the standards contained herein, applicants must demonstrate that the HDLP loan can be repaid within its scheduled term or at the end of the term.
- **Proportion to Affordability:** Funding shall be sized in proportion to the affordable component, taking into consideration the AMI structure and number of units in the project.

**Repayment:**

- Depending on the project's capacity for repayment, loans may be repaid as an amortized loan, a cash flow loan based on available cash flow, or a combination of both types of loan.
  - **Amortized Loan:** The RDA will determine what portion of its loan can be paid on an amortized schedule with required payments using the DSCR standards contained herein and the DSCR requirements of the senior lender.
  - **Cash Flow Loan:** If full amortization is not feasible due to limited cash flow, funds shall be repaid from an agreed upon percentage split of surplus cash flow. Cash flow loans shall be considered only for projects that provide a high level of affordability, target a difficult to serve population, or include other significant public benefit.
- At the RDA's discretion, payments may not be required and interest may not accrue or accrue at a reduced interest rate during the construction and lease-up phase. Upon completion of construction, lease-up, project stabilization, or other fixed date, loans shall begin to accrue interest and shall be subject to repayment.
- Any accrued but unpaid interest and principal is due in full at loan maturity.
- Loans can be prepaid in whole or in part at any time without penalty. Prepayment does not end the affordability period before its original end date.

**Term:**

- RDA loan terms will generally match the term of permanent senior debt, generally up to a maximum of 30-years for projects with non-HUD financing and up to a maximum of 40 years for projects with HUD financing.
- Commencement of the loan term and/or repayment period may be deferred for a period of time to allow for completion of construction and lease-up phase.

**Interest Rate:**

- **Base Interest Rate:** The base interest rate shall be as follows:
  - **Amortized Loans:** The current U.S. Treasury Yield Curve Rate for the loan term plus 1%, locked in within a month of loan closing, with a maximum base interest rate of 3%. The

interest rate for loans with a term longer than 30 years will utilize the 30-year U.S. Treasury Yield Curve Rate in this calculation.

- Cash Flow Loans: The current U.S. Treasury Yield Curve Rate for the loan term plus 2%, locked in within a month of loan closing, with a maximum base interest rate of 4%. The interest rate for loans with a term longer than 30 years will utilize the 30-year U.S. Treasury Yield Curve Rate in this calculation.
- Interest will accrue as simple interest.
- Funding Priority Incentives: Projects shall have the ability to reduce the Base Interest Rate if the project meets the current funding priorities as established annually pursuant to the Funds Policy. For each funding priority met, the project is eligible to receive a .5% reduction from the Base Interest Rate, with the ability to reduce the interest rate to a minimum of 1%.
- Interest rates are subject to an adjustment, of up a 1% deviation, based on project cash flow and debt coverage ratio calculated at time of application and underwriting.

**Affordability Restriction:**

- A restriction shall be recorded against the property that requires continued use of the specified units as affordable housing for at least the same period as the senior financing or a minimum of 30 years, whichever is greater. Both a rent and income restriction shall be included to limit the maximum rent that can be charged for a unit and to require that the unit be made available only to households with qualifying incomes.

**Subordination to Senior Debt:**

- HDLP loans may be subordinated to leverage private financing, with the priority among subsidy lenders typically established based upon size of the loans.

**Security:**

- Adequate security shall be required, generally in the form of a deed of trust, promissory note, and guarantees.

**Developer Fee:**

- Given the rent restrictions on affordable housing projects, affordable housing developments typically do not have substantial cash flow after debt service on their primary loans. As such, developer fees are recognized as a significant part of the income on which affordable housing organizations depend for their operations. For projects utilizing a low-income housing tax credit ("LIHTC") program, the calculation to determine a maximum developer fee shall be consistent with Utah Housing Corporation's policy, which caps the maximum developer fee. The maximum developer fee for projects not utilizing LIHTC will be evaluated on a case-by-case basis in the context of the proportion of affordable units and AMIs.

