



DEPARTMENT of ECONOMIC DEVELOPMENT

**REDEVELOPMENT AGENCY STAFF MEMO**

**DATE:** October 26, 2017

**PREPARED BY:** Danny Walz and Tammy Hunsaker

**RE:** RDA Housing Funding Strategy

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**REQUESTED ACTION:** Briefing and policy discussion.

**POLICY ITEM:** Affordable housing.

**BUDGET IMPACTS:** \$21,638,143 of funds identified for affordable housing.

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**EXECUTIVE SUMMARY:** During the 2017 and 2018 fiscal years, the Board of Directors of the Redevelopment Agency of Salt Lake City ("RDA") identified \$21,638,143 to address Salt Lake City's housing needs. These funds were allocated to an unappropriated holding account, with the intent that these funds be held until a plan is derived to further the City's affordable housing goals. The Board provided policy intent for the Administration to work with City Council staff to assemble a plan proposal for Board consideration.

The RDA has drafted a strategy, *Attachment A: Draft RDA Housing Funding Strategy* ("Strategy"), for deploying these funds. In addition to the \$21,638,143, the Strategy also considers an additional \$4,825,000 that has recently been committed to affordable housing, for a total commitment of \$26,463,143. As an initial draft, the Strategy is intended to offer a springboard for further policy discussion and coordination between the Administration, City Council staff, and the RDA Board of Directors ("Board"). The RDA has and will continue to work with the Division of Housing and Neighborhood Development ("HAND") as the Strategy is refined and ultimately deployed.

**ANALYSIS & ISSUES:**

*Policy Objectives*

The Strategy sets forth policy objectives that align with *Growing SLC: A Five-Year Housing Plan*, while also recognizing the mission and statutory requirements of the RDA. Policy Objectives are as follows:

- **MIXED-INCOME HOUSING:** Encourage mixed-income rental housing to provide housing choices for a range of family types and income levels throughout the city.
- **40% AMI & BELOW:** Expand the availability of units for extremely low-income households, thereby providing housing options for individuals or families that are homeless or at risk of homelessness.
- **NEW HOUSING UNITS:** Add new residential rental units to the city's housing stock, thereby easing up competition within the rental market.



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- **NEIGHBORHOOD REVITALIZATION:** Utilize the development of housing as a method to remove blight, reduce crime, revitalize neighborhoods, and stabilize communities.
- **TAX INCREMENT GENERATION:** Target funding within existing or proposed RDA project areas to carry out the development of housing that generates tax increment, either direct or induced, that will produce future housing funds.
- **EXPAND OPPORTUNITY:** Provide for Neighborhoods of Opportunity by promoting the economic diversity of the housing stock within neighborhoods.
- **FUND LEVERAGING:** Maximize impact by leveraging funds with the private market and with other available public resources. For purposes of this Strategy, RDA funding shall provide a maximum of 20% of the total project cost.
- **STRATEGIC TARGETING:** Target and concentrate funding to projects or geographical areas that will maximize community benefits.

### Tactics

Policy objectives are proposed to be carried out through the following tactical efforts:

- **TACTIC #1: Affordable Rent Incentive Program**  
Efforts shall address the mismatch in the supply and demand of new affordable units coming online by incentivizing additional long-term affordable units. By partnering with proposed development projects, affordable units may be integrated into projects that would otherwise be exclusively market rate, or projects that are already mixed-income may be incentivized to provide a deeper level of affordability.
  - Considerations:
    - If the Board selects to allocate funding to this program, RDA staff will return with a program-specific policy for Board consideration.
    - The Board may select to appropriate a portion of annual housing tax increment to this program to continue to provide rent incentives in future fiscal years. The program shall be scalable to budget fluctuations.
    - Annual monitoring of participating projects shall be required to ensure program compliance. Monitoring may be carried out by the RDA, HAND, or a third party. Preliminary estimates indicate that monitoring by a third party would cost an initial set-up fee of \$1,000 per participating housing development and \$30 per unit per year for ongoing monitoring.
- **TACTIC #2: Acquisition and Development**  
Efforts shall support the construction of housing units through land acquisition and development of innovative, high-quality, and equitable mixed-income projects. Projects will add new units to the housing stock, with focus on units affordable to households at 40% AMI and below.
  - Considerations:
    - It is anticipated that the Housing Trust Fund will participate in many of these projects. The extent of this participation is unknown at this time.
    - The RDA intends that funding be revolving in nature or highly leveraged.
    - The projects listed in the Strategy are preliminary in nature. As project details develop, funding terms will be subject to Board approval on a project-by-project basis.

- \$1,000,000, or about 5.5% of the proposed Acquisition & Development budget, is proposed for contingency and due diligence. Eligible uses of these funds may include property appraisals, environmental studies, earnest money, and cost overruns.

#### Sources & Uses

Identified sources and proposed uses are as follows:

##### Sources

Type	Total
Neighborhoods of Opportunity	\$4,500,000
Citywide Affordable Housing	\$17,138,143
Committed (255 State Street Acquisition and 525 S 500 W Loan)	\$4,825,000
<b>Total Sources</b>	<b>\$26,463,143</b>

##### Uses

Tactic	Committed	Citywide	Opportunity	Total
TACTIC #1: Affordable Rent Incentives	-	\$5,973,143	\$2,500,000	\$8,473,143
TACTIC #2: Acquisition / Development	\$4,825,000	\$11,165,000	\$2,000,000	\$17,990,000
<b>Total Uses</b>	<b>\$4,825,000</b>	<b>\$17,138,143</b>	<b>\$4,500,000</b>	<b>\$26,463,143</b>

#### Projected Outcomes

Projected outcomes are as follows:

Outcome	Tactic 1	Tactic 2	Total
Affordable Units	200	664	<b>864</b>
High Opportunity Units	50	63	<b>113</b>
40% AMI and Below Units	120	308	<b>428</b>
Funds Expended Per Affordable Unit	\$42,366	\$27,093	<b>\$30,629*</b>
Total Funds Expended	<b>\$8,473,143</b>	<b>\$17,990,000</b>	<b>\$26,463,143</b>

\*Represents the average amount of funds expended between Tactic 1 and 2

#### Stakeholder & Public Outreach

The RDA has reviewed the Strategy with a select number of stakeholders to receive preliminary feedback. Once the Board has had the opportunity for an initial policy discussion, the RDA will carry out additional outreach efforts to gather input from developers, housing stakeholders, and community members.

