



SLCRDA

NOTICE OF FUNDING AVAILABILITY



2022 EMERGENCY GAP FUNDS GUIDELINES + APPLICATION HANDBOOK

RELEASE DATE

June 2, 2022

APPLICATION DEADLINE

Open until expended

www.slcrrda.com

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SECTION 1: INTRODUCTION & OVERVIEW

1.1 Introduction

In releasing this Notice of Funding Availability (NOFA) for **Emergency Gap Funding** through 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 where unanticipated gaps in financing have occurred and immediate funding is critical for a project to break ground in a timely manner. Qualifying projects must be able to close on an RDA loan within 90 days of RDA Board approval. Projects without an evident and immediate need for funding do not qualify for this program, but may be eligible for other RDA programs. Qualified housing developers must demonstrate their ability to: 1) construct and/or rehabilitate affordable housing developments, 2) align their projects with identified affordable housing priorities, 3) close within 90 days of RDA Board approval, and 4) maintain/manage affordable housing developments. Housing developers that can demonstrate these abilities are encouraged to submit applications.

1.2 Intent

It is intended that funds allocated through the HDLP will provide for an unanticipated emergency GAP in financing for the following types of projects:

- 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.

1.3 Emergency Gap Housing Development Loan Program Questions

- i. **Questions:** Prospective applicants may submit clarification questions to the RDA about the Emergency Gap HDLP via email to Tracy Tran, at: tracy.tran@slcgov.com. Please check the RDA’s website, www.slcrda.com, regularly for any updates, corrections, or posted questions and answers regarding the HDLP.

1.4 Submittal Deadline

The application deadline is as follows:

Funding Type	
Emergency Gap Funds	Open on ongoing basis until expended*

** Emergency Gap Funds will be available until expended or until June 2023, whichever is sooner. Applications for these funds will be reviewed and accepted on a first come, first serve basis. Inquiries may be made to RDA staff for available fund balance.*

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

1.5 Submittal Requirements

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

1.6 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

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.

For FY2022, the RDA Board of Directors has set aside approximately \$3 million for emergency gap funding. Emergency Gap funding is allocated through a 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*
Emergency Gap	\$3,082,500

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

2.2 Standard Loan Terms and Conditions

The purpose of this funding is to expand housing opportunities for low- and moderate-income households where unanticipated emergency gaps in financing are present. This shall be accomplished by reducing a project's financing cost from unforeseen expenses 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, and 2) Gap Financing: Homeownership Construction.

2.3 Funding Commitment

Successful applicants under the HDLP will receive a conditional commitment of funding and must close on their loan within 90 days of RDA Board approval. 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

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 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 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 RDA Guiding Framework Requirements

Projects seeking Emergency Gap HDLP funds shall comply with the RDA's strategic operational document, the Guiding Framework, which outlines the mission, values, thresholds for financing, and Livability Benchmarks expected of RDA financially-supported projects. Please see Attachment E.

3.8 Sustainability

Per the RDA's [Sustainable Development Policy](#), all new construction projects receiving any RDA funds (and rehabilitation projects receiving more than \$200,000) must meet all the following requirements:

- Designed to earn an 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 Buildings Program

Projects must submit a Statement of Energy Design Intent (“SEDI”) from ENERGY STAR to verify required Score of 90+ 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

All projects receiving a building permit after January 1, 2023, are required to meet the RDA’s Sustainable Development Policy requirements.

3.9 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.

3.10 Policies and Master Plans

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

3.11 Closing Requirement

If selected and approved, the Applicant must be able to close the loan within 90 days of RDA Board approval.

SECTION 4: APPLICATION REQUIREMENTS

4.1 Application Components

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

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

4.2 Completeness

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.

Application documents must be clearly labeled to correspond with the Application Component Sections outlined in section 4.1.

