

From: [Dina Blaes](#)
To: [David Delquadro](#)
Cc: [Michael Gallegos](#); [Catherine Kanter](#); [Lisa Hartman](#)
Subject: RE: Housing Trust Fund question follow up
Date: Thursday, March 31, 2022 7:59:00 PM
Attachments: [image001.png](#)

Dave – that would be great. Thanks.

Dina W. Blaes, Director
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2001 South State Street, Suite S2-100
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Cell (801) 865-7960
dblaes@slco.org



Office Hours: 8:30 am – 5:30 pm
Upcoming Out of Office: April 14-15 and June 3-17

From: David Delquadro <DDelquadro@slco.org>
Sent: Thursday, March 31, 2022 6:31 PM
To: Dina Blaes <DBlaes@slco.org>
Cc: Michael Gallegos <MGallegos@slco.org>; Catherine Kanter <CKanter@slco.org>; Lisa Hartman <LHartman@slco.org>
Subject: RE: Housing Trust Fund question follow up

Thank you, Dina.

I'm expecting some additional feedback tomorrow.
After I receive it, I will reach out to you directly.
Best,
Dave

From: Dina Blaes <DBlaes@slco.org>
Sent: Thursday, March 31, 2022 5:14 PM
To: David Delquadro <DDelquadro@slco.org>
Cc: Michael Gallegos <MGallegos@slco.org>; Catherine Kanter <CKanter@slco.org>; Lisa Hartman <LHartman@slco.org>
Subject: Housing Trust Fund question follow up

Dave,

Mike Gallegos reached out to me today letting me know you had questions about the about the Housing Trust Fund and that the topic came up in conversation during the council staff meeting yesterday. I wanted to follow up directly with you to share some information.

I think the core of your questions/comment was about the proposed use of the dollars; specifically, not limiting the use to only those Low-Income Housing Tax Credit (LIHTC) projects that are expiring. As our presentation at CWS a few weeks ago showed, we expect the funds will be targeted to three areas, based on discussions with and information we've gathered from providers, advocates and other funders over the last several months. The areas are:

1. Support LIHTC projects: Gap funding for entitled and/or shovel-ready LIHTC projects experiencing severe cost escalations;
2. Preserving existing affordable units: a) Subsidizing the purchase and/or rehabilitation of naturally occurring affordable units in conjunction with organizations like the Utah Housing Preservation Fund, and b) Subsidizing the purchase and/or rehabilitation of LIHTC projects that are expiring.
3. Create new affordable units: Subsidize the dedication of 5%-10% of newly constructed market-rate housing for occupancy by low- to moderate-income households. We've talked to several developers and cities who have expressed a willingness to deed restrict units in their shovel-ready market-rate developments for occupancy by households earning 80% or less of the Area Median Income, with rents limited to no more than 30% of the gross household income.

Mike mentioned the staff discussed using the funds without going through the Housing Trust Fund, and instead issuing a Request for Applications directly through our agency. We would not oppose that approach.

If you have additional questions or want to discuss the topic further, please feel free to contact me. Thank you.

Dina

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Office Hours: 8:30 am – 5:30 pm

Upcoming Out of Office: April 14-15 and June 3-17

From: [Dina Blaes](#)
To: [Danielle Wallace](#)
Cc: [Dea H. Theodore](#); [Ann Granato](#); [Jim Bradley](#); [Arlyn Bradshaw](#); [Aimee Winder Newton](#); [Richard Snelgrove](#); [Steve DeBry](#); [David Alvord](#); [Laurie L. Stringham](#); [Catherine Kanter](#)
Subject: RE: Questions Regarding the Affordable Housing Trust Fund
Date: Thursday, March 24, 2022 1:52:00 PM
Attachments: [image003.png](#)
[KGPI Apartment Market Mar2022.pdf](#)
[KGPI HighDensity-Feb2021.pdf](#)
[ORD ARPA Planning.jpg](#)

Danielle,

Thank you for taking the time to review the materials and to pose the questions in your message. For ease of reading, my responses are embedded in your original message in blue font. Please feel free to reach out if you would like to discuss any of these issues further.

Dina

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Office Hours: 8:30 am – 5:30 pm
Upcoming Out of Office: March 17-18 and April 14-15

From: Danielle Wallace <DWallace@slco.org>
Sent: Wednesday, March 16, 2022 8:51 AM
To: Dina Blaes <DBlaes@slco.org>
Cc: Dea H. Theodore <DHTheodore@slco.org>
Subject: Questions Regarding the Affordable Housing Trust Fund

Dina,

Councilwoman Theodore asked me to review the materials regarding the affordable housing trust fund ARPA proposal and ask you about any remaining questions we had. I have reviewed both the recording of the presentation and written materials and I don't believe we have any concrete and/or detailed answers to these vital questions:

- What sites and locations have been identified for building these affordable units? When could we view them?