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#### **PREVIOUS BOARD ACTION:**

- October 2016: The Board allocated \$17,138,143 to affordable housing, to be held in an unappropriated holding account until a plan is derived to further the City's affordable housing goals.
- June 2017: Through the 2017-18 Budget, the Board allocated funds to a general CIP account with indication that \$4,500,000 will be utilized for neighborhoods of opportunity affordable housing.
- October 2017: The Board approved \$4,325,000 for site acquisition and remediation of property located at 255 South State Street.

#### **ATTACHMENTS:**

- Attachment A: Draft RDA Housing Funding Strategy



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OCTOBER 26, 2017

**DRAFT**

FOR DISCUSSION PURPOSES ONLY

# **RDA HOUSING FUNDING STRATEGY PROPOSAL**



The seal of the Utah Redevelopment Agency, Salt Lake City, is a circular emblem. It features a central illustration of the Salt Lake Temple with sun rays emanating from behind it. The words "UTAH REDEVELOPMENT AGENCY" are written in a circle around the top, and "SALT LAKE CITY" around the bottom. The word "DRAFT" is written in red above the main title.

# **DRAFT** RDA HOUSING FUNDING STRATEGY

## **ACKNOWLEDGEMENTS:**

### **MAYOR**

#### **RDA EXECUTIVE DIRECTOR**

Jacqueline M. Biskupski

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#### **RDA CHIEF EXECUTIVE OFFICER**

Lara Fritts

### **RDA CHIEF OPERATING OFFICER**

Danny Walz

### **RDA BOARD OF DIRECTORS**

Lisa Adams, Chair

Derek Kitchen, Vice Chair

Andrew Johnston

Charlie Luke

Erin Mendenhall

Stan Penfold

James Rogers





## INTRODUCTION

During the 2017 and 2018 fiscal years, the Board of Directors of the Redevelopment Agency of Salt Lake City (“RDA”) identified \$21,638,143 to address Salt Lake City’s housing needs. These funds, along with other funds recently committed to affordable housing, provide an extraordinary opportunity to improve neighborhoods and expand housing choices for the city’s most vulnerable residents. This RDA Housing Funding Strategy (“Strategy”) has been established as a framework to deploy funds, as well as provide a unified direction to build partnerships, align resources, and direct efforts.

# STRATEGY OVERVIEW

## POLICY OBJECTIVES

The RDA Housing Funding Strategy (“Strategy”) sets forth policy objectives that align with the Administration’s recommended housing plan, Growing SLC: A Five-Year Housing Plan, while also recognizing the mission and statutory requirements of the RDA. The Strategy shall focus on the following:

1. **MIXED-INCOME HOUSING:** Encourage mixed-income rental housing to provide housing choice for a range of family types and income levels throughout the city.
2. **40% AMI & BELOW:** Expand the availability of units for extremely low-income households, thereby providing housing options for individuals or families that are homeless or at risk of homelessness.
3. **NEW HOUSING UNITS:** Add new residential rental units to the city’s housing stock, thereby easing up competition within the rental market.
4. **NEIGHBORHOOD REVITALIZATION:** Utilize the development of housing as a method to remove blight, reduce crime, revitalize neighborhoods, and stabilize communities.
5. **TAX INCREMENT GENERATION:** Target funding within existing or proposed RDA project areas to carry out the development of housing that generates tax increment, either direct or induced, that will produce future housing funds.
6. **EXPAND OPPORTUNITY:** Provide for Neighborhoods of Opportunity by promoting the economic diversity of the housing stock within neighborhoods.
7. **FUND LEVERAGING:** Maximize impact by leveraging funds with the private market and with other available public resources. For purposes of this Strategy, RDA funding shall provide a maximum of 20% of the total project cost.
8. **STRATEGIC TARGETING:** Target and concentrate funding to projects or geographical areas that will maximize community benefits.

## TACTICS

Objectives will be carried out through the following tactical efforts:

### TACTIC #1: AFFORDABLE RENT INCENTIVE PROGRAM

Efforts shall address the mismatch in the supply and demand of new affordable units coming online by incentivizing additional long-term affordable units. By partnering with proposed development projects, affordable units may be integrated into projects that would otherwise be exclusively market rate, or projects that are already mixed-income may be incentivized to provide a deeper level of affordability.

### TACTIC #2: ACQUISITION & DEVELOPMENT

Efforts shall support the construction of housing units through land acquisition and development of innovative, high-quality, and equitable mixed-income projects. Projects will add new units to the housing stock, with focus on units affordable to households at 40% AMI and below.



