



HOUSING DEVELOPMENT

LOAN PROGRAM

FY2023 - 2024 AFFORDABLE HOUSING FUNDS GUIDELINES + APPLICATION HANDBOOK

RELEASE DATE

November 17, 2023

APPLICATION DEADLINE

January 3, 2024



SLCRDA

TABLE OF CONTENTS

SECTION 1: INTRODUCTION & OVERVIEW.....2

SECTION 2: GENERAL PROVISIONS4

SECTION 3: THRESHOLD REQUIREMENTS.....5

SECTION 4: APPLICATION REQUIREMENTS.....8

SECTION 5: APPLICATION, REVIEW & APPROVAL PROCESS.....9

SECTION 6: PROJECT PRIORITIES & INTEREST RATE REDUCTIONS11

SECTION 7: COMPLIANCE.....14

SECTION 8: ATTACHMENTS.....14

SECTION 1: INTRODUCTION & OVERVIEW

1.1 Introduction

In releasing this Notice of Funding Availability (NOFA) through the Housing Development Loan Program (HDLP), the goal of the Redevelopment Agency of Salt Lake City (“RDA”) will provide low-cost financial assistance to incentivize the development and preservation of affordable housing within city limits. 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, and 3) maintain/manage affordable housing developments. Housing developers that can demonstrate these abilities are encouraged to submit applications.

1.2 RDA Guiding Framework

The RDA Guiding Framework outlines the mission, values, thresholds for financing, and Livability Benchmarks expected of RDA financially supported projects. The HDLP carries out the intent and expectations of the RDA Guiding Framework.

1.3 Intent

Funds allocated through the HDLP will be used to accomplish the following goals:

- 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

1.4 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:

Subject: FY2023-2024 NOFA: Housing Development Loan Program
Informational Meeting

Date & Time: Friday, December 1, 2023 at 1:00 PM

Location: Virtual Meeting ([WebEx Meeting Link](#))
Add link to calendar:



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 Monday, December 20, 2023, 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, regularly for any updates, corrections, or posted questions and answers regarding the HDLP.

1.5 Submittal Deadline

The application deadline is as follows:

<u>Funds Category</u>	<u>Deadline</u>
All Competitive Funds	January 3, 2024

Refer to Section 4 for additional details on the requirements and the process for applying.

1.6 Submittal Requirements

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

1.7 Funding Decision

After an initial review to ensure applications are complete and meet threshold requirements, the RDA will determine funding awards through the following process: 1) The RDA Finance Committee 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 developments. The funds aim to increase the availability and accessibility of affordable housing in Salt Lake City.

The RDA Board of Directors has set aside approximately \$13.76 million for the HDLP. 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.

COMPETITIVE FUNDS CATEGORY	AMOUNT*
RDA Housing Development Loan Program	\$4,241,714
HOME Program Income**	\$6,939,710
HOME ARP Development**	\$1,501,608
HOME Development Fund**	\$726,291
HOME Community Housing Development Organization Funds**	\$351,841
TOTAL:	\$13,761,164

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

**Note: See Attachment F for additional information on federal requirements associated with these funds.

The RDA Board of Directors has approximately \$2.7 million available for projects located within High Opportunity Areas (Attachment A). If your project is located within these areas, please contact RDA staff for details about this other funding option.

2.2 Standard Loan Terms and Conditions

The purpose of this funding is to provide low-cost financial assistance to incentivize the preservation and development of affordable housing within city limits. Because HDLP funds are generally intended to serve as gap financing, 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 I) *Gap Financing: Rental Construction to Permanent II) Property Acquisition and III) 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 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.

2.6 **Identity of Interest**

Applicants shall disclose identity of interest relationships within the project (i.e. relationships between/among developers, owners, lenders, architects, contractors, property management, etc.).

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

3.4 Eligible Activities

Activities eligible for RDA funding 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. In addition, the affordable units shall be spread proportionately among different bedroom counts.