- If approved for ARPA funding, the Housing Trust Fund would be used in three ways which were shared during the Council presentation. 1) Gap financing for construction ["building"] of recently awarded LIHTC affordable properties 2) Preservation of already constructed affordable units and 3) Coordination with municipalities for new market rate properties to set-aside 5 - 10% of units as affordable.
 - While significant analysis regarding the pool of each of these categories has been conducted, no sites or locations have been identified to receive funding. The project award process will not begin until the Housing Trust Fund is approved for ARPA funding. If approved for ARPA funding, three competitive RFA's would be released to identify specific projects.
 - Specific to the analysis of the potential pool for construction ["building"], there are a number of projects within Salt Lake County for which the Utah Housing Corporation (<https://utahhousingcorp.org/>) has recently awarded Low Income Housing Tax Credits (LIHTC). See list below. These projects are examples of the type of projects that might be eligible for consideration through the RFA process.
 - 425 West 500 South (18 units) non-profit developer
 - 425 West 500 South (88 units) non-profit developer
 - 255 South State Street, 9% project (110 units) non-profit developer
 - 255 South State Street, 4% project (118 units) non-profit developer
 - 4054-4074 South West Temple (64 units) non-profit developer
 - 106 West Fireclay Avenue (40 units) for-profit developer
 - 380 East Fort Union Blvd (89 units) non-profit developer
 - 2960-2970 South Richmond Street (55 units) non-profit developer
 - 213 West 1300 South (106 units) non-profit developer
 - 3990 South 700 West (109 units) non-profit developer
 - You are welcome to drive by these sites, some have broken ground already and others have not. The County is not the developer of these projects.
- What is the process/qualifications for someone wanting to rent?
 - How does an applicant apply for the subsidy?
 - Are we only allowing SLCO residents to apply/rent?
 - Is there a certain demographic that will be given preference?
 - As the County is not and would not be the developer, these decisions are made by the organization developing the affordable units. However, there are industry standards that would be expected and verified as part of the project funding application review process. The following are links to just a few of the organizations that develop affordable units if you wish to learn more about their services and review their applications for rental units/assistance, down payment assistance and other housing support programs:
 - Community Development Corporation of Utah, <https://www.cdcutah.org/housing-services/rentals>
 - Utah Non-profit Housing Corporation, <https://unphc.org/pre-application-form/>
 - Utah Housing Corporation (down payment assistance), <https://utahhousingcorp.org/homebuyer>
 - GIV Group, <https://giv.group/about-giv>

- What is the target rent?
 - One method for determining target rent would be to rely upon Fair Market Rent figures (FMRs), as identified by the US Housing and Urban Development, Office of Policy Development and Research. FMRs are used to determine payment standard amounts for various federal programs. Because they are set once a year, they do not always reflect what is happening in a given market, but they are a good barometer for determining a reasonable range. For example, 2022 FMRs for SL County include \$1,112 (1 Bedroom), \$1,327 (2-bedroom) and \$1,843 (3-bedroom), but actual market rents are quite a bit higher.
 - On a household budget level, target rent depends on household income. A standard rule of thumb for all households--regardless of income level—is that no more than 30% of the household gross income should be paid for housing costs (including utilities). If households pay more, they are considered “cost-burdened.”
 - If the formula is currently based on income and adjusted for inflation, how would this not drive up the rental cost and profit for unsubsidized units (widening the wealth gap)?

There are several issues raised in this subpoint and I’ll try to address each one separately.