# STRATEGY SOURCES & USES

## SOURCES

PENDING APPROPRIATION	AMOUNT
Neighborhoods of Opportunity	\$4,500,000
Citywide Affordable Housing	\$17,138,143
<b>TOTAL</b>	<b>\$21,638,143</b>
COMMITTED	AMOUNT
525 South 500 West Acquisition Loan	\$500,000
255 State Street Acquisition	\$4,325,000
<b>TOTAL</b>	<b>\$4,825,000</b>
TOTAL SOURCES	TOTAL
	<b>\$26,463,143</b>

## USES

TACTIC #1: AFFORDABLE RENT INCENTIVE PROGRAM	PENDING APPROPRIATION		TOTAL
	CITYWIDE	OPPORTUNITY	
Citywide	\$2,973,143	-	\$2,973,143
RDA Areas	\$3,000,000	-	\$3,000,000
Eastside / Areas of Opportunity	-	\$2,500,000	\$2,500,000
<b>TOTAL AFFORDABLE RENT INCENTIVE PROGRAM</b>	<b>\$5,973,143</b>	<b>\$2,500,000</b>	<b>\$8,473,143</b>

TACTIC #2: ACQUISITION / DEVELOPMENT	COMMITTED	PENDING APPROPRIATION		TOTAL
		CITYWIDE	OPPORTUNITY	
Overniter Motel Redevelopment		\$4,000,000	-	\$4,000,000
Capitol Motel Redevelopment		\$4,125,000	-	\$4,125,000
525 S 500 W Permanent Supportive	\$500,000	\$640,000	-	\$1,140,000
Sugarmont Redevelopment		-	\$2,000,000	\$2,000,000
The Exchange (4th South TOD)		\$1,400,000	-	\$1,400,000
255 State Street	\$4,325,000			\$4,325,000
Contingency / Due Diligence		\$1,000,000		\$1,000,000
<b>TOTAL ACQUISITION / DEVELOPMENT</b>	<b>\$4,825,000</b>	<b>\$11,165,000</b>	<b>\$2,000,000</b>	<b>\$17,990,000</b>

TOTAL USES	COMMITTED	PENDING APPROPRIATION		TOTAL
		CITYWIDE	OPPORTUNITY	
	<b>\$4,825,000</b>	<b>\$17,138,143</b>	<b>\$4,500,000</b>	<b>\$26,463,143</b>



## PROJECTED OUTCOMES\*

### AGGREGATE TOTAL

**864** AFFORDABLE UNITS      **\$26,463,143** RDA FUNDS EXPENDED

**\$30,629**  
per affordable unit\*\*

### TACTIC #1: AFFORDABLE RENT INCENTIVE PROGRAM

**\$8,473,143**  
TOTAL FUNDS EXPENDED

**50**  
HIGH OPPORTUNITY  
AFFORDABLE UNITS

**120**  
40% AMI & BELOW  
UNITS

**200**  
AFFORDABLE  
UNITS

### TACTIC #2: ACQUISITION & DEVELOPMENT

**6**  
DEVELOPMENT  
PROJECTS

**8**  
ACRES  
REDEVELOPED

**4**  
CITY/RDA PROPERTIES  
LEVERAGED

**\$17,990,000**  
TOTAL RDA FUNDS EXPENDED

**1:15**  
LEVERAGE  
RDA FUNDS to TOTAL COST

**\$263,225,000**  
TOTAL PROJECT COSTS

**63**  
HIGH OPPORTUNITY  
AFFORDABLE UNITS

**308**  
40% AMI & BELOW  
UNITS

**664**  
AFFORDABLE  
UNITS

**1,277**  
TOTAL  
UNITS

\*Note: These are preliminary estimates based off of a percentage of affordable units per project and a standard development cost per unit.

\*\*Note: This is an average between Tactic 1 and Tactic 2 of the estimated RDA funds per affordable unit. The average cost per affordable unit for Tactic 1 is \$42,366 and the average cost per affordable unit for Tactic 2 is \$27,093.

## TACTIC #1: AFFORDABLE RENT INCENTIVE PROGRAM

The RDA will create a new program designed to address the mismatch in the supply and demand of new affordable units coming online by incentivizing additional long-term affordable units. By partnering with proposed development projects, affordable units may be integrated into projects that would otherwise be exclusively market rate, or projects that are already mixed-income may be incentivized to provide a deeper level of affordability. Development projects within High Opportunity Areas will be targeted to expand housing choice. In addition, development projects within RDA areas will be targeted to encourage community revitalization efforts.

### FUNDING ALLOCATION

TACTIC #1: AFFORDABLE RENT INCENTIVE PROGRAM	CITYWIDE	OPPORTUNITY	TOTAL
Citywide	\$2,973,143	-	\$2,973,143
RDA Areas	\$3,000,000	-	\$3,000,000
Eastside / Areas of Opportunity	-	\$2,500,000	\$2,500,000
<b>TOTAL AFFORDABLE RENT INCENTIVE PROGRAM</b>	<b>\$5,973,143</b>	<b>\$2,500,000</b>	<b>\$8,473,143</b>

### OVERVIEW

Incentive grants shall be provided to qualified owners/developers to assist with the development of newly constructed affordable rental units located within municipal boundaries.

The program shall be initially established as a pilot program capitalized by \$8,473,143. If the program proves successful, the RDA may select to allocate a portion of annual housing tax increment to the program subject to the budget process.

### PROJECT PRIORITIES

Projects shall align with the Objectives outlined in the RDA Housing Funding Strategy, including:

- Mixed - Income Housing
- 40% AMI and Below
- New Housing Units
- Neighborhood Revitalization
- Tax Increment Generation
- Expand Opportunity
- Fund Leveraging
- Strategic Targeting

### FUNDING RESTRICTIONS

Pilot funding shall be restricted as follows:

- A minimum of \$2.5 million of pilot funding shall be allocated to projects located within high opportunity areas.
- A minimum of 60% of pilot funding shall be dedicated to units at 40% AMI and below.

### GEOGRAPHIC PRIORITY AREAS

While program funding is available citywide, funding shall be structured to incentivize projects located within:

1. High Opportunity Areas
2. RDA Areas

### COMPLIANCE

A deed restriction shall be recorded against the property to provide that units remain affordable through the length of the affordability period.

