



AFFORDABLE HOUSING DEVELOPMENT
NOTICE OF FUNDING AVAILABILITY (NOFA)
FOR HIGH OPPORTUNITY AREAS
2018-2019

Guidelines and Application Handbook

THE APPLICATION DEADLINE IS APRIL 30, 2019 @ 4:00 PM
OR WHEN FUNDS HAVE BEEN EXHAUSTED, WHICHEVER TAKES PLACE FIRST.
APPLICATIONS WILL BE EVALUATED AS THEY ARE RECEIVED.

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SECTION 1: INTRODUCTION & OVERVIEW

1.1 Introduction

In releasing this Notice of Funding Availability (NOFA), 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 high opportunity Census tracts that are within Salt Lake City limits (see Attachment A). Qualified housing developers who demonstrate their ability to: 1) construct and/or rehabilitate mixed-income housing developments, 2) align their projects with identified affordable housing priorities, and 3) maintain/manage mixed-income housing developments are encouraged to submit applications.

1.2 NOFA Questions or Comments

- i. **Questions:** During the application period, prospective applicants may submit clarification questions to the RDA about the NOFA through the Utah Public Procurement system. The RDA will respond to all questions submitted and will distribute the responses to all registered users of the system. Questions must be submitted no later than Friday, March 15, 2019 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 NOFA.

1.3 Submittal Period and Deadline

Applications will be reviewed and considered for the duration of the NOFA period, but must be received no later than Tuesday, April 30, 2019 at 4:00 PM. Submittal documents shall be combined and emailed in a Portable Document Format (.pdf) to:

Tammy Hunsaker, RDA Project Manager, at: tammy.hunsaker@slcgov.com.

1.4 Submittal Requirements

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

1.5 Funding Decision

After an initial review to ensure applications are complete and meet threshold requirements, the process for awarding funding shall be carried out in two parts: 1) the 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 this NOFA the RDA intends to solicit, evaluate, select, and fund the construction of mixed-income housing to increase the availability and accessibility of affordable housing in High Opportunity Areas of Salt Lake City.

The RDA Board of Directors has set aside \$4.5 million for this NOFA to be awarded to projects in High Opportunity Areas as depicted in *Attachment A: High Opportunity Area Map and Table*. Funding shall be allocated through a competitive and transparent public process to be administered by the RDA, for which any developer/community group may apply with a project that meets affordable housing goals.

2.2 Standard Loan Terms and Conditions

The purpose of this funding is to expand housing opportunities for low- and moderate-income households. This shall be accomplished by reducing a project's financing cost in order to reduce housing costs over an extended period. Flexibility shall be provided to accommodate a wide range of projects that may be dependent upon myriad of underwriting standards by outside lenders. With this flexibility in mind, funding shall be provided as loans pursuant to the following terms and conditions:

- i. Term: Financing shall be in the form of long-term loans for permanent financing. In addition, short-term loans may be provided for land acquisition and construction financing.
- ii. Interest Rate: The interest rate for loans shall range from 1% to 3% and shall be established on a case-by-case basis depending on the project's projected capacity for repayment. Interest on loans shall accrue annually as simple interest.
- iii. Repayment: Loans shall be made as deferred payment loans (deferred during the development and stabilization phase of the project) or cash flow payment loans that are payable in full on sale, on change of use, or at the end of the loan term. Cash flow payment loans, or loans requiring periodic payment of some or all interest, shall be required if project proformas indicate that the borrower shall be able to make payments and meet expenses consistent with rent limits.
- iv. Subordination: Loans may be subordinated. All loans shall be secured by a deed of trust on the property.
- v. Affordable Housing Covenant: A covenant shall be recorded against the property that requires continued use of the units funded by the RDA as affordable housing for the stated term of the loan or 30 years, whichever is greater.

2.3 Funding Commitment

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

2.4 Relocation

Projects awarded funding must comply 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 approved for funding must support the RDA's design standards and review, 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.

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

3.2 Eligible Project Types

Eligible project types include the following:

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

3.3 Eligible Areas

Projects shall be located within High and Very High Opportunity Areas to encourage geographic distribution of affordable housing throughout Salt Lake City. Projects located within a High or Very 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 *Attachment A: High Opportunity Area Map and Table*.

3.4 Eligible Activities

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

3.5 Site Control

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

3.6 Minimum Affordability

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. RDA funding shall be sized in proportion to the affordable component, taking into consideration the AMI structure and number of units within the project.

3.7 Mixed-Income

Projects shall be comprised of housing units with differing levels of affordability and include some market-rate units.