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	Thursday, June 2, 2022	<ul style="list-style-type: none"> Emergency Gap NOFA released.
		<ul style="list-style-type: none"> Applicants can submit an application as long as funds are available and have not been completely expended or until June 2023, whichever is occurs first.
2 Threshold Review	After receipt of a complete application.	<ul style="list-style-type: none"> Threshold requirement review. Applications that meet Threshold Requirements proceed to Phase 3.
3 Project Evaluation and Review	After an application complies with the Phase 2 requirements.	<ul style="list-style-type: none"> Applications that are forwarded from Phase 2 will be further evaluated. RDA Finance Committee to provide project funding recommendation.
4 Project Selection	Meeting of the RDA Board of Directors (typically 4-5 weeks after Phase 2 is complete, depending on RDA Finance Committee meeting schedule)	<ul style="list-style-type: none"> RDA Board of Directors Review and Project Selection
5 Funding Award	Varies by project.	<ul style="list-style-type: none"> Conditional Commitment
		<ul style="list-style-type: none"> Firm Commitment and Loan Closing

The five phases of the application process are described below.

1. **Application:** An application process shall be administered by the RDA.
2. **Threshold Review:** 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. Ability to close loan within 90 days of RDA Board approval.
 - vii. Any and all content regarding building and site design.

Once applications have been evaluated and ranked, they will be forwarded to the RDA Finance Committee. Projects that the RDA Finance 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 90 days or less 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 & INTEREST RATE REDUCTIONS

Project priority criteria will be utilized to evaluate applications as well as provide for interest rate reductions.

CATEGORY		POLICY OBJECTIVE	BENCHMARK	NOFA RANKING WEIGHT*	0.5% INTEREST RATE REDUCTION**
1	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
2	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
3	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 extremely low-income households (30% AMI or less) and/or special populations in partnership with a governmental or nonprofit entity.	3	X
4	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)	3	X
5	Sustainability	Achieve green building and energy conservation standards to lower housing expenses, conserve resources, and promote resiliency.	Projects must be built to Off-Site Net Zero or On-Site Net Zero standard as described in the RDA's Sustainable Development Policy .	1	X***
6	Transportation Opportunities	Promote a multimodal transportation network and ensure convenient and	Projects must meet two of the following:	1	X

		equitable access to a variety of transportation options.	<ul style="list-style-type: none"> • Includes a car sharing, bike sharing, or transit pass program that is widely available to employees/ residents • Includes a commercial project that includes employee shower, locker, and bicycle facilities • Is located within 1/3 mile walking distance of a TRAX station or S-Line station • Implements reduced parking strategies without negatively impacting the neighborhood • Incorporates majority of parking within a primary structure to minimize the need for a surface parking lot. 		
7	Neighborhood Safety	Utilize the development of housing to reduce the number of vacant and distressed buildings and lots to reduce crime and return land to a productive use.	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.	1	X
8	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	1	X

			indicators. Refer to <i>Attachment A: High Opportunity Area Map and Table</i> .		
9	Architecture & Urban Design	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 as determined by RDA staff.	1	X
10	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 identifies as lacking and desired.	1	X
11	Historic Preservation /Adaptive Reuse	Encourage the preservation and/or reuse of buildings to preserve the character of neighborhoods.	Acknowledge a neighborhood's history and maintain its unique character through preservation, rehabilitation, or repurposing of historic or underutilized structures.	1	X
12	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: 0.5% Interest Rate Reductions: While 12 interest rate reductions will be available, the maximum interest rate can be reduced a maximum of 2%, thereby reducing the interest rate to a minimum of 1%. Please see Attachment B for applicable standard loan terms and conditions.*

****Note: Sustainability Interest Rate Reduction: As per the RDA's Sustainable Development Policy, projects built to an Off-Site Net Zero standard are eligible for a 1% interest rate reduction and projects built to an On-Site Net Zero standard are eligible for a 2% interest rate reduction.*