Annual compliance monitoring shall be carried out. In the event an owner/developer fails to provide the number of affordable units required for the specified term, the RDA shall have the authority to require the owner/developer to repay funds disbursed.

## PER-PROJECT FUNDING AMOUNT

The grant amount shall be determined by the difference between the average rent for a unit at the pre-incentive income level and the average rent for the unit at the post-incentive income level, up to a maximum amount per unit. Up to 20% of the units in a new development may be eligible for the incentive. Total funding allocated to a project shall be capped at 20% of the total development cost.

## 2017 PER UNIT FUNDING MAXIMUMS

The following provides an initial estimate of per unit incentive maximums for 2017. Maximums are anticipated to be updated annually based on adjustments to the area median income and corresponding maximum gross rents.

### High Opportunity Areas:

Unit Affordability	Studio	1 Bed	2 Bed	3 Bed	4 Bed
<b>25-Year Affordability Term</b>					
40% AMI	\$39,600	\$42,420	\$50,880	\$58,800	\$65,580
50% AMI	\$31,680	\$33,936	\$40,704	\$47,040	\$52,464
60% AMI	\$25,344	\$27,149	\$32,563	\$37,632	\$41,971
<b>50-Year Affordability Term</b>					
40% AMI	\$79,200	\$84,840	\$101,760	\$117,600	\$131,160
50% AMI	\$63,360	\$67,872	\$81,408	\$94,080	\$104,928
60% AMI	\$50,688	\$54,298	\$65,126	\$75,264	\$83,942

### RDA Areas:

Unit Affordability	Studio	1 Bed	2 Bed	3 Bed	4 Bed
<b>25-Year Affordability Term</b>					
40% AMI	\$33,660	\$36,057	\$43,248	\$49,980	\$55,743
50% AMI	\$26,928	\$28,846	\$34,598	\$39,984	\$44,594
60% AMI	\$21,542	\$23,076	\$27,679	\$31,987	\$35,676
<b>50-Year Affordability Term</b>					
40% AMI	\$67,320	\$72,114	\$86,496	\$99,960	\$111,486
50% AMI	\$53,856	\$57,691	\$69,197	\$79,968	\$89,189
60% AMI	\$43,085	\$46,153	\$55,357	\$63,974	\$71,351

### Citywide Balance:

Unit Affordability	Studio	1 Bed	2 Bed	3 Bed	4 Bed
<b>25-Year Affordability Term</b>					
40% AMI	\$27,720	\$29,694	\$35,616	\$41,160	\$45,906
50% AMI	\$22,176	\$23,755	\$28,493	\$32,928	\$36,725
60% AMI	\$17,741	\$19,004	\$22,794	\$26,342	\$29,380
<b>50-Year Affordability Term</b>					
40% AMI	\$55,440	\$59,388	\$71,232	\$82,320	\$91,812
50% AMI	\$44,352	\$47,510	\$56,986	\$65,856	\$73,450
60% AMI	\$35,482	\$38,008	\$45,588	\$52,685	\$58,760

Note: Amounts reflect maximums. The actual subsidy amount will depend on project rents, the decrease in AMI rents per unit, and the affordability term. Maximum rents may require further analysis and were initially established through an assessment of decreased rent impacts on debt service capacity, interviews with local developers, and discussions with HAND.

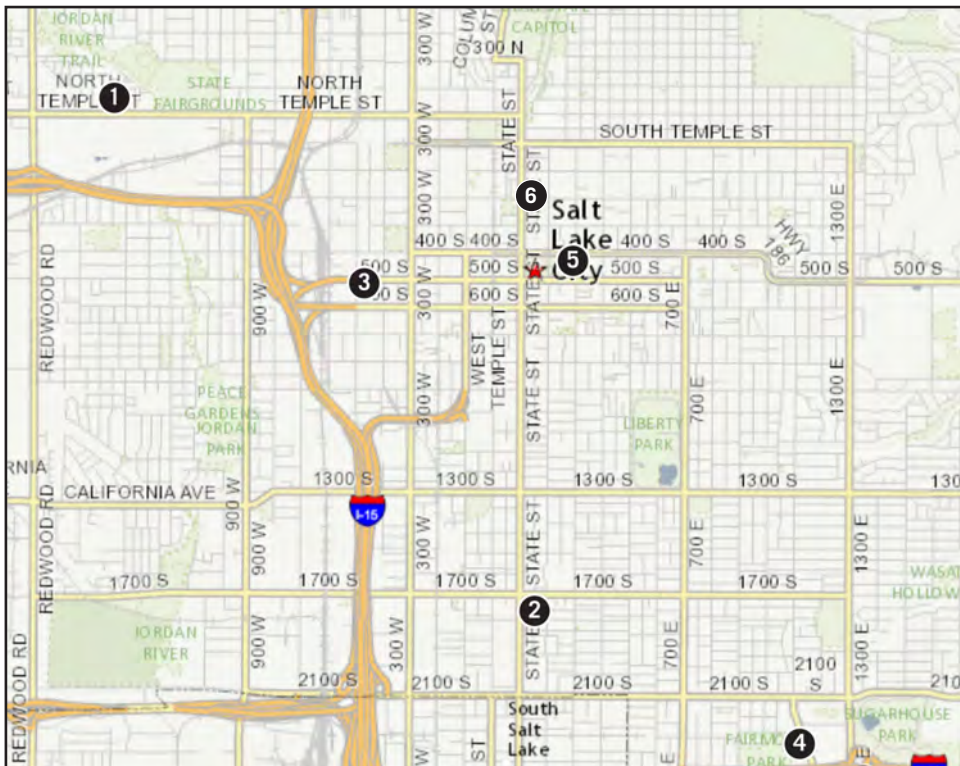
## TACTIC #2: ACQUISITION & DEVELOPMENT

The RDA shall support land acquisition and development of innovative, high-quality, and equitable mixed-income projects. Projects will add new units to the housing stock, with focus on units affordable to household at 40% AMI and below. In addition to adding new units of housing, projects will revitalize neighborhoods, promote areas of opportunity, and assist in production of future tax increment.