 - For the formulas, income is not adjusted for inflation.
 - Target rent related to income. For affordable housing projects, the Area Median Income (AMI) is used to qualify renters/home-buyers and will, in turn, inform a target rent to keep the household from being cost-burdened. For a 4-person household at 50% AMI (\$46,100 annual income), the monthly rent/mortgage should remain at or below \$1,152.50.
 - Rising rental costs and profit for unsubsidized units. In general, markets that are not in equilibrium contribute to rising rents. The most recent figures reported by KGPI indicate a vacancy rate in Salt Lake County of 2% for all types of rental units, the lowest vacancy rate in the 20 years this figure has been reported. The vacancy rate is only one of many factors impacting rising rents. The employment and demographic trends in Salt Lake County increase housing demand, scarcity of inventory results in housing cost increases for ownership products, and not surprisingly, this results in an even higher demand for rental housing. It’s a difficult cycle. The HTF will help to "stabilize" the cost of housing - particularly at the lower end of the housing affordability spectrum. This will (potentially) in turn have a positive impact on keeping prices more affordable as you move along the affordability spectrum toward the middle-income level. This is due to the fact that the HTF will help to both increase the stock of new units, as well as preserve affordability. For more information, I would suggest reviewing the most recent Research Brief from KGPI on this topic (see attached “KGPI_Apartment Market_Mar2022”).
 - Profit on unsubsidized units is a multi-faceted matter. In late 2021, many industry publications suggested that return on investment in the multifamily rental investment market would remain strong, as long as inflation and interest rates remain low, which is no longer the case. Prices in February rose 7.9% compared to the prior year – the biggest annualized increase since 1982. Many experts believe this will lead to increasing interest rates. These two factors, in

addition to increases in construction material costs and construction labor shortages, may temper profits.

- Wealth inequality. Many factors contribute to wealth inequality. Two very good reports that can provide greater insight into what factors contribute to inequality – housing costs are a small part of a much larger equation, <https://www.pewresearch.org/social-trends/2020/01/09/trends-in-income-and-wealth-inequality/> or this research completed by the Stanford Center on Poverty & Inequality, <https://inequality.stanford.edu/publications/20-facts-about-us-inequality-everyone-should-know>. Also, I suggest reviewing materials from Utah’s Intergenerational Poverty Initiative, <https://jobs.utah.gov/edo/intergenerational/>.

- Which nonprofits will work to implement the program and what is their overhead or administrative cost?
 - The Office of Regional Development (ORD) will implement and administer the program - the Housing Trust Fund—which determines how the funds will be placed into the community. ORD’s overhead and indirect costs are budgeted at 4.6% of our 2022 budget. Our ARPA request includes 1 Time-Limited FTE to administer the program, funded completely through ARPA funds.

- Have the organizations and nonprofits we would like to partner with been identified?
 - Some potential applicants have been identified, but not all. See my response to your first question.
 - Have they done a similar project in the past?
 - Yes, we are aware of prior successful projects from potential applicants. However, anecdotal knowledge will not factor into the scoring criteria for funding. Applicants seeking funding from the Housing Trust Fund will be required to show a track record of success.
 - What was the cost of those prior projects?
 - Unknown.
 - How long did those home remain affordable?
 - If the project is a Low Income Housing Tax Credit project, a minimum of 30 years.
 - How long will they be subsidized?
 - For the duration of the ‘compliance period,’ which in Utah is a minimum of 15 years.

- How long will this fund subsidize or assist with the low-income housing crisis and what is the off-ramp strategy once the \$20 million is spent?
 - LIHTC projects require a compliance period of 15 years (IRS regulations); however, the Utah Housing Corporation (the agency that awards credits) requires an extended use period of at least 15 years. These are industry benchmarks for Utah that the SL County Housing Trust Fund would seek to mirror.
 - Once the \$20 million is spent, the Housing Trust Fund would resume operations using the funds available through Title 17C housing set-aside provisions and other funds, as

available.

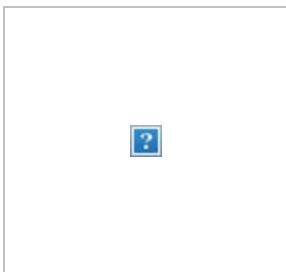
- Is there not already a private capital investment incentive to build more housing units since there is a gap in available housing units?
 - Please see the response to “profit on unsubsidized units” above and refer to the attached KGPI Research Brief.
- What existing housing protections are at risk?
 - Our presentation showed that 29% of deed restricted affordable rental units in Salt Lake County will expire by 2030; specifically, 5,175 units. Each unit represents a family that could find itself being displaced if the affordable units are not preserved.
 - What are other ways in which we can mitigate the risk to *existing low-income voucher or subsidized programs*?
 - We mitigate risks by supporting affordable housing programs financially, by establishing policies that support the preservation and production of affordable units, and by bringing resources to municipalities to support their efforts to address housing affordability needs in their communities.
- How would Salt Lake County effectively mitigate construction delays as discussed in the presentation?
 - Salt Lake County is not in a position to mitigate construction delays for developers working in the valley. However, we have learned important lessons through years of administering rehabilitation programs. Job site experience, generally, teaches you to anticipate where and when delays may occur, plan and prioritize critical milestones, and – above all—engage in good communication through-out the management and operations chains.
- What ordinances need to be revised, and why would we need this fund to revise them?
 - The current Housing Trust Fund ordinance (Chapter 2.91 – Housing Trust Fund) needs to be revised to accommodate ARPA requirements, to reconstitute the Advisory Board, and to update the program’s management oversight and governance structure.
- How would a reduction to the expenditure impact the goals of the project?
 - A reduction in the \$20 million ARPA request will result in fewer affordable housing units being preserved and/or developed. As noted in numerous comments we have received through the community engagement process, \$20 million is considered a modest investment given the scope and severity of the housing affordability crisis.
- How wouldn’t this drive down the value of high-income earners and homes and create blighted areas when we consider long-term growth and expansion?
 - The KGPI produced a report last year that analyzed the impact of apartment buildings on single-family property values. (See attached, “KGPI_HighDensity_Feb2021”). From the Executive Summary, “Single-family homes located within ½ mile of a newly constructed apartment buildings experienced higher overall price appreciation than those homes farther away.” It is important to note the study did not distinguish between affordable apartment buildings and market rate buildings.