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 Family-Sized Units and/or Deeply Affordable Units

For this year's funds, all projects must include either family-sized units and/or deeply affordable units. For a development to qualify for these funds, a minimum of 10% of the total residential units shall have three or more bedrooms and shall be rent restricted to those earning 60% AMI and below as per guidelines established by the HUD; or at least 10% of the total residential units shall be restricted as affordable to households earning 40% of the area median income ("AMI") and below as established by the U.S. Department of Housing and Urban Development ("HUD").

For, affordable homeownership developments, a minimum of 10% of the total residential units shall have three or more bedrooms.

3.8 Sustainability

Per the RDA's [Sustainable Development Policy \(Resolution R-20-2021\)](#), all new construction projects receiving any RDA funds (and rehabilitation projects receiving \$900,000 or more) 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 once the building is in operation

All rehabilitation projects that receive or are anticipated to receive between \$200,000 and \$899,999 in RDA funding shall also meet the following requirements:

- Designed to earn an Energy Star score of 90
- Participation in SLC's Energy Benchmarking Program: Annual operational data must be submitted to Salt Lake City's Elevate Buildings Program once the building is in operation

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

3.9 Financing Gap

HDLP Funds are limited to 10% or less of the project's financing sources. For HOME funds, please see Attachment F for additional requirements and funding limits. Projects shall demonstrate 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 greatest possible loan-to-value or lowest possible debt service coverage ratio 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.

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

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:

Kate Werrett, Project Manager, kate.werrett@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 Wednesday, January 3, 2024**, either due to human or technological error, will not be considered.

SECTION 5: APPLICATION, REVIEW, & APPROVAL PROCESS

The application, review, and approval process shall be carried out in five phases, as follows:

PHASE	DATE/TIME	MILESTONE
1 Application	Friday, November 17, 2023	• NOFA released
	Friday, December 1, 2023 at 1:00 PM	• NOFA Informational Meeting (Webex Meeting Link)
	Monday, December 20, 2023	• Deadline for questions
	Wednesday, January 3, 2024 at 5:00 PM	• Applications due
2 Threshold Review*	January 4 -10, 2024	• Applications that meet Threshold Requirements proceed to Phase 3
3 Project Evaluation and Review*	January 11-26, 2024	• Applications that are forwarded from Phase 2 will be further evaluated and ranked • RDA Finance Committee to provide project funding recommendation
4 Project Selection	Meeting of the Legislative Body tentatively scheduled for March 2024	• Legislative Body Review and Project Selection
5 Funding Award	Varies by project	• Conditional Commitment
		• Firm Commitment and Loan Closing

*The review periods may change depending on the number of applications received.

The five phases of the application process are described below.

1. **Application:** An application process shall be administered through the Utah Public Procurement Place 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 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 criteria:
 - i. Alignment with project priorities – projects may qualify for interest rate reductions by meeting certain project priorities as laid out in Section 6 of this document
 - 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 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 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 & 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	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	Project provides at least 15%*** of the total units as 3+ bedroom units AND includes family-oriented community amenities, as approved by RDA Staff.	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	Project sets aside at least 15%*** of the units for extremely low-income households (40% AMI or less) and/or special populations in partnership with a governmental or nonprofit entity	3	X
3	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
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 Resolution .	1	X****
6	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"> Includes a car sharing, bike sharing, or transit pass program that is widely available to employees/residents Includes a commercial project that includes 	1	X

			<p>employee shower, locker, and bicycle facilities</p> <ul style="list-style-type: none"> • 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) principles. RDA staff shall provide final review and approval. RDA staff may require Developer to provide approval from a certified professional.	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 indicators. Refer to <i>Attachment A: High Opportunity Area Map and Table</i>	1	X
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 commercial spaces within the development that are lacking and desired. These spaces shall be open to the public and shall not be spaces	1	X

			that are exclusive to the development		
11	Historic Preservation /Adaptive Reuse	Encourage the preservation and/or reuse of buildings to preserve the character of neighborhoods	Project acknowledges 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 are available, interest rates can be reduced by a maximum of 2.0%. Please see Attachment B for applicable standard loan terms and conditions.*

****Note: Between the two threshold requirements laid out in Section 3.7, if a project includes both family housing units and deeply affordable units in accordance with this section, the project may receive the interest rate reduction by meeting the second threshold requirement at a percentage of 10% instead of 15%.*