It is anticipated that the RDA will utilize up to \$17,990,000 of funds for acquisition and development activities that result in new units of affordable housing. Potential projects may include the following:

TACTIC #2: ACQUISITION / DEVELOPMENT	COMMITTED	PENDING APPROPRIATION		TOTAL
		CITYWIDE	OPPORTUNITY	
1. Overniter Motel Redevelopment		\$4,000,000	-	\$4,000,000
2. Capitol Motel Redevelopment		\$4,125,000	-	\$4,125,000
3. 525 S 500 W Permanent Supportive	\$500,000	\$640,000	-	\$1,140,000
4. Sugarmont Redevelopment		-	\$2,000,000	\$2,000,000
5. The Exchange (4th South TOD)		\$1,400,000	-	\$1,400,000
6. 255 State Street	\$4,325,000			\$4,325,000
7. Contingency / Due Diligence		\$1,000,000		\$1,000,000
<b>TOTAL ACQUISITION / DEVELOPMENT</b>	<b>\$4,825,000</b>	<b>\$11,165,000</b>	<b>\$2,000,000</b>	<b>\$17,990,000</b>

### PROJECT LOCATIONS:





# PROJECT 1

## 1500 W NORTH TEMPLE OVERNITER MOTEL REDEVELOPMENT

### PROPOSED FUNDING AMOUNT:

\$4,000,000

### ESTIMATED TOTAL INVESTMENT:

\$44,000,000 (preliminary\*)

### ESTIMATED UNITS:

300 total units, 120 affordable (preliminary\*)

### ACRES:

2.07

**PROJECT OVERVIEW:** The Blue Ribbon Commission on Affordable Housing has identified this site as an opportunity for the acquisition and redevelopment of a motel property characterized by high crime rates, physical deterioration, and code violations. Redevelopment will result in housing units for a mix of incomes, including units for families at 40% AMI and below.

In addition to achieving affordable housing objectives, the redevelopment of this site will fulfill RDA priorities to revitalize distressed properties along the North Temple corridor, reduce opportunities for crime, increase residential density, provide neighborhood commercial, and support North Temple as a transit-oriented corridor.

**RDA PARTICIPATION:** The RDA may provide funding to acquire the site and/or provide construction financing.

**ANTICIPATED TIMELINE:** The property is estimated to be acquired in November of 2017, with project completion estimated to occur within the following two years.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

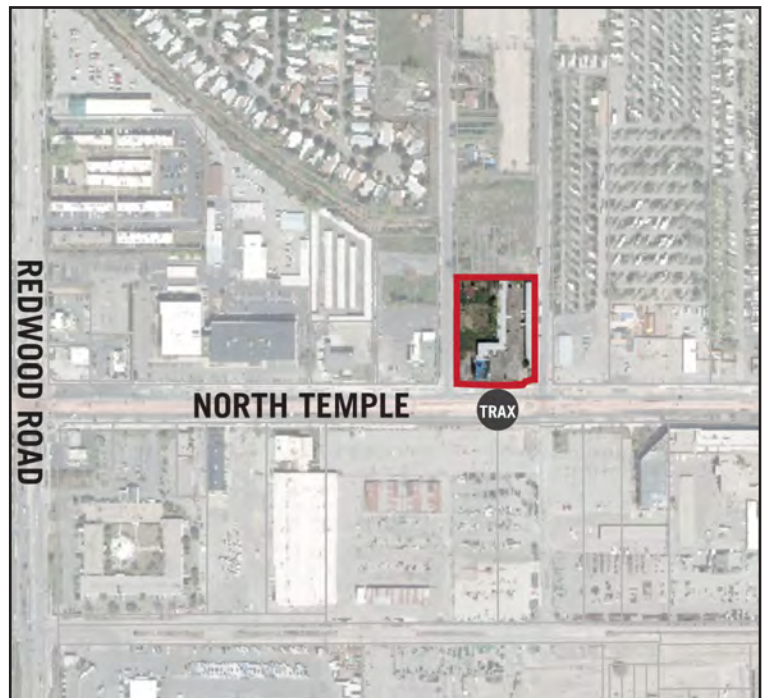
4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



\*Note: Units and investment costs are a preliminary estimate.

# PROJECT 2

## 1749 S STATE STREET CAPITOL MOTEL REDEVELOPMENT

### PROPOSED FUNDING AMOUNT:

\$4,125,000

### ESTIMATED TOTAL INVESTMENT:

\$21,000,000 (preliminary\*)

### ESTIMATED UNITS:

150 total units, 60 affordable (preliminary\*)

### ACRES:

1.28

### PROJECT OVERVIEW:

The Blue Ribbon Commission on Affordable Housing has identified this site as an opportunity for the acquisition and redevelopment of a motel property characterized by high crime rates, physical deterioration, and code violations. Redevelopment will result in housing units for a mix of incomes, including units for families at 40% AMI and below.

In addition to achieving affordable housing objectives, the redevelopment of this site will fulfill RDA priorities in a neighborhood that is currently proposed as a community reinvestment area (CRA).

**RDA PARTICIPATION:** The RDA may provide funding to acquire the site and/or provide construction financing.

**TIMELINE:** The property is estimated to be acquired in October/November of 2017, with project completion estimated to occur within the following two years.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



\*Note: Units and investment costs are a preliminary estimate.

