

2018

**RENOVATION PROGRAM**

**NOTICE OF FUNDING  
AVAILABILITY**



**HOUSING AND  
NEIGHBORHOOD  
DEVELOPMENT**





## **HOUSING AND NEIGHBORHOOD DEVELOPMENT**

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# RENOVATION PROGRAM NOTICE OF FUNDING AVAILABILITY (NOFA) 2018

**THIS NOFA IS AVAILABLE ONLINE AT:**

[www.slc.gov/hand/funding-programs/](http://www.slc.gov/hand/funding-programs/)

**NOFA PACKAGE:**

NOFA Overview and Funding Requirements | Application Form

**DATE OF ISSUANCE:** Friday , June 1 , 2018

**DEADLINE FOR SUBMITTALS:** Friday , June 29, 2018



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## I. INTRODUCTION AND BACKGROUND

In December 2017, the City Council approved an allocation of \$1 million towards a new Renovation Pilot Program, aimed at providing renovation funds to improve existing affordable housing units in the City in exchange for a guaranteed period of continued affordability. Council discussions of the program included naturally-occurring affordable housing and affordable properties leaving compliance. These funds were appropriated to the Housing Trust Fund. This funding program connects to several of the City's policy goals as outlined in the 2017 adopted 5 year housing plan "Growing SLC."

## II. APPLICATION SUBMISSION AND REVIEW PROCESS

### WORKSHOP:

HAND Staff will hold one optional workshop on the NOFA to be held at 451 South State Street, Room 425, at 10am on Monday, June 11th. This will be an opportunity for questions on the NOFA and application.

### QUESTIONS AND RESPONSE PROCESS:

During the application period, prospective applicants may submit clarification question about the NOFA to [Baylee.White@slcgov.com](mailto:Baylee.White@slcgov.com). The cut off for questions will be Friday, June 15th at 5pm. Senders will receive responses via email and the questions and answers will also be sent to those that provided their contact information at the workshop and those that request to be on the distribution list.

### APPLICATION FORMAT:

Completion of attached word file and provision of project proforma in excel (sources/uses, development budget, income/expenses, 15-year operations, etc.)

### SUBMITTAL DEADLINE:

Applications must be submitted no later than Friday, June 29th at 3pm. Submission should consist of an electronic copy as a PDF or word file of the application form and an excel file of the proforma on a USB flash drive clearly labeled and delivered in person to Salt Lake City Corporation, Housing and Neighborhood Development, 451 South State Street, Room 445, Salt Lake City, Utah 84111

Or if by mail to Salt Lake City Corporation, Housing and Neighborhood Development, P.O. Box 145487, Salt Lake City Utah 84114-5488

Application Becomes City Property. All materials submitted in response to this NOFA, or in response to staff requests to an Applicant for clarification or additional information related to the Applicant's application, shall become property of the City and is subject to the Government Records Access and Management Act, Utah Code Title 63G Section 2 ("GRAMA"). All materials submitted to City are subject to disclosure unless such materials are exempt from disclosure pursuant to GRAMA. The burden of claiming an exemption from disclosure shall rest solely with applicant. Any materials for which applicant claims a privilege from disclosure shall be marked as "Business Confidential" and accompanied by a concise statement of reasons supporting applicant's claim of business confidentiality. Any claim of Business Confidentiality shall be made at the time the documents are submitted to the City.

#### **APPLICATION REVIEW:**

City staff will review proposals versus the threshold criteria and priorities. Staff recommendations will be made to the Housing Trust Fund Advisory Board for approval.

### **III. FUNDING AVAILABILITY AND ELIGIBLE APPLICANTS**

The NOFA consists of \$1 million to enable the acquisition and preservation of existing multifamily buildings containing apartments rented at below-market rates to protect existing tenants from displacement and generate additional housing opportunities for low income households in the long term.

Eligible applicants must demonstrate experience with affordable housing development/operation or resident services provision.

### **IV. THRESHOLD CRITERIA**

- A.** Eligible applicants: required experience with affordable housing or resident service provision
- B.** Minimum of 25% of units to be restricted at 60% of Area Median Income or below
- C.** No unmitigated resident displacement
- D.** Applicant must provide a plan and budget for repairs related to life safety, building code compliance, deferred maintenance, and energy- efficiency upgrades
- E.** Applicant must provide a resident services plan
- F.** Applicant must provide a property management plan

## V. FUNDING PRIORITIES

The City anticipates receiving more applications for funding than can be committed through this \$1 million NOFA. Under this likely scenario, the City will evaluate all proposals meeting the threshold criteria on the degree to which they address the priorities listed below and will prioritize proposals for funding based upon this evaluation. The City may also, at its sole discretion, reject any proposal that does not sufficiently further at least several of these priorities.

- A. Preserving rental housing at imminent risk of rent increases that could displace existing tenants
- B. Preservation of currently deed restricted housing nearing the end of its compliance period
- C. Improving the quality and condition of housing, with a focus on critical life safety, obsolete systems, deferred maintenance, and upgrades related to health and sustainability
- D. Protect existing residents from displacement
- E. Targeting units to 40% AMI households
- F. Restructuring rents to reduce rent burdened households
- G. Minimizing disruption to tenants during renovation work
- H. Maximizing leverage of other funding sources
- I. Preserving units in high opportunity areas
- J. Preserving units in close proximity to transit, services and amenities
- K. Providing a robust resident supportive services program
- L. Requesting the smallest amount of City funding

## VI. ELIGIBLE USES OF FUNDS

### PREDEVELOPMENT COSTS:

Eligible predevelopment costs may include due diligence and other predevelopment work necessary to determine project feasibility. City funds are not available to pay for Applicant's overhead and general costs of operation or property search costs. Eligible costs initially paid with Applicant's own or borrowed funds may be reimbursed with City loan proceeds.