SECTION 7: COMPLIANCE

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

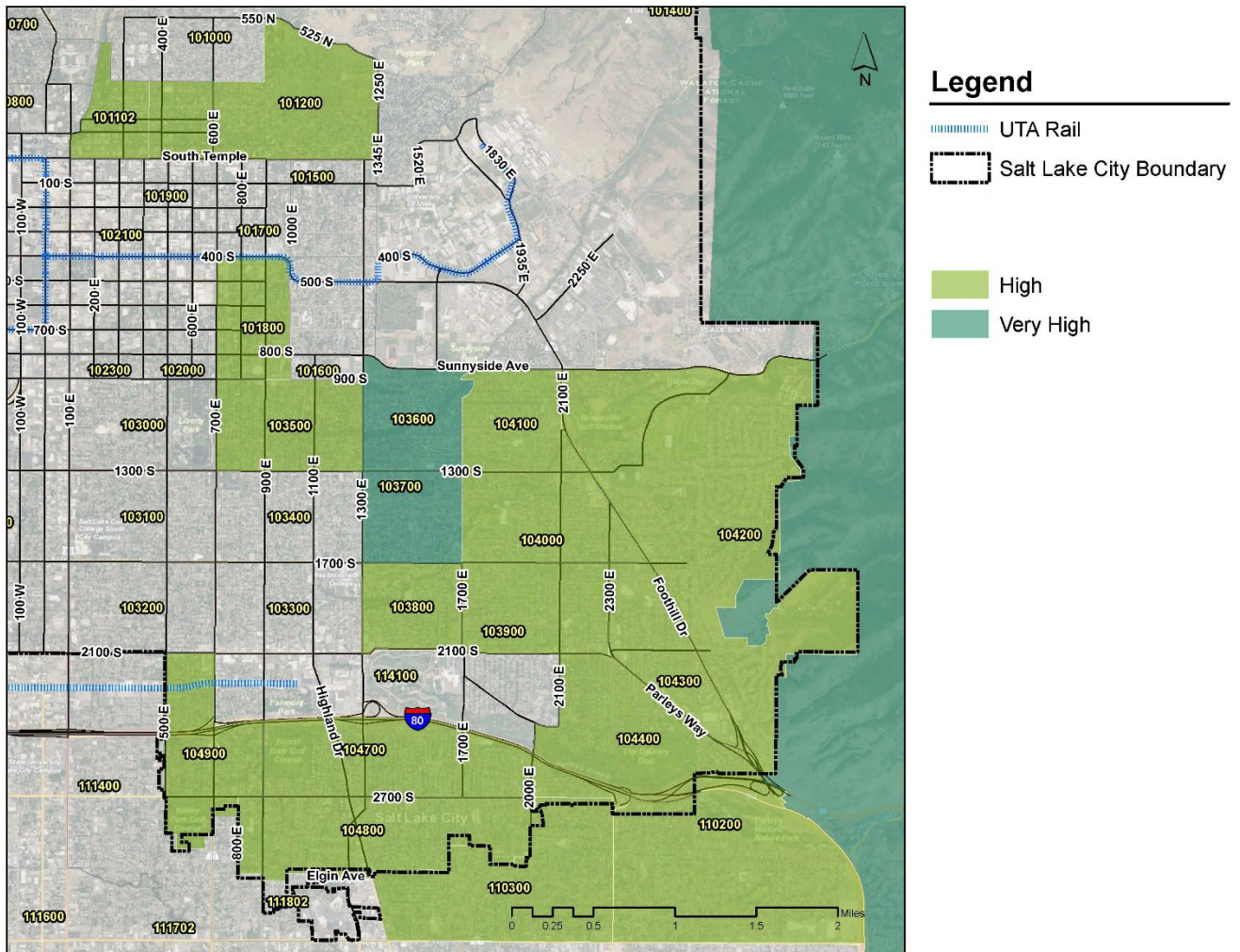
- Attachment A: High Opportunity Area Map and Table
- Attachment B: Standard Loan Terms and Conditions
- Attachment C: RDA Project Area Map
- Attachment D: Maximum Rents & Incomes
- Attachment E: RDA Guiding Framework

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 and II) 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.
- The Applicant must be able to close the loan within 90 days of RDA Board approval.