**Borrower Contribution:**

- Borrowers shall contribute a source of financing to the project, whether through an equity contribution or a deferred developer fee or a combination of both. The level of borrower contribution will be considered on a case-by-case basis and will be evaluated based on the type of ownership entity and level of public benefit provided by the project.
- For Low Income Housing Tax Credit ("LIHTC") projects that are requesting a cash flow loan, the borrower shall maximize the amount of deferred developer fee allowed under Utah Housing Corporation's standards to be allowed in tax credit basis and acceptable for their tax credit investor in that this amount must be payable within a time frame allowed by the LIHTC program as approved by the project's tax counsel.

- Projects that have not maximized a developer fee, pursuant to the standards contained herein, or that serve lower AMIs or special populations, such as permanent supportive housing, may have the ability to waive the borrower contribution.

**Disbursement of Funds:**

- Funding shall be disbursed as construction draws evidenced by supporting documentation demonstrating that work has been completed and that the project is in good financial and legal standing.

**Other**

- Loans are non-assumable without written permission from the RDA.

## II. PROPERTY ACQUISITION

### **Limits to Assistance:**

- **Maximize Other Sources:** Applicants must demonstrate that they have maximized other available financing sources thereby limiting HDLP funding to the lowest amount necessary to close the funding gap and assure project feasibility.
- **Loan to Value:** Loans will be sized to a loan-to-value limit of 90% of the as-is appraised value inclusive of the RDA's loan and all senior debt.

### **Repayment:**

- Depending on the applicant's capacity for repayment, loans may be repaid as a deferred or interest-only loan.
- Any accrued but unpaid interest and principal is due in full at loan maturity.
- Loans can be prepaid in whole or in part at any time without penalty. Prepayment does not end the affordability period before its original end date.

### **Term:**

- The maximum loan term shall be 24-months with the ability for one 12-month extension if the project is demonstrating a progression toward construction.

### **Interest Rate:**

- **Base Interest Rate:** The base interest rate shall be the current U.S. Treasury Yield for the loan term plus 2.5%, locked in within a month of loan closing, with a maximum base interest rate of 3%.
- Interest will accrue as simple interest.
- **Funding Priority Incentives:** Projects shall have the ability to reduce the Base Interest Rate if the project meets the current funding priorities as established pursuant to the Funds Policy. For each funding priority met, the project is eligible to receive a .5% reduction from the Base Interest Rate, with the ability to reduce the interest rate to a minimum of 1%.
- Interest shall accrue on all loan proceeds disbursed commencing on the date of disbursement.
- Interest rates are subject to an adjustment, of up a 1% deviation, based on project cash flow and debt coverage ratio calculated at time of application and underwriting.

### **Affordability Restriction:**

- A restriction shall be recorded against the property that requires continued use of the specified units as affordable housing for at least the same period as the senior financing or a minimum of 30 years, whichever is greater. Both a rent and income restriction shall be included to limit the maximum rent that can be charged for a unit and to require that the unit be made available only to households with qualifying incomes.

### **Subordination to Senior Debt:**

- HDLP loans may be subordinated to leverage private financing, with the priority among subsidy lenders is typically established based upon size of the loans.

### **Security:**

- Adequate security shall be required, generally in the form of a deed of trust, promissory note, and guarantees.

### **Developer Fee:**

- Developer fees are not an eligible cost for a property acquisition loan.

**Disbursement of Funds:**

- Funding may be disbursed at loan closing.

**Other**

- Loans are non-assumable without written permission from the RDA.

### III. GAP FINANCING: HOMEOWNERSHIP CONSTRUCTION

#### **Limits to Assistance:**

- **Maximize Other Sources:** Applicants must demonstrate that they have maximized other available financing sources thereby limiting HDLP funding to the lowest amount necessary to close the funding gap and assure project feasibility.
- **Loan to Value:** Loans will be sized to a loan-to-value limit of 90% of the as-is appraised value inclusive of the RDA's loan and all senior debt.
- **Proportion to Affordability:** Funding shall be sized in proportion to the affordable component, taking into consideration the AMI structure and number of units in the project.

