

**REDEVELOPMENT AGENCY OF MIDVALE CITY
RESOLUTION No. 2022-16RDA**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF MIDVALE CITY,
AUTHORIZING TWO NEW HOUSING PROGRAMS: DOWN PAYMENT
ASSISTANCE (DPA), AND HOME REPAIR LOAN PROGRAM (HRLP)**

Whereas, the Redevelopment Agency of Midvale City developed two new housing programs: DPA, and HRLP; and

Whereas, both programs are part of the RDA's Moderate Income Housing plan and Moderate-Income Housing element, as required by state law; and

Whereas, the DPA and HRLP programs are focused on households who fall on or below 80% AMI; and

Whereas, all funds are available on a first-come, first-served basis; and

Whereas, these programs will be supported by tax increment dollars as part of the City-Wide Housing fund which are restricted for affordable housing and any interest revenue generated by the loans. Furthermore, the RDA will apply for Community Development Block Grants (CDBG) to further support these programs; and

Whereas, the Down Payment Assistance Program (DPA) provides forgivable loans for low- to moderate-income first-time home buyers in Midvale City providing equitable access to home buying, homeowner education, and an increase home ownership in Midvale City.

Whereas, the Home Repair Loan Program (HRLP) provides income assistance for low- to moderate-income homeowners for improvements to address emergency repairs, eliminate blight, conserve energy, correct building violations, and preserve the housing community within the city limits of Midvale City; and

NOW THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY the RDA Board hereby approves both the Down Payment Assistance (DPA) program and the Home Repair Loan Program (HRLP) as described in Exhibits A and B.

This Resolution shall become effective immediately upon passage thereof.

Passed and Adopted by the Redevelopment Agency of Midvale City's Board of Directors, this 6th day of December 2022.


Marcus Stevenson
Chief Administrative Officer

Matt Dahl

Matt Dahl
Executive Director

ATTEST:

Rori L. Andreason

Rori L. Andreason, MMC
Secretary



Voting by the Board:

“Aye”

“Nay”

Dustin Gettel

✓

Paul Glover

✓

Quinn Sperry

✓

Heidi Robinson

✓

Bryant Brown

✓

EXHIBIT A: Down Payment Assistance Program

THE REDEVELOPMENT AGENCY OF MIDVALE CITY DOWN PAYMENT ASSISTANCE (DPA) PROGRAM OUTLINE

Purpose:

The Redevelopment Agency of Midvale City Down Payment Assistance Program provides forgivable down payment loans for low to moderate-income first-time home buyers in Midvale City. The program seeks to provide equitable access to home buying, provide education to Midvale residents on home ownership, and increase home ownership in Midvale City.

Midvale City General Plan and Housing Plan Goals & Strategies:

Midvale City and the Redevelopment Agency of Midvale City adopted a shared Housing Plan in 2019. The following are goals and strategies adopted by the City and the RDA as part of the Housing Plan and the City's General Plan.

Focus Programs on Households Making 80% Ami or Less: The City and the RDA shall focus incentive programs on Midvale City households making 80% or less of AMI. These households are the most likely to be housing cost-burdened, and often lack the ability to find the housing that meets their needs. Supporting household stability through affordability can contribute to greater social mobility and improved quality of life for the affected residents, as well as making them more financially resilient when faced with short-term financial issues, such as the loss of a job.

Down Payment Assistance Program for New Homeowners: The City and the RDA shall work with regional housing partners to establish a down payment assistance program for new homeowners that make 60-80% of AMI. This program will allow potential homeowners the opportunity to receive funding from the City or the RDA for a down payment and/or closing costs associated with the purchase of a home in Midvale. A down-payment assistance program will help to incentivize home ownership in Midvale.

Provide Homeownership Education with Housing Partners: Throughout the public consultation process, one of the frequent issues brought up was the lack of education on available housing resources throughout the City. The education program would focus on providing easy to understand and accessible education on available housing resources in the City. This program will be in cooperation with housing service partners in the City and Salt Lake County.