# PROJECT 3

## 525 SOUTH 500 WEST PERMANENT SUPPORTIVE HOUSING

### PROPOSED FUNDING AMOUNT:

\$640,000

### COMMITTED FUNDING AMOUNT:

\$500,000 (RDA Loan)

### ESTIMATED UNITS:

125 total units, all affordable (preliminary\*)

### ESTIMATED TOTAL INVESTMENT:

\$15,625,000 (preliminary\*)

### ACRES:

0.63

**PROJECT OVERVIEW:** The Blue Ribbon Commission on Affordable Housing has identified this site as an opportunity to address the affordable housing crisis by increasing the number of units available to persons exiting homelessness or at risk of becoming homeless. The project will provide permanent supportive housing to serve as a constructive alternative to emergency shelters.

**RDA PARTICIPATION:** On June 30, 2017, the RDA provided a \$500,000 site acquisition loan to the project. The RDA may provide additional funding, up to \$640,000 for a total of \$1,140,000, to the project to further offset potential funding gaps.

**ANTICIPATED TIMELINE:** The project is anticipated to be constructed within the next two years.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



\*Note: Units and investment costs are a preliminary estimate.

# PROJECT 4

## 2234 HIGHLAND DRIVE SUGARMONT PLAZA REDEVELOPMENT

### PROPOSED FUNDING AMOUNT:

\$2,000,000

### ESTIMATED TOTAL INVESTMENT:

\$12,600,000 (preliminary\*)

### ESTIMATED UNITS:

90 total units, 63 affordable (preliminary\*)

### ACRES:

RDA-Owned Property: 0.72

City-Owned Property: 0.76

**PROJECT OVERVIEW:** The Sugarmont Plaza (former Deseret Industries) site presents a significant opportunity to provide affordable housing in the heart of the Sugar House Business District. The project will add affordable housing options in a “high opportunity area,” thereby expanding housing mobility. In consideration of existing neighborhood income levels, the unit mix shall be targeted to households of a lower area median income (AMI).

**RDA PARTICIPATION:** The RDA is working with the Division of Housing and Neighborhood Development (HAND) on potentially leveraging the 0.76-acre RDA-owned property into a larger assemblage. To incentivize a higher percentage of affordable units, the RDA may participate in the project through a land write-down and the provision of an affordability incentive in the form of a grant or low-interest loan.

**ANTICIPATED TIMELINE:** The RDA anticipates the issue of an RFQ/P spring of 2018.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

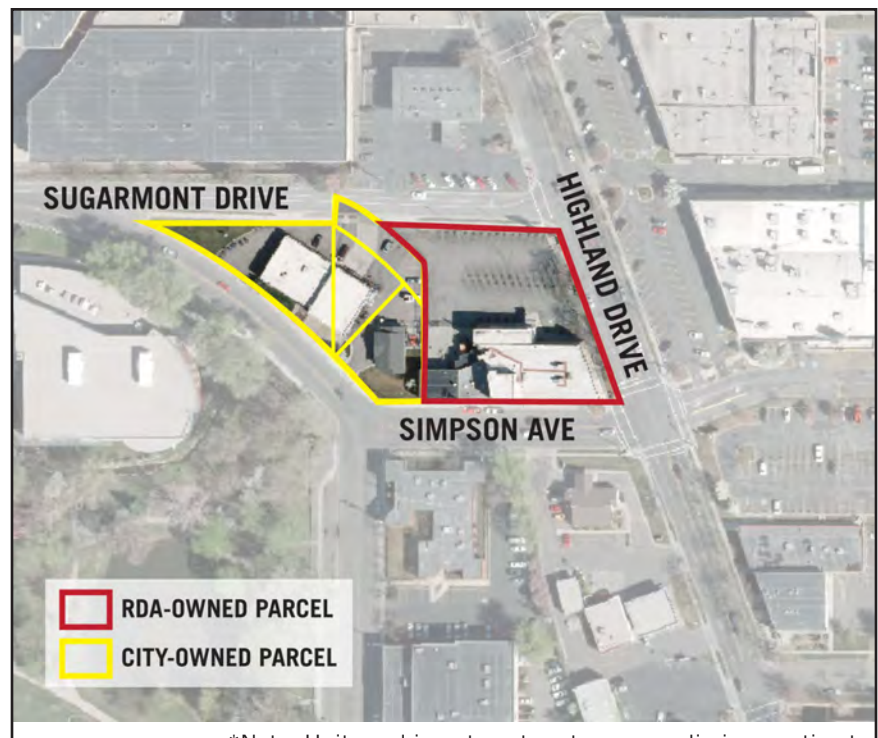
4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



\*Note: Units and investment costs are a preliminary estimate.



# PROJECT 5

## 400 SOUTH 300 EAST TOD THE EXCHANGE

### PROPOSED FUNDING AMOUNT:

Affordability Incentive: \$1,400,000

### ESTIMATED TOTAL INVESTMENT:

\$110,000,000

### ESTIMATED UNITS:

412 total units, 196 affordable

### ACRES:

2.24

### PROJECT OVERVIEW:

Downtown SLC Partners LLC, a unique partnership between The Domain Companies and Giv Development, have entered into an exclusive negotiations agreement with Salt Lake City to develop the 400 S TOD site as The Exchange. The Exchange will feature one of the most balanced residential communities in the State, leveraging creative planning, density and innovative design. The project will feature 196 high-quality apartments set aside for low-income households, with 216 market-rate apartments.

**RDA PARTICIPATION:** To incentivize units targeted to 40% AMI and below, the RDA may participate in the project through the provision of an affordability incentive in the form of a grant or low-interest loan.

