



# Sandy City Council Office

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**To:** Sandy City Council  
**From:** Alison Stroud, Council Member  
**Date:** June 5, 2026  
**Subject:** Seed Funding Request: Revitalized Down Payment Assistance Program (South Towne Ridge Increment)

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## Summary

The purpose of this proposal is to formally request the allocation of \$300,000 in seed funding (Exhibits A) from the South Towne Ridge Increment to initiate a revitalized municipal down payment assistance program. This initiative is modeled closely after the city's previous *Own in Sandy* program (Exhibit B) but incorporates important policy updates designed to reflect the realities of today's housing market.

*Please note: This proposal is strictly a request to procure initial seed funding. It does not establish the formal program. I will return to the Council and Agency Board with a comprehensive, formalized program proposal for final approval in the coming months*

## Background & Lessons Learned

The original *Own in Sandy* program provided \$5,000 zero-interest deferred loans (that quickly became grants) to help qualified buyers with down payments. While the program was highly beneficial, staff analysis indicated that its primary bottleneck was a restrictive requirement: funds could only be used for newly constructed homes that had never been lived in. Given the scarcity of new construction and the shifting housing landscape, an updated policy would remove this barrier to improve utilization.

## Program Outline ("The Bones")

To qualify for the seed funding available via the South Towne Ridge Increment, the new program will maintain the core structural requirements of the past *Own in Sandy* program while implementing modifications to improve flexibility and to apply the realities of the modern housing landscape:



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Feature	Past Program (Own in Sandy)	New Program Framework
<b>Property Type</b>	New construction only (never lived in)	Existing & new construction (no restriction on prior occupancy)
<b>Structure Type</b>	Single-family	No structural restrictions (all residential types eligible)
<b>Forgiveness Period</b>	3 Years -becomes a grant	10 Years – becomes a grant (extended timeline to secure long-term residency)
<b>Volume Cap</b>	Limited to 20 total loans	No limit on the number of loans, instead subject to funding availability
<b>Purchase Price</b>	Max \$305,000	Purchase price limit either adjusted or removed
<b>Income Requirements</b>	Outdated 2009 median income tiers	Adjusted to current Area Median Income (AMI) levels
<b>Loan/Grant Amount</b>	Own in Sandy Provided \$5,000	Adjusted based upon existing market conditions

## Core Program Protections to Retain

The property must serve as the buyer's primary residence, and renting the unit will remain strictly prohibited.

## Funding Source & Compliance

Funding for this mechanism will be drawn from the South Towne Ridge Increment fund balance. This funding must be spent within the next three years. To comply with the legal requirements governing this specific funding source, the program will maintain strict Area Median Income (AMI) qualification thresholds. To use this funding source, the City/RDA would



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create a new “RDA Housing fund,” within which a new down payment assistance program would be housed.

## Conclusion

By securing this seed funding in the FY27 budget, we position the City to quickly build out the administrative infrastructure for a vital housing tool, while maintaining access to a funding source that will soon become unavailable. From this point on, I will work with council and RDA staff to update the full, finalized program guidelines, including updated current income tables, for formal Council / Board consideration.

Exhibit A: RDA Funds	Amount	Detail	Notes
<u>One-time:</u>			
<u>South Towne Ridge Increment (Fund 21007)</u>			
Transfer Out RDA Housing (Fund 210XX)	\$ 300,000	CC 1800 - Fund Balance	Transfer from South Towne Ridge Increment fund balance to newly created RDA Housing fund
<b>Total One-Time Appropriations Increase</b>	<b>\$ 300,000</b>		
<u>*New Fund* RDA Housing (Fund 210XX)</u>			
*New Program* Down Payment Assistance Program	\$ 300,000	CC 1800 - Down Payment Assistance	Appropriation to a new fund within the RDA/EDA meant for affordable housing.
<b>Total One-Time Appropriations Increase</b>	<b>\$ 300,000</b>		

## Exhibit B “Own in Sandy” Former Program

(See Next Page)



## **“OWN IN SANDY” HOUSING PROGRAM GUIDELINES**

### **I. PROGRAM SUMMARY**

The “Own in Sandy Program” is an effort by Sandy City and the Sandy City Redevelopment Agency to stimulate the local economy by creating new jobs through the construction of new homes which have not been lived in that are currently on the market within Sandy City. The program will additionally, increase the opportunity for qualified home owners to purchase existing new homes which have not been lived in that are currently on the market. Persons requiring primary residential loans and that meet specific guidelines can qualify for a \$5,000.00, zero interest loan, to assist with the purchase of the home. This loan becomes a grant after the owner has lived in the home for a consecutive three (3) year period.