3.8 Project Priorities

Projects must meet a minimum of three (3) of the Project Priorities outlined in Section 6.

3.9 Funding Maximum

RDA funds shall be limited to 20% of the project's total development cost.

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. Opportunity Area Census tract. C. Applicant summary. D. Development team overview. E. Housing and land use overview. F. Property overview. G. Project priorities. H. Applicant certification.
2 Project Description Narrative	<p>Project description narrative, including the following:</p> <ul style="list-style-type: none"> A. How the project will increase or improve housing affordability, and the target populations the project intends to serve. B. Other amenities provided by the project. (i.e. historic preservation, street-level commercial, supportive services, public space, etc.) C. The project's neighborhood context and existing uses at the site, including potential displacement of residents or businesses. D. The developer's approach to community outreach and engagement including community councils, other neighborhood organizations and surrounding property owners. E. A description of architectural approach, urban design elements, and building materials.
3 Applicant Experience Narrative	<p>Applicant experience narrative, including the following:</p> <ul style="list-style-type: none"> A. Applicant's experience and ability to successfully develop the project. B. Applicant's capacity to manage the project for the long-term. C. Organizational and management approach, and role of each development partner and major consultant in the implementation of the development.
4 Financial Narrative	<p>Financial narrative, including the following:</p> <ul style="list-style-type: none"> A. The proposed terms and repayment plan of RDA funds being applied for. B. Other funding sources and terms, and the status of commitments to the project. C. If funding for the project is, in part, dependent upon the award of Low-Income Housing Tax Credits or another housing program, describe how the project will be implemented in the event that aforementioned financing is denied. D. The project's financial viability and ability to generate positive cash flow.
5 Other Attachments	<p>Supporting documents, including the following:</p> <ul style="list-style-type: none"> A. Preliminary project drawings, including a preliminary site plan (including the context of the area), elevation drawings, and architectural renderings. B. Sources and uses. C. Operating proforma. D. Project timeline, including significant project milestones.

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- E. Notes from a Salt Lake City Development Review Team (DRT) meeting. The DRT application can be found at http://www.slcdocs.com/building/DRT_App_8-16.pdf.
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4.2 Completeness

Applications in response to this NOFA must be submitted as per the competitive application process administered through the Utah Public Procurement system. Applications that are not received in the RDA offices 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 or all applications.

Applications that are not received by the RDA prior to the time and date specified will be deemed late and will not be accepted. Applications must be submitted via email as follows:

Email Submittal: Applications shall include all required documents combined and be submitted via email in one Portable Document Format (.pdf) file and submitted to:

Tammy Hunsaker, RDA Project Manager
tammy.hunsaker@slcgov.com

The subject line should contain: “NOFA Application for (project name at address)”. Submittals that do not include the requirements as outlined in Section 4.1 or are time-stamped later than 4:00 PM on Tuesday, April 30, 2019, due to either human or technological error, will not be accepted.

SECTION 5: APPLICATION, REVIEW, & APPROVAL PROCESS

The Application, Review & Approval Process will be conducted through an evaluation of projects which meet all thresholds established in Section 3, and meet three or more project priorities listed in Section 6. Applications that satisfy these criteria will be reviewed and may be selected for approval on a first come - first serve basis. The application deadline is April 30, 2019 or when funds have been exhausted, whichever takes place first.

PHASE	DATE/TIME	MILESTONE
1 Application	Tuesday, November 13, 2018	• NOFA re-released
	Tuesday, April 30, 2019 at 4:00 PM	• Application final deadline
2 Threshold Review	Within two weeks of receipt	• Threshold requirement review. Applications that meet Threshold Requirements proceed to Phase 3.
3 Project Evaluation and Review	When Threshold requirements are determined to be complete	• Applications that are forwarded from Phase 2 will be further evaluated and ranked • RDA Finance Committee Review and Project Recommendation
4 Project Selection	Case by case	• RDA Board of Directors Review and Project Selection
5 Funding Award	Varies by project	• Conditional Commitment
		• Firm Commitment and Loan Closing

The five phases of the application process are described below.

1. **Application:** A competitive application process shall be administered through the Utah Public Procurement system.
2. **Threshold Review:** Applications must meet every one of the requirements outlined in Section 3 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 and Opportunity Area purposes.
 - 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.

As applications are evaluated and ranked, they will be forwarded to the RDA Finance Committee. Projects that the Committee finds to score most competitively 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 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. 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

Project priority criteria will be utilized to evaluate and select applications. To be eligible for funding, projects must meet at least two (3) of the following project priorities. Preference will be given to projects that meet more than three priorities and are more likely to be selected.