How much would these units be rented for right now using the formula that has been proposed?

- Please see the answer to your third question, “what is the target rent?”
- How many units are expected to be rented out during the first and second year of the project (out of the 1,200 units goal)?
 - We would reasonably expect 450-500 units to be preserved/constructed and occupied in each of the 2.5 years remaining before the December 31, 2024 ARPA expenditure deadline.
- Why would the coalition that has been brought together to work on this project fall apart with delay as a result of due diligence?
 - I’m afraid I don’t fully understand this question, particularly the reference to the “coalition” that has been brought together to work on the project and a suggestion that due diligence could somehow cause that coalition to fall apart. If by “coalition,” you are referring to the significant number of community stakeholders who support the HTF concept, I don’t see any risk of that coalition falling apart. In addition, there has already been significant due diligence performed with respect to this proposal to further capitalize the existing HTF with ARPA funding. Members of the Mayor’s executive team, ORD’s leadership team, the DA, the Office of Data & Innovation, and outside subject matter experts have been working to develop this ARPA application since July 2021 (see attached picture of an early team program development meeting in August 2021).

Thank you,

Danielle Ahn



Danielle Ahn, Esq.

Senior Policy Advisor for Councilwoman Dea Theodore
District #6

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March 3, 2022



To Whom It May Concern:

I am pleased to write this letter of support on behalf of the largest trade association in Salt Lake County, The Salt Lake Board of REALTORS®. We are a not-for-profit, non-partisan organization that is comprised of over 10,500 REALTOR® and affiliate members. We, as a Board, are the premier advocates for policies and programs that protect private property rights and the American Dream of homeownership.

Salt Lake County is currently facing a severe housing affordability crisis. The average price of a single-family home has grown from less than \$400,000 just two years ago to over \$581,000 as of February 2022. The median cost of all types of housing units in Salt Lake County now stands at \$515,000. To afford the median priced home in Salt Lake County, a family must now earn over \$100,000. To put it simply: housing is unaffordable to most Salt Lake County residents who are looking to purchase a home.

With increasing cost of materials for new home construction, risk of existing affordable housing units losing protections, rising rent prices, and significant employee shortages relating to the COVID-19 pandemic, this problem will continue to worsen unless significant measures are taken by state and local policy makers.

As the County considers where to allocate ARPA funds, programs that aim to address affordable housing needs should be among those of primary concern to decision makers. Therefore, the Salt Lake Board of REALTORS® strongly urges the Salt Lake County Council to fund the Capitalization of the Affordable Housing Trust Fund.

Allocating the appropriate ARPA dollars to this Fund will result in the preservation and construction of over 1,200 units of safe, affordable housing in Salt Lake County. While this funding will not solve our affordable housing crisis on its own, it will provide the county another much-needed tool to take meaningful steps to address the problem.

We look forward to continuing to work with the county on combating this crisis which affects us all. Thank you for your service and commitment to Salt Lake County and to the residents who wish to achieve the American Dream.

Sincerely,

A handwritten signature in black ink that reads 'Curtis Bullock'.

Curtis Bullock

CEO, Salt Lake Board of REALTORS®

From: [Dina Blaes](#)
To: [Aimee Winder Newton](#)
Subject: RE: Salt Lake County - Housing Trust Fund ARPA funding request
Date: Tuesday, March 15, 2022 5:59:00 PM
Attachments: [image001.png](#)

You're welcome. There's much more to come. Council member Theodore's policy advisor sent a lengthy message today. I appreciate the inquiries and will work to respond as soon as I can.