*****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

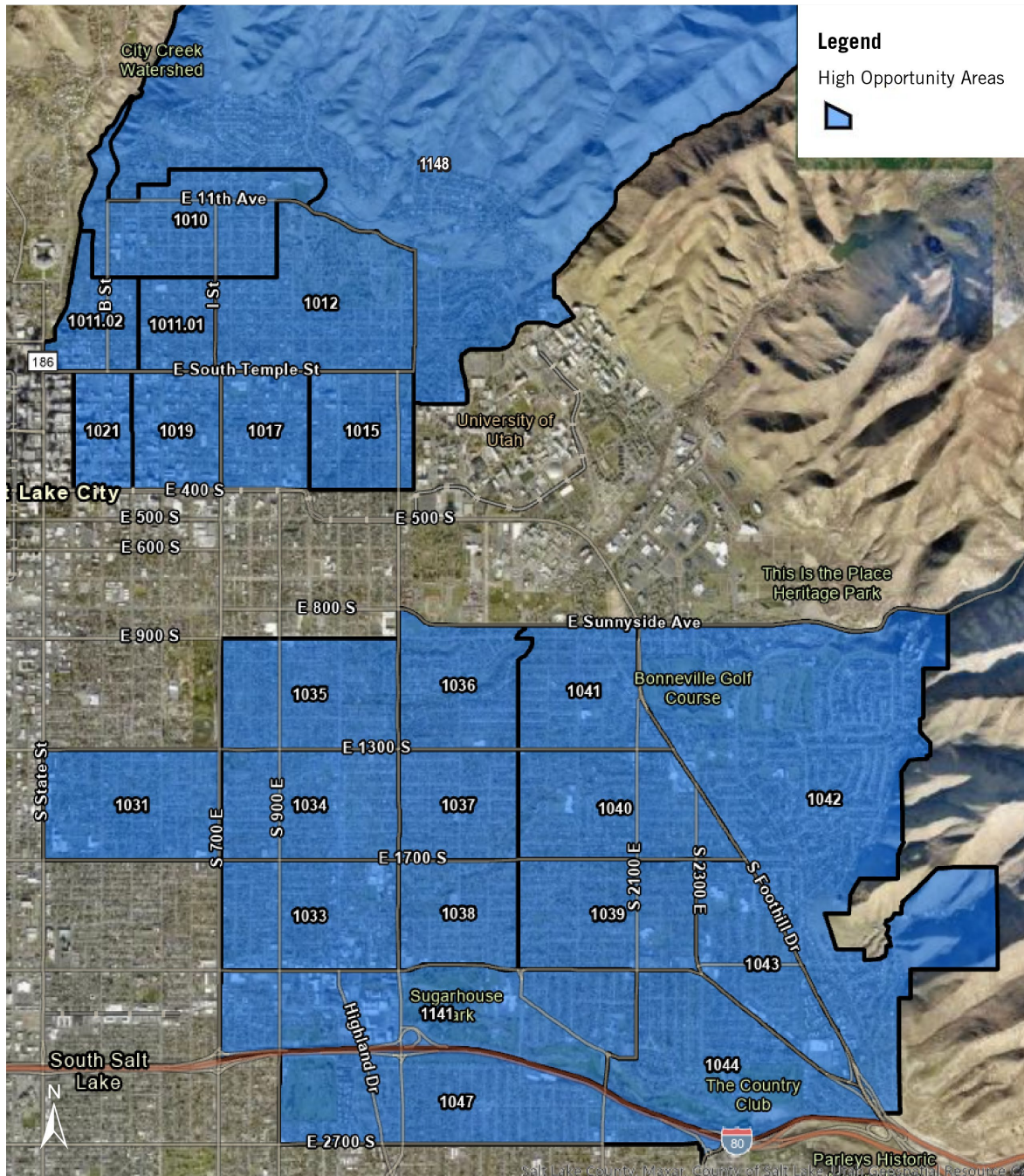
Attachment F: HOME Funds Requirements

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 a variety of economic, housing, health, and community metrics. With these multiple indicators, a single composite, or standardized score is calculated for each census tract. Scores may range from 0 to 10, with 1 indicating low opportunity and 10 indicating high opportunity.