**SITE ACQUISITION COSTS:**

The Applicant may request funds to apply toward site acquisition costs such as appraisals, purchase agreement deposits, option payments, other site control costs, the acquisition price of the site, repayment of loan(s) that originally financed the purchase of the site (i.e. take-out financing) and other acquisition costs, such as Applicant's share of closing costs. City funds will not fund acquisition costs for the land and improvements in excess of the current appraised value of the property.

**REHABILITATION COSTS:**

Hard construction costs for scope of work items. Soft costs directly related to the repair and rehabilitation work including but not limited to architectural drawings, engineering fees, design-development plans, local permits, legal fees, consultant and professional fees, and insurance, etc.

**VII. LOAN TERMS, AGREEMENTS AND REPORTING****LOAN TERMS**

**LOAN AMOUNT:** Not to exceed \$50,000 per unit

**INTEREST RATE:** 3% simple

**REPAYMENT:**

Repayment deferred during initial acquisition phase and converting to a soft loan post-rehabilitation receiving payments through 50% of cash flow. Full repayment triggered at any of the following events: sale, ground lease, transfer of borrower's interest in the property, transfer of ownership of borrower, bankruptcy, refinancing, permanent financing, syndication, end of term.

**TERM:** Initial 2 year period with options to extend depending on permanent financing plan and timeline.

**AFFORDABILITY TERM:** 30 years

**REQUIRED AGREEMENTS**

In addition to these agreements listed below, there may be other agreements required depending on the project and sponsor (i.e. Security Agreement, Guaranty).

Loan Agreement  
 Promissory Note  
 Deed of Trust  
 Hazardous Materials Indemnity  
 Restrictive Use Agreement <sup>1</sup>  
 Compliance Agreement <sup>2</sup>

## REPORTING REQUIREMENTS

### PRE-DEVELOPMENT AND REHABILITATION:

Quarterly progress report within 30 days of each quarter end, including status, budget and schedule

### REHABILITATION COMPLETION REPORT:

Notification of project completion, including permit sign offs, final budget and tenant profile

### ONGOING:

**Affordability Compliance** – annual compliance report including tenant roster with household size, income and rent

**Financial Reporting** – annual audited financial reports detailing income and expenses for the preceding year, including a determination of the cash flow generated. If cash flow is generated, the report must include or be accompanied by a distribution of the cash flow to the City as repayment on the loan.

### Insurance Certificates

1. The Restrictive Use Agreement will memorialize the affordability restrictions and other requirements of the loan. Where City staff determines that one or more federal, state and/or local financing programs available to a Project will achieve results that are equivalent to, or more effective than, the affordability or other public purposes of the Renovation Program, and that such financing programs are otherwise compatible with the City's policies and objectives, City staff is authorized to modify the Renovation Program loan terms, policies and/or the Restrictive Use Agreement, to the degree necessary for the Project to utilize those financing sources.

2. Applicant must enter into a Compliance Agreement with UHC or an equivalent organization able to provide annual reporting on the Project's compliance with affordability restrictions.

## 2018 INCOME LIMITS: SALT LAKE COUNTY

HOUSEHOLD SIZE	ANNUAL MEDIAN INCOME				
	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
<b>1 PERSON</b>	\$ 16,800	\$ 28,000	\$ 33,600	\$ 44,800	\$ 56,000
<b>2 PERSONS</b>	\$ 19,200	\$ 32,000	\$ 38,400	\$ 51,200	\$ 64,000
<b>3 PERSONS</b>	\$ 21,600	\$ 36,000	\$ 43,200	\$ 57,600	\$ 72,000
<b>4 PERSONS</b>	\$ 25,100	\$ 40,000	\$ 48,000	\$ 64,000	\$ 80,000
<b>5 PERSONS</b>	\$ 29,420	\$ 43,200	\$ 51,840	\$ 69,150	\$ 86,400
<b>6 PERSONS</b>	\$ 33,740	\$ 46,400	\$ 55,680	\$ 74,250	\$ 92,800
<b>7 PERSONS</b>	\$ 38,060	\$ 49,600	\$ 59,520	\$ 79,400	\$ 99,200
<b>8 PERSONS</b>	\$ 42,380	\$ 52,800	\$ 63,360	\$ 84,500	\$ 105,600

## 2018 MAXIMUM GROSS RENTS

BEDROOMS	ANNUAL MEDIAN INCOME				
	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
<b>1 BEDROOM</b>	\$ 420	\$ 700	\$ 840	\$ 1,120	\$ 1,400
<b>2 BEDROOMS</b>	\$ 450	\$ 750	\$ 900	\$ 1,200	\$ 1,500
<b>3 BEDROOMS</b>	\$ 682	\$ 1,040	\$ 1,248	\$ 1,664	\$ 2,080
<b>4 BEDROOMS</b>	\$ 844	\$ 1,160	\$ 1,392	\$ 1,856	\$ 2,320
<b>5 BEDROOMS</b>	\$ 1,006	\$ 1,280	\$ 1,536	\$ 2,049	\$ 2,560