6.1 Project Priorities

Priority will be given to projects that meet housing and community revitalization priorities, as follows:

- i. **Transit Proximity:** Priority will be given to projects that are located within walking distance of a transit stop/station to encourage access to public transit.
 - Benchmark: Projects are located within 1/3 mile walking distance of a TRAX station, S Line station, or other station/stop on a frequent transit network line as identified in the Salt Lake City Transit Master Plan.
- ii. **Mixed Income:** Priority will be given to projects that are mixed-income which diversifies the economic mix of the neighborhood to promote economically integrated communities.
 - Benchmark: All projects shall have a mix of affordable and market-rate units. Projects located within a High Opportunity Area shall have a higher percentage of affordable units (more than 50%), while projects located in areas with a concentration of affordable housing shall have a lower percentage of affordable units (less than 50%).
- iii. **Displacement Prevention:** Priority will be given to projects that limit, prevent, or successfully mitigate the displacement of existing affordable housing units and/or low-income residents to avert low-income households from being impacted by development activities.
 - Benchmark: Projects shall be designed to minimize the displacement of low income individuals and families, and, if displacement occurs, the Uniform Relocation Assistance and Real Property Acquisition Act shall be complied with.
- iv. **Diversity of Housing Types:** Priority will be given to the following to support innovative design and a spectrum of housing types:
 - Benchmark: Projects are one of the following:
 - Adaptive reuse of existing structures as housing
 - Missing middle housing (i.e. townhomes, courtyard apartments, small scale apartments)
 - Family housing (2+ bedrooms) in the urban core
 - Housing with innovative parking solutions
 - Housing with high-quality and innovative construction materials and design
 - Housing that incorporates public or private amenities
- v. **Underserved Populations:** Priority will be given to projects that include units targeted to vulnerable populations to support housing for underserved populations.
 - Benchmark: Projects include a significant amount (20% or more) of units targeted to the following populations: households earning 40% AMI and below; persons with disabilities; the elderly; and other populations that at risk for homeless due to their economic, health, or social circumstances.
- vi. **Long-term Affordability:** Priority will be given to projects that provide long-term affordability, and that create a net increase in affordable units or secure affordability for units/projects that are at risk of conversion to market rate.

- Benchmark: Projects provide units with long-term affordability (50+ years), and either provide net increase in affordable units or a demonstrable preservation of units that are at risk of conversion to market rate.
- vii. **Sustainability:** Priority will be given to projects that incorporate sustainable building and design practices to promote a built environment that assists with conserving resources and lowering utility costs for residents.
 - Benchmark: Projects demonstrate a commitment to an industry-recognized sustainable building certification program.
- viii. **Leveraging:** Priority will be given to projects with significant leveraging of non-RDA/City sources of funding to encourage leveraging of private investment.
 - Benchmark: Projects with an RDA/City funding request that is 10% or less of the total development cost.
- ix. **Financial Viability:** Priority will be given to projects that demonstrate an ability to generate cash-flow and to pay RDA debt service to support projects that are financially viable.
 - Benchmark: Projects will generate long-term positive cash flow and repayment of RDA-held debt, as demonstrated by the development budget(s) and operating pro forma.
- x. **Timeliness:** Priority will be given to projects that are more advanced in the development process to support projects that are more financially and economically feasible because rates, terms, and costs are more certain and there is less possibility for delay or disruption between project selection and closing. Projects submitted earlier in the application window will also have a higher likelihood of being selected.
 - Benchmark: Projects demonstrate, through financing commitments and construction estimates, an ability to proceed into construction within twelve (12) months of entering into a conditional commitment period with the RDA.