A Census Tract with an Opportunity Index score of 7 or higher shall be designated as an Area of High Opportunity.

HIGH OPPORTUNITY AREA MAP



HIGH OPPORTUNITY AREA TABLE

Tract	Opportunity Index Score	Tract	Opportunity Index Score
1001	3	1028.01	2
1002	5	1028.02	4
1003.06	3	1029	2
1003.07	2	1030	6
1003.08	1	1031	8
1005	1	1032	6
1006	0	1033	7
1007	5	1034	8
1008	5	1035	7
1010	8	1036	10
1011.01	6	1037	8
1011.02	9	1038	7
1012	8	1039	7
1014.01	3	1040	9
1014.02	4	1041	8
1015	8	1042	9
1016	6	1043	6
1017	8	1044	7
1018	4	1047	8
1019	7	1048	5
1020	6	1049	5
1021	7	1118.02	6
1023	5	1140	6
1025.01	4	1141	7
1025.02	6	1145	1
1026	3	1147	3
1027.01	3	1148	8
1027.02	1		

SCORING NOTES

The High Opportunity Index uses an eleven-point rating scale to evaluate metrics associated with high economic opportunity by census tract. Scores 0-2 indicate very low opportunity, 3-4 indicates low opportunity, 5-6 indicate moderate opportunity, 7-8 indicate high opportunity, and 9-10 indicate very high opportunity.

For the methodology, scoring for the Opportunity Index was done by evaluating each tract on the variables in Attachment A as compared to other census tracts in the city. A normalization formula is used to establish the thresholds for scoring in 11 equal scoring ranges (0-10). Each tract's normalized scores for all variables were then multiplied by their determined weight and aggregated. The aggregate scores are then put through the same normalization formula to determine the overall Opportunity Index score.

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.

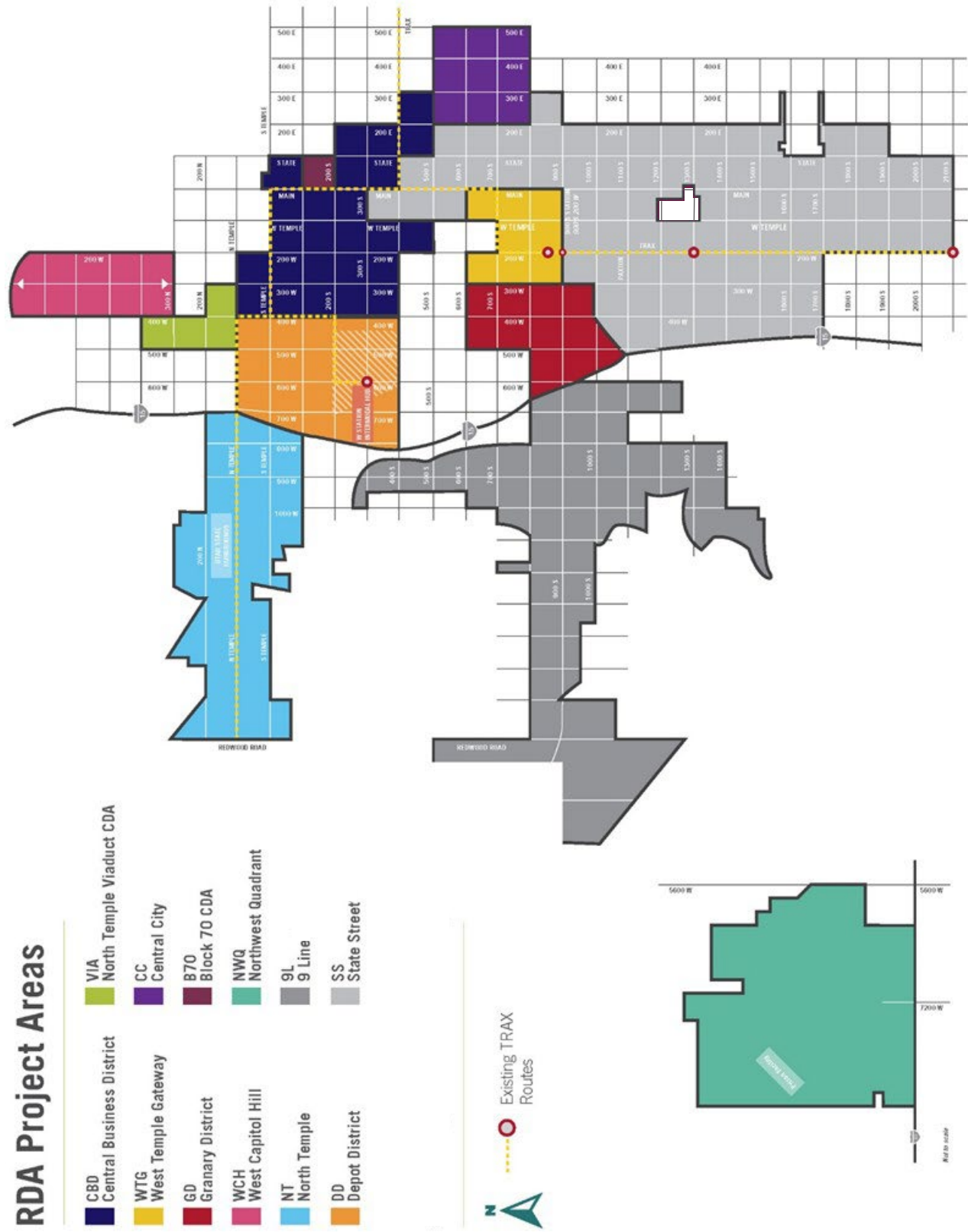
Disbursement of Funds:

- 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: 2023 Maximum Incomes and Rents**2023 Income Limits: Salt Lake County**

AMI	Number of Persons in Family							
	1	2	3	4	5	6	7	8
40%	\$29,680	\$33,920	\$38,160	\$42,400	\$45,800	\$49,200	\$52,600	\$56,000
50%	\$37,100	\$42,400	\$47,700	\$53,000	\$57,250	\$61,500	\$65,750	\$70,000
60%	\$44,520	\$50,880	\$57,240	\$63,600	\$68,700	\$73,800	\$78,900	\$84,000
80%	\$59,360	\$67,840	\$76,320	\$84,800	\$91,600	\$98,400	\$105,200	\$112,000

Source: Based on data acquired from the U.S. Department of Housing and Urban Development's FY2023 Income Limits Documentation System.

2023 Maximum Rents

AMI	Bedrooms					
	Studio	1	2	3	4	5
40%	\$742	\$795	\$954	\$1,102	\$1,230	\$1,357
50%	\$927	\$993	\$1,192	\$1,378	\$1,537	\$1,696
60%	\$1,113	\$1,192	\$1,431	\$1,653	\$1,845	\$2,036
80%	\$1,484	\$1,590	\$1,908	\$2,205	\$2,460	\$2,715

Source: Based on data acquired from the FY2023 Novogradac Rent & Income Limit Calculator

Attachment F: HOME Funds Requirements

As part of the FY2024 NOFA, Numerous HUD HOME funds are available. An overview of the HOME Program is available here: <https://www.hudexchange.info/programs/home/home-overview/> and is located within 24 [CFR 92.1 of the Code of Federal Regulations](#).

Details on the different categories of funds are available here:

FUNDS CATEGORY	AMOUNT*	ADDITIONAL DETAILS
HOME Program Income**	\$6,939,710	24 CFR 92 (F) https://www.hudexchange.info/programs/home/home-overview/
HOME ARP Development**	\$1,501,608	https://www.hudexchange.info/programs/home-arp/overview/
HOME Development Fund**	\$726,291	24 CFR 92.206(a): https://www.ecfr.gov/current/title-24/subtitle-A/part-92/subpart-E/subject-group-ECFRf448ea7bbdfb69a/section-92.206
HOME Community Housing Development Organization Funds**	\$351,841	Additional Requirements are located here: <ul style="list-style-type: none"> • 24 CFR 92.208 • 24 CFR 92.300 • 24 CFR 92.301