Program Scope:

Each year, the DPA Program will:

- Aid up to ten low-to-moderate income individuals/families at 80% AMI and below.
- Loan up to \$20,000 per loan for non-Midvale residents.
- Loan up to \$25,000 for Midvale residents or employees of a public entity operating within Midvale. To qualify, the resident or employee must have lived in Midvale or worked for a public entity within Midvale for at least one year.
- Pay administrator fees to Contracting Organization.
- Provide homeowner education to potential home buyers.

Loan Terms:

A loan under the DPA Program is subject to the following terms:

- 5-year forgivable loan.
- 20% loan reduction each year.
- May be used for down payment, closing costs, single-pay mortgage insurance, or mortgage interest rate buydown.
- Borrower must complete certified HUD home buyers' education courses. RDA will support the cost of these classes.
- Borrower must participate in a post home purchase consultation/debrief with Contracting Organization.
- Borrower must be under contract to purchase home.
- Max purchase price of contracted home is based on the HUD maximum.

Eligibility:

In order to be eligible for a DPA loan, a borrower:

- Must purchase home in Midvale City
- Must be a first-time home buyer.
- Must occupy home within 30 days of closing and occupy home during the 5-year term of DPA loan.
- Cannot have more than \$20,000 in any account before or after funding.

Required Documents:

The following documents are required before issuance of a DPA loan.

- Completed application from Contracting Organization
- Verification of loan pre-approval
- Income analysis from lending institution
- Loan estimate/Loan Fee Worksheet
- Valid government issued ID
- Proof of income (last 60 days)
- Checking and saving account statements (last 60 days)
- Federal tax returns (2 years)
- Divorce decree (if applicable)
- Bankruptcy Explanation Letter (if applicable)

Repayment of Grant:

A repayment of some or all the DPA loan will apply if:

- The property is sold before 5 years elapses from the Closing date.
- The property is not owner-occupied within 30 days of closing.
- The property is rented, and the borrower does not occupy the home at any time during the 5-year term.

EXHIBIT B: Home Repair Loan Program

THE REDEVELOPMENT AGENCY OF MIDVALE CITY HOME REPAIR LOAN PROGRAM OUTLINE

General Overview:

The Redevelopment Agency of Midvale City established the Home Repair Loan Program (HRLP) to provide additional income assistance for low- to moderate-income homeowners. HRLP provides funding through low interest or forgivable loans for home improvements to address emergency repairs, eliminate blight, conserve energy, and preserve the housing community within the city limits of Midvale City. Funds are available on a first-come, first-served basis.

Midvale City General Plan and Housing Plan Goals & Strategies:

Midvale City and the Redevelopment Agency of Midvale City adopted a shared Housing Plan in 2019. The following are goals and strategies adopted by the City and the RDA as part of the Housing Plan and the City's General Plan.

Focus Programs on Households Making 80% Ami or Less: The City and the RDA shall focus incentive programs on Midvale City households making 80% or less of AMI. These households are the most likely to be housing cost-burdened, and often lack the ability to find the housing that meets their needs. Supporting household stability through affordability can contribute to greater social mobility and improved quality of life for the affected residents, as well as making them more financially resilient when faced with short-term financial issues, such as the loss of a job.

Provide a Financial Incentive to Improve Homes: The City and the RDA shall establish a program to provide a financial incentive to improve the facades, structures, and systems of single-family homes throughout Midvale. A home repair incentive program could provide either a tax reimbursement through an annual program allocation or a low-interest loan to encourage homeowners and landlords to invest in their properties. This program would address issues of housing quality and neighborhood blight.