#### **Repayment:**

- Loans shall be repaid from the sale of housing units in the project. HDLP funds may be repaid after payout to senior loans have been accounted for.
- Any accrued but unpaid interest and principal is due in full at loan maturity.
- Loans can be prepaid in whole or in part at any time without penalty. Prepayment does not end the affordability period before its original end date.

#### **Term:**

- The maximum loan term shall be 36-months with the ability for one 12-month extension if the project is demonstrating a progression toward completion.

#### **Interest Rate:**

- **Base Interest Rate:** The base interest rate shall be the current U.S. Treasury Yield for the loan term plus 2.5%, locked in within a month of loan closing, with a maximum base interest rate of 3%. Interest will accrue as simple interest.
- **Funding Priority Incentives:** Projects shall have the ability to reduce the Base Interest Rate if the project meets the current funding priorities as established pursuant to the Funds Policy. For each funding priority met, the project is eligible to receive a .5% reduction from the Base Interest Rate, with the ability to reduce the interest rate to a minimum of 1%.
- Interest shall accrue on all loan proceeds disbursed commencing on the date of disbursement.
- Interest rates are subject to an adjustment, of up a 1% deviation, based on project cash flow and debt coverage ratio calculated at time of application and underwriting.

#### **Affordability Restriction:**

- A restriction shall be recorded against the property that requires continued use of the specified units as affordable housing for at least the same period as the senior financing or a minimum of 15 years, whichever is greater. Both a sales price and income restriction shall be included to limit the maximum sales price that can be charged for a unit and to require that the unit be made available only to households with qualifying incomes.

#### **Subordination to Senior Debt:**

- HDLP loans may be subordinated to leverage private financing, with the priority among subsidy lenders is typically established based upon size of the loans.

#### **Security:**

- Adequate security shall be required, generally in the form of a deed of trust, promissory note, and guarantees.

#### **Developer Fee:**

- Maximum developer fees will be considered on a case-by-case basis and will be evaluated based on the affordability levels of the project, type of ownership entity, and level of public benefit provided by the project.

**Borrower Contribution:**

- Borrowers shall contribute a source of financing to the project, whether through an equity contribution or a deferred developer fee or a combination of both. The level of borrower contribution will be considered on a case-by-case basis and will be evaluated based on the affordability levels of the project, type of ownership entity, and level of public benefit provided by the project.
- Deferred developer fees shall be paid after the HDLP loan has been fully repaid.