**ANTICIPATED TIMELINE:** The Division of Housing and Neighborhood Development (HAND) anticipates that construction will commence in December of 2018, with project completion estimated to be December of 2020.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



# PROJECT 6

## 255 SOUTH STATE STREET STATE STREET REDEVELOPMENT

### COMMITTED FUNDING AMOUNT:

Site Acquisition & Remediation: \$4,325,000

### ESTIMATED TOTAL INVESTMENT:

\$60,000,000 (preliminary\*)

### ESTIMATED UNITS:

200 total units, 100 affordable (preliminary\*)

### ACRES:

1.12

**PROJECT OVERVIEW:** The site of the former Plaza at State Street project provides one of the few land opportunities in the Central Business District to develop a meaningful number of affordable unit to address the widening affordability gap. The project will recover the blighted site and provide mixed-income housing near transit, services, and employment opportunities.

**RDA PARTICIPATION:** In October 2017, the RDA purchased the property through a foreclosure sale for \$4,025,000. It is anticipated that a minimum of \$300,000 will be utilized for site remediation activities.

**ANTICIPATED TIMELINE:** The RDA anticipates the issue of an RFQ/P winter of 2017-18.

### OBJECTIVES:

1. MIXED-INCOME HOUSING

2. 40% AMI & BELOW

3. NEW HOUSING UNITS

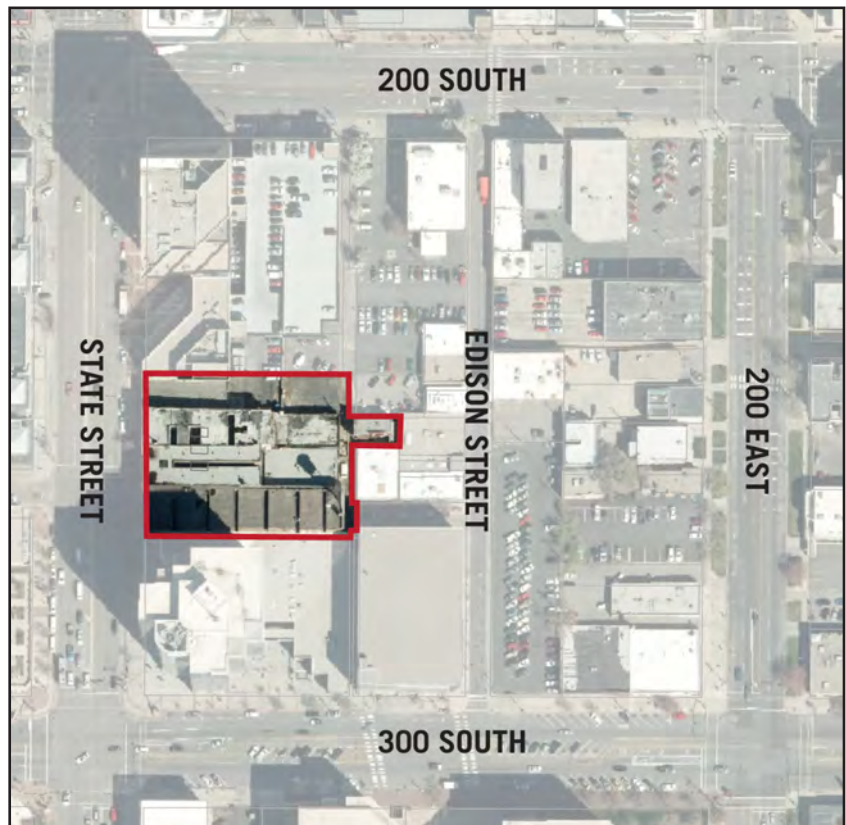
4. REVITALIZE NEIGHBORHOODS

5. TAX INCREMENT GENERATION

6. HIGH OPPORTUNITY AREA

7. FUND LEVERAGING

8. STRATEGIC TARGETING



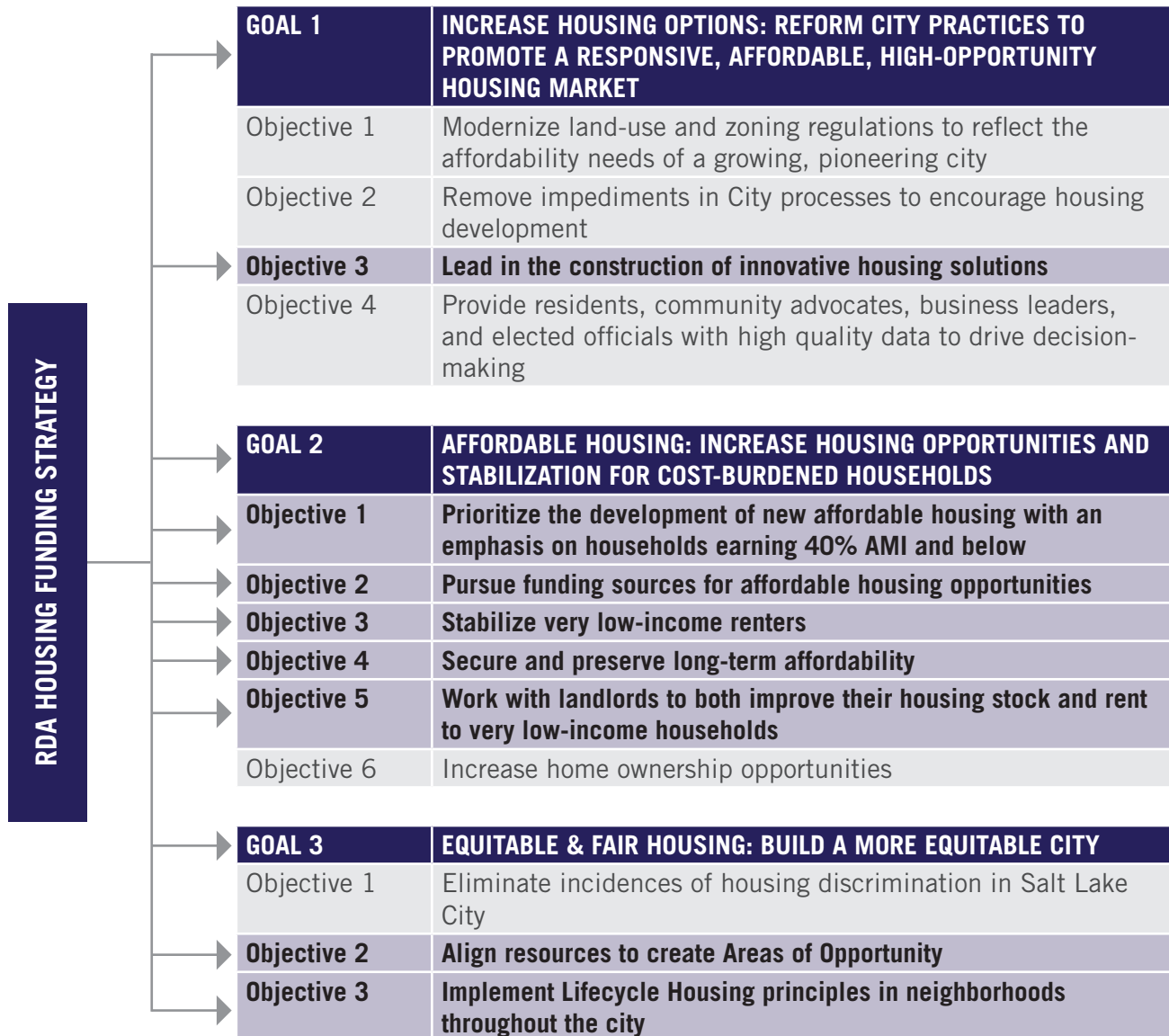
\*Note: Units and investment costs are a preliminary estimate.