Owner/Home Eligibility:

To be eligible to participate in the HRLP, an applicant must meet the following requirements:

- 80% AMI or below (households, or applicant and co-applicant).
- Applicant must have a FICO (Fair Isaac Company) score of 550 or higher.
- Property must be located within Midvale City limits.
- Property must be a single-family home, town home, condominium, or manufactured home that is permanently affixed to land.
- The applicant must have owned the home for at least one year prior to requesting assistance.
- The applicant's home must be deficient in at least one Uniform Housing Code (UHC) or must fall below the minimum Housing Quality Standards (HQS) set forth by the U.S. Department of Housing and Urban Development.
- Each applicant is eligible once in a lifetime to receive HRLP assistance, regardless of change of addresses or loan status.
- Applicant must be current on mortgage payments and taxes.

- There can be no liens on the property.
- The property must be the applicants' primary residence.
- All applicants must meet income guidelines.

Terms of Assistance:

A loan under the HRLP is subject to the following terms:

- Term: 5-25 years
- Rate: Below market (0% - 3%)
- Front and Back-end ratios: 32% & 43% respectively
- Must be applicant-occupied.
- Non-occupant co-buyer is not allowed.
- Max LTV 105%
- Max CLTV 105%

Debt Ratio Guidelines:

- **Front-End Ratio:** The standard guideline for a HRLP loan is 32%. The front-end ratio is the gross income divided by the new PITI (principal, interest, taxes and insurance, Homeowners Association (HOA) dues, mortgage payment).
- **Back-end Ratio:** The standard guideline for a HRLP loan is 43%. This is the gross income divided by the new PITI mortgage payment and the minimum monthly payments from the applicant's liabilities. The typical debts used to determine the qualifying back-end ratios are the minimum required monthly payments on all the following:
 - Auto loans
 - Student loans
 - Personal loans
 - Charge cards
 - Child Support
 - Alimony
 - Federal Tax Lien Repayment Schedules

Loans:

The Loan Administrator will review each application for approval or denial and determine the type of loan, loan terms, or grant to be offered. The loan can be one of the following:

1. **Deferred Payment Loan:** Households with a gross annual income at or below 50% of the area median income, as determined by Salt Lake County, may qualify for a deferred payment loan with 0% annual interest. Repayment of the loan is required if the applicant sells, transfers title, leases, or vacates the home. All deferred loans will be evaluated annually, and terms of financing are contingent based on gross income and proof of homeowners insurance.
 - a. All deferred payment loans will be re-verified annually. Loan Administrator staff may require these recipients to submit a copy of their previous year's Federal income tax statements, current income, and homeowner's insurance. Loan Administrator staff will review and determine if any changes will be made to the existing terms of the loan based on income guidelines.

- b. Deferred payment loans will be capped at 25% of the total loan funds issued by the Redevelopment Agency of Midvale City.
2. **Installment Loan:** Households with a gross annual income between 50% - 80% of median income may qualify for an installment loan up to 3% interest. Repayment of an installment loan is made with regular monthly installment payments. Repayment of an installment loan in full is required when the applicant sells, transfers title, leases, or vacates the home. Payment and interest rates will be based on the applicant's ability to pay.
3. **Forgivable Loan/Grant:** Households who fall on or below 50% AMI may qualify for a forgivable loan/grant up to \$5,000. The loan is forgiven after 5 years of the applicant's occupancy in the home from the loan agreement date.
4. **Alternative Loan Payments:** Arrangements for alternative loan payments may be requested in writing, as needed, at any time during the term of the loan.

Loan Limits:

Loans can be any amount up to \$15,000 at an interest rate of 0-3%. Only loans under \$5,000 are eligible for an interest rate of 0%. The interest rates' limits will be based on a sliding scale that considers the applicant's AMI, credit score, and loan amount. Loan amounts cannot exceed 20% of the appraised value of the home or \$15,000, whichever is lower.

Eligible Repairs:

The following repairs are eligible for HRLP Loans:

- Health or safety hazards
- Accessibility modifications
- Code compliance
- Energy improvements

Renovation improvements that do not become a permanent part of the real property are not eligible.