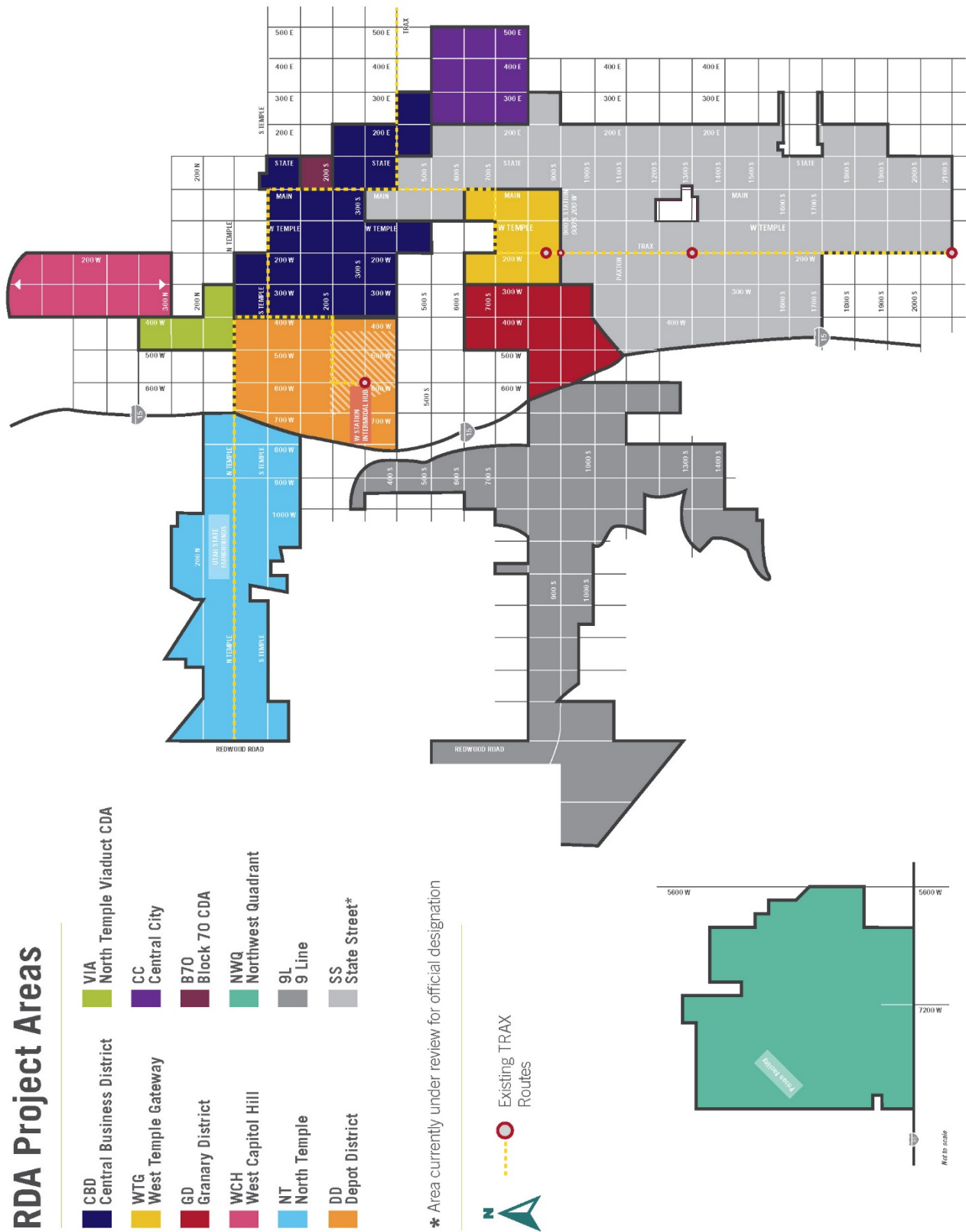
**Disbursement of Funds:**

- Funding shall be disbursed as construction draws evidenced by supporting documentation demonstrating that work has been completed and that the project is in good financial and legal standing.

**Other**

- Loans are non-assumable without written permission from the RDA.

Attachment C: RDA Project Area Map





**Attachment D: 2021 Maximum Incomes and Rents****2021 Income Limits: Salt Lake County**

AMI	Number of Persons in Family							
	1	2	3	4	5	6	7	8
40%	\$25,840	\$29,520	\$33,200	\$36,880	\$39,840	\$42,800	\$45,760	\$48,720
50%	\$32,300	\$36,900	\$41,500	\$46,100	\$49,800	\$53,500	\$57,200	\$60,900
60%	\$38,760	\$44,280	\$49,800	\$55,320	\$59,760	\$64,200	\$68,640	\$73,080
80%	\$51,680	\$59,040	\$66,400	\$73,760	\$79,680	\$85,600	\$91,520	\$97,440

\*Source: Based on data acquired from the U.S. Department of Housing and Urban Development's FY 2021 Income Limits Documentation System.

**2021 Maximum Rents**

AMI	Bedrooms					
	Studio	1	2	3	4	5
40%	\$646	\$692	\$830	\$959	\$1,070	\$1,181
50%	\$807	\$865	\$1,037	\$1,198	\$1,337	\$1,476
60%	\$969	\$1,038	\$1,245	\$1,438	\$1,605	\$1,771
80%	\$1,292	\$1,384	\$1,660	\$1,918	\$2,140	\$2,362