# APPENDIX A: POLICY ALIGNMENT

## ALIGNMENT WITH GROWING SLC: A FIVE-YEAR HOUSING PLAN 2017-2021

The RDA Housing Strategy addresses all three of the Goals and the majority of the Objectives outlined in the Administration's recommended housing plan.

### Growing SLC: A Five-Year Housing Plan 2017 - 2021 - Goals & Objectives



## APPENDIX B: LEVERAGING RESOURCES

### EXISTING RESOURCES:

HOUSING PROGRAMS & INITIATIVES	ESTIMATED FUNDING		TYPE
	17-18	5-YEAR	
EQUITY			
Low Income Housing Tax Credit (LIHTC): 9%	\$20,000,000	\$100,000,000	Equity
Low Income Housing Tax Credit (LIHTC): 4%	\$8,460,000	\$84,600,000	Equity
Utah Housing Tax Credit (credit on state taxes)	\$4,208,000	\$21,040,000	Equity
TOTAL EXISTING EQUITY:	\$32,668,000	\$205,640,000	Equity
LOCAL			
RDA: Citywide/Project Area Housing	\$17,138,143	\$20,338,143	Tax Increment
RDA: Eastside Housing	\$4,500,000	\$4,500,000	Tax Increment
HAND: Housing Trust Fund	\$5,000,000	\$7,000,000	Revolving Loan Fund
TOTAL EXISTING LOCAL:	\$26,638,143	\$31,838,143	
STATE			
Olene Walker: Housing Loan Fund	\$3,500,000	\$17,500,000	Loan
Private Activity Bonds Program	\$14,800,000	\$74,000,000	Bond / Loan
TOTAL EXISTING STATE:	\$18,300,000	\$91,500,000	
FEDERAL FUNDING PROGRAMS			
CDBG (allocation to housing)	\$1,130,000	\$5,650,000	Loan / Grant
HOME	\$1,089,502	\$5,447,510	Loan / Grant / Voucher
HOPWA	\$354,850	\$1,774,250	Loan / Grant / Voucher
ESG	\$273,313	\$1,366,565	Loan / Grant / Voucher
National Low Income Housing Trust Fund	\$750,000	\$3,750,000	Loan / Grant
TOTAL EXISTING FEDERAL:	\$3,597,665	\$17,988,325	
OTHER			
HUD Rental Vouchers	3026	3026	Vouchers
RDA/City-Owned Land	tbd	tbd	Land/Equity
Impact-Fee Reductions	variable	variable	Incentive

### POTENTIAL RESOURCES:

PROGRAM / SOURCE	AVAILABLE FUNDS	TYPE
Rocky Mountain Community Reinvestment Corp.	\$40,000,000	Loan
Private Bank Debt (CRA)	variable	Loan
Utah Equitable Transit Oriented Development (UETOD) Fund	\$30,000,000	Loan
New Market Tax Credits	variable	Equity
CDFI	variable	Loan
HUD 221(d)(3) / HUD 221(d)(4)	variable	Loan
Deferred Developer Fees	2.5 - 3%	Grant
Philanthropic	tbd	Grant
Community Land Trust	tbd	Land/Equity

Note: State, Federal, and Equity amounts are based off of historical amounts typically or feasibly allocated to projects located within the city. Funding estimates for years 2 -5 for RDA Citywide/Project Area Housing are based on historical practices of allocating a minimum of 10% of tax increment to housing. A Housing Trust Fund budget amendment is pending, which will bring the 2017-18 budget from \$4 MM to \$5 MM.



## APPENDIX C: OPPORTUNITY INDEX

### AREAS OF OPPORTUNITY

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, such as school proficiency, poverty, labor market engagement, housing stability, and job access. 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.

Based on a fair housing equity assessment completed in 2014, the standardized opportunity index for Salt Lake City is 4.9. As such, a census tract with a standardized opportunity index of 5 or higher shall be designated as an Area of Opportunity. Designated census tracts may be updated as neighborhood conditions change and new data becomes available.

### STANDARDIZED OPPORTUNITY INDEX BY CENSUS TRACT