II. 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.

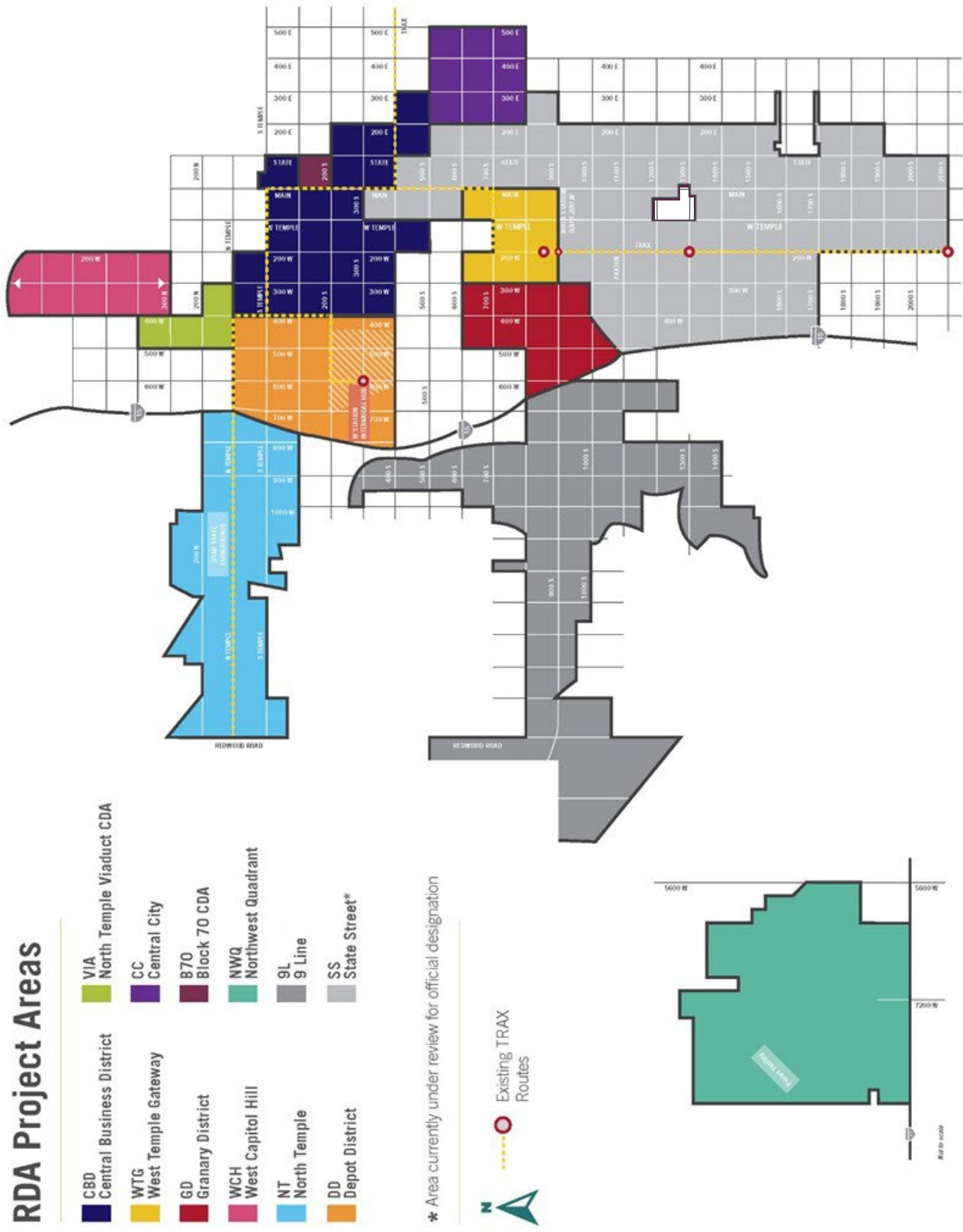
Disbursement of Funds:

- 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.
- The Applicant must be able to close the loan within 90 days of RDA Board approval.