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Office Hours: 8:30 am – 5:30 pm
Upcoming Out of Office: February 21 (Presidents' Day, SLCo offices will be closed)

From: Aimee Winder Newton <ANewton@slco.org>
Sent: Tuesday, March 15, 2022 3:59 AM
To: Dina Blaes <DBlaes@slco.org>
Subject: Re: Salt Lake County - Housing Trust Fund ARPA funding request

Thanks for all this info, Dina!

Aimee Winder Newton
Salt Lake County Council

On Mar 15, 2022, at 12:35 AM, Dina Blaes <DBlaes@slco.org> wrote:

Council member Alvord,
Based on your questions during last week's CWS meeting, I thought it would be appropriate to share this email thread with you and others.
Dina

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Office Hours: 8:30 am – 5:30 pm

Upcoming Out of Office: February 21 (Presidents' Day, SLCo offices will be closed)

From: Dina Blaes

Sent: Friday, March 4, 2022 5:28 PM

To: Richard Snelgrove <RSnelgrove@slco.org>

Cc: Valerie Walton <VWalton@slco.org>; Catherine Kanter <CKanter@slco.org>

Subject: RE: Salt Lake County - Housing Trust Fund ARPA funding request

Sam & Councilmember Snelgrove,

Thank you for the question. This is an extremely simplified answer, but the funds we are requesting would be leveraged with other equity and debt financing, not as a 'per door' investment. For example, a 140-unit affordable development would be financed with a mix of equity, debt, tax-credit syndication (sometimes), rent payments/sale proceeds, and other revenue (pet fees, laundry, parking, utilities, etc.). Depending on the Housing Trust Fund eligibility criteria, the project may qualify for a \$750,000 or a \$1.5M (more/less) contribution from the HTF, which, based on your math, would be a cost of \$5,357.14 or \$7,142.86 'per door.'

Based on nearly two decades of contributing to affordable housing projects with CDBG and HOME funds, our team is confident with the target production number of 1,200 if the HTF capitalization is \$20M. The manager of the Fund, and the Fund Advisory Board, will always seek to leverage as much as possible – to get the most out of our investment in the project as possible. That 'most' may be the number of affordable units, but it may also be the number of the right units, like units for individuals who have physical, sight, or developmental impairments, which may cost more 'per door' but may have a greater impact on the populations in need of stable housing.

I hope this answers your question. I'm happy to discuss it further or provide additional information.

Dina

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Upcoming Out of Office: February 21 (Presidents' Day, SLCo offices will be closed)

From: Richard Snelgrove <RSnelgrove@slco.org>
Sent: Thursday, March 3, 2022 3:38 PM
To: Dina Blaes <DBlaes@slco.org>
Subject: RE: Salt Lake County - Housing Trust Fund ARPA funding request

Hi Dina:

Thanks for the info. I am curious as to how your program would work inasmuch as \$20,000,000 / 1,200 = \$16,666.66. How would \$16,666 per unit create a low income housing opportunity?

Thanks,

Sam

From: Dina Blaes <DBlaes@slco.org>
Sent: Thursday, March 3, 2022 3:09 PM
To: Jim Bradley <JBradley@slco.org>; Ann Granato <AGranato@slco.org>; Dea H. Theodore <DHTheodore@slco.org>; Arlyn Bradshaw <ARBradshaw@slco.org>; Laurie L. Stringham <LLStringham@slco.org>; Aimee Winder Newton <ANewton@slco.org>; Richard Snelgrove <RSnelgrove@slco.org>; David Alvord <DAlvord@slco.org>; Steve DeBry <SDeBry@updsl.org>
Cc: Jenny Wilson <JWilson@slco.org>; Catherine Kanter <CKanter@slco.org>; Lisa Hartman <LHartman@slco.org>; marcus@slrealtors.com
Subject: FW: Salt Lake County - Housing Trust Fund ARPA funding request

Dear Councilmembers,

Earlier today, I received the attached letter of support from the SL Board of REALTORS. We are happy to share it with you.

Dina

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From: Marcus Jessop <Marcus@slrealtors.com>
Sent: Thursday, March 3, 2022 2:42 PM
To: Dina Blaes <DBlaes@slco.org>; Matt Clewett <Matt@slrealtors.com>
Subject: Salt Lake County

Dina,

Thank you for presenting at our board meeting yesterday. Please see the attached support letter in favor of the capitalization of the Affordable Housing Trust Fund.

Let me know if you need anything else.

Thanks,