“Own in Sandy” loans can only be used at the time of closing for a down payment, for closing costs or a principal reduction in purchase price. (1) Ten (10) loans are available for the purchase of a new existing home currently on the market which has not been lived in. (2) An additional ten (10) loans are available for construction of a new home within approved sub-divisions in the Sandy City area.

### **II. PROCEDURE**

When a buyer finds a home and completes the negotiations using a Real Estate Purchase Contract, they then submit for assistance with the following initial requirements:

1. The required **Own in Sandy** application
2. A Commitment Letter from the lender, outlining the loan amount, monthly payments, interest, term and conditions for lending first mortgage financing.
3. Real Estate Purchase Contract
4. Letter indicating the title company selected to close the loan
5. Income information (most recent tax return, pay stubs for the last three (3) months for all household members over the age of 18.)
6. If the home is new construction and a REPC is not used, then a contract between seller and buyer will be required.
7. Picture identification

The application will be processed and the income will be verified by the City. A letter will be issued to the buyer that their application has been approved. Funding will be processed five (5) days prior to closing of the first mortgage loan and deposited with the title company. Buyer will be required to sign the Promissory Note and a Deferred Loan/Grant Agreement at the time of closing. These documents will be recorded and released after the three (3) year period of home occupancy. The City will receive a copy of the closing documents after recordation.



### **III. REQUIREMENTS**

Income verification in the form of pay-stubs for the past three (3) months and the most recent copy of the applicant's tax return are required to qualify for the **Own in Sandy** Program. Every member of the household over the age of eighteen (18) must submit income information regardless of their participation in the real estate purchase. This information will include the 3 months of pay stubs and a copy of their most recent tax return. The annual household income (all members over 18) can not exceed the following adjusted median income limits:

<u>Persons in Household</u>	<u>Maximum Income</u>
1	\$50,402
2	\$62,404
3	\$71,375
4	\$81,000
5	\$90,350
6	\$97,235
7	\$97,236
8	\$97,235

#### Property Location

Properties must be located within the Sandy City limits and the home must be a home to be constructed or a newly built home which has never been lived in.

#### Ownership/Residency

1. Buyers must be taking fee simple title to the property and must live in the home for three (3) consecutive years after date of occupancy.
2. Should the home be sold or vacated prior to the three (3) year period, the owner will be required to pay back the loan on a deferred basis equal to thirty three and one third (33.3%) percent each year.

#### Purchase Price

1. The purchase price of the property for purposes of this program can not exceed three hundred and five thousand dollars (**\$305,000.00**).
2. The home must be a single family residential unit, condos and townhouses will qualify.
3. No renting of the unit is allowed.



Effective 12-07-09

#### **IV FIRST MORTGAGE FINANCING/TERMS AND CONDITIONS**

1. Documentation from the Mortgage Lender regarding the mortgage loan must be provided to the **Own in Sandy** Administrator. This will be a letter from the lender as well as completion of the required lender affidavit.
2. Only fixed rate interest loans which are FHA, VA or conventional conforming financing are allowed. Financing which is NOT allowed includes, but is not limited to:
  - a. Adjustable interest rate loans
  - b. Balloon payment loans
  - c. Interest only loans
  - d. Seller carry financing loans
3. Purchases involving other down payment assistance programs are not allowed.
4. “Rent to buy” contracts are not allowed.

#### **Lien Position**

**Own in Sandy** loans will be secured by a Promissory Note, deferred loan/grant agreement and Trust Deed. The City prefers that their loans occupy second lien position. Third position loans may be considered on a case by case basis and with approval of the City’s housing committee.

#### **Repayment Requirements**

Approved home owners must reside in the home for a three (3) year period of time. The loan will be forgiven at the rate of thirty three and one third (33.3%) percent per year. After the three (3) year period, the loan will be forgiven and become a grant to the home buyer.

For more information about the Own in Sandy Program contact:

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