Attachment C: RDA Project Area Map



Attachment D: 2022 Maximum Incomes and Rents**2022 Income Limits: Salt Lake County**

AMI	Number of Persons in Family							
	1	2	3	4	5	6	7	8
40%	\$28,675	\$32,775	\$36,875	\$40,950	\$44,250	\$47,525	\$50,800	\$54,075
50%	\$35,850	\$41,000	\$46,100	\$51,200	\$55,300	\$59,400	\$63,500	\$67,600
60%	\$43,013	\$49,163	\$55,313	\$61,425	\$66,375	\$71,288	\$76,200	\$81,113
80%	\$57,350	\$65,550	\$73,750	\$81,900	\$88,500	\$95,050	\$101,600	\$108,150

Source: Based on data acquired from the U.S. Department of Housing and Urban Development's FY 2022 Income Limits Documentation System.

2022 Maximum Rents

AMI	Bedrooms					
	Studio	1	2	3	4	5
40%	\$717	\$768	\$922	\$1,065	\$1,188	\$1,311
50%	\$896	\$960	\$1,152	\$1,331	\$1,485	\$1,638
60%	\$1,075	\$1,152	\$1,383	\$1,597	\$1,782	\$1,966
80%	\$1,434	\$1,537	\$1,844	\$2,130	\$2,376	\$2,622

Source: Based on data acquired from the FY2022 Novogradac Rent & Income Limit Calculator

Attachment E: RDA Guiding Framework

Guiding Framework



This Guiding Framework is a strategic operational document outlining the methodology for evaluating and prioritizing projects requesting RDA financial assistance. The RDA's **Mission** and **Values** form the foundation of the Guiding Framework, declaring the RDA's purpose and the intended economic, social, and physical outcomes expected of RDA projects and partnerships.

MISSION: The Redevelopment Agency of Salt Lake City strengthens neighborhoods and business districts to improve livability, create economic opportunity and foster authentic, equitable communities, serving as a catalyst for strategic development projects that enhance the City's housing opportunities, commercial vitality, public spaces, and environmental sustainability.

VALUES:

Economic Opportunity- We invest in the long-term prosperity and growth of our local economy.	Equity & Inclusion- We prioritize people-focused projects and programs that encourage everyone to participate in and benefit from development decisions that shape their communities.	Neighborhood Vibrancy- We cultivate distinct and livable places that are contextually sensitive, durable, connected, and sustainable.
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PROJECT EVALUATION PROCESS: The RDA prioritizes projects that demonstrate a commitment to the Mission and Values, evaluating projects via three steps, which answer the following questions: 1.) Does the project meet the minimum **THRESHOLDS** required for RDA participation? 2.) To what degree does the project benefit the public by achieving defined **LIVABILITY BENCHMARKS**, thereby warranting RDA assistance? 3.) Does the project meet the **CRITERIA** outlined in existing RDA programs and policies, such as the RDA Loan Program or Tax Increment Reimbursement Program?

Step 1: THRESHOLDS	<ul style="list-style-type: none"> Alignment with adopted City policies & plans Alignment with RDA Project Area Work Plans* Financial viability with a demonstrated and reasonable need for public assistance 		
Step 2: LIVABILITY BENCHMARKS	Economic Opportunity	Equity & Inclusion	Neighborhood Vibrancy
	<ul style="list-style-type: none"> Leveraging Timeliness Return of Investment Permanent Job Creation & Retention Affordable Commercial Spaces Ownership 	<ul style="list-style-type: none"> Transit Opportunities Mixed-Income Neighborhoods Neighborhood Safety Community Engagement & Support Housing for Everyone Displacement Mitigation Affordable Housing Preservation 	<ul style="list-style-type: none"> Public Space Public Art Architecture & Urban Design Sustainability Walkability Building Preservation, rehabilitation, or adaptive reuse Missing Middle & Unique Building Types
Step 3: PROGRAM CRITERIA	Evaluation of project according to respective RDA policies, programs and procedures		

*Spanning a 1-3 year time frame, Project Area Work Plans identify redevelopment objectives and strategic redevelopment projects for each project area, along with a corresponding schedule & budget for each project. The Project Area Work Plans will be based on relevant City policies and plans and the Project Area Plans that were adopted when the project area was created and will provide direction for the annual RDA budget process.

Adopted 12.14.21