SECTION 7: COMPLIANCE

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

SECTION 8: ATTACHMENTS

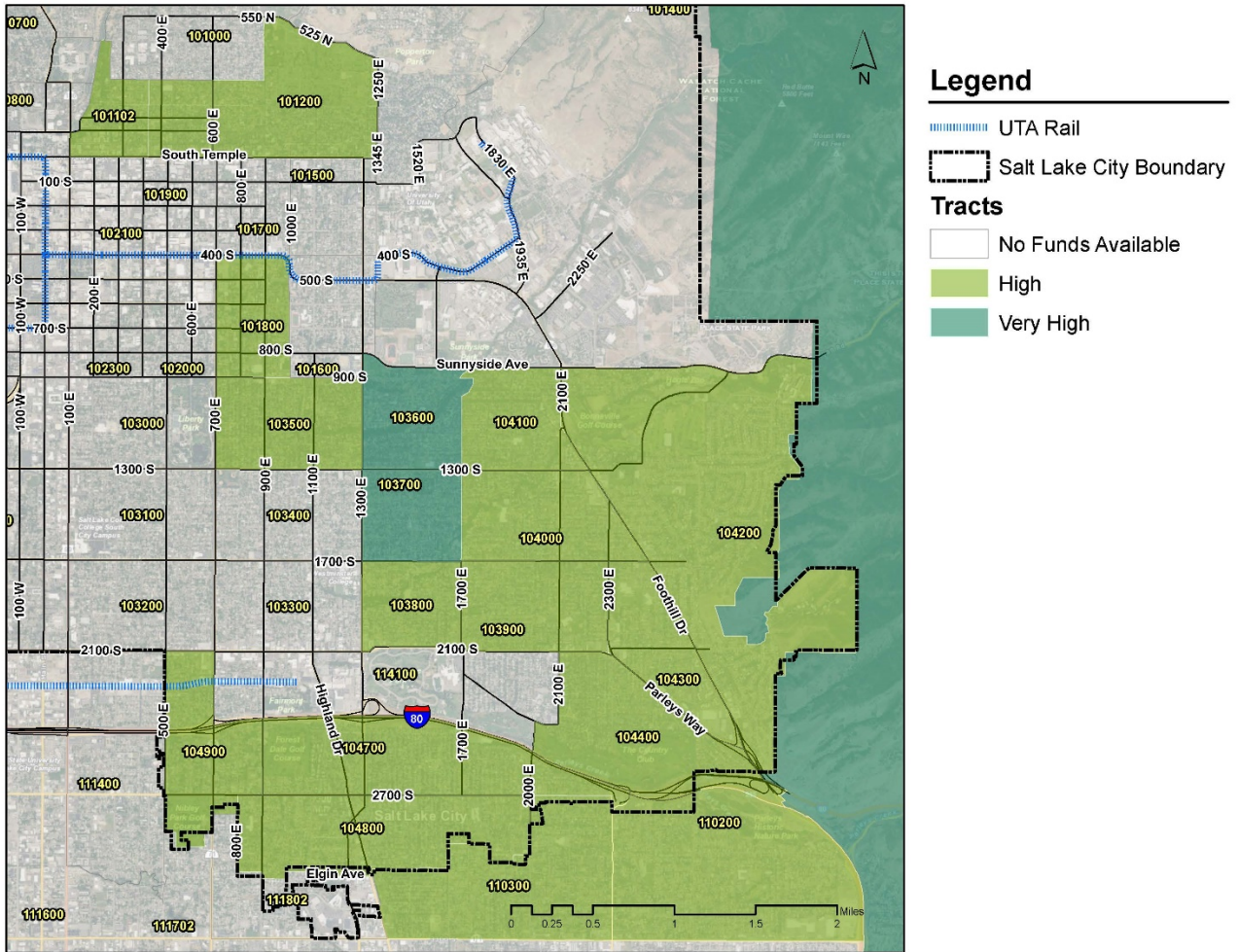
Attachment A: High Opportunity Area Map and Opportunity Index Table

Attachment C: Maximum Rents & Incomes

Attachment A: High Opportunity Area Map and Table

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

STANDARDIZED OPPORTUNITY INDEX BY CENSUS TRACT, 2015



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. Funding is now only available for projects located within High and Very High Areas of Opportunity.

Opportunity Index by Census Tract, Salt Lake City

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.

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

Attachment C: Maximum Incomes and Rents

2018 Income Limits: Salt Lake County

AMI	Number of Persons in Family							
	1	2	3	4	5	6	7	8
40%	\$22,400	\$25,600	\$28,800	\$32,000	\$34,575	\$37,125	\$39,700	\$42,250
50%	\$28,000	\$32,000	\$36,000	\$40,000	\$43,200	\$46,400	\$49,600	\$52,800
60%	\$33,600	\$38,400	\$43,200	\$48,000	\$51,840	\$55,680	\$59,520	\$63,360
80%	\$44,800	\$51,200	\$57,600	\$64,000	\$69,150	\$74,250	\$79,400	\$84,500

*Source: Based on data acquired from the U.S. Department of Housing and Urban Development's FY 2018 Income Limits Documentation System.

2018 Maximum Rents

AMI	Bedrooms					
	Studio	1	2	3	4	5
40%	\$560	\$600	\$720	\$832	\$928	\$1,024
50%	\$700	\$750	\$900	\$1,040	\$1,160	\$1,280
60%	\$840	\$900	\$1,080	\$1,248	\$1,392	\$1,536