

Representative Joel K. Briscoe proposes the following substitute bill:

ECONOMIC DEVELOPMENT AND AFFORDABLE HOMES

AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to housing and community development.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies how money from the Economic Revitalization and Investment Fund may be used;
- ▶ creates the Affordable Housing Preservation Fund and describes the allowable uses of money from the fund; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2020:

- ▶ to the Department of Workforce Services -- Affordable Housing Preservation Fund, as an ongoing appropriation:
 - from the General Fund, \$3,000,000.

Other Special Clauses:

None



26 **Utah Code Sections Affected:**

27 AMENDS:

28 [35A-8-501](#), as last amended by Laws of Utah 2017, Chapter 279

29 [35A-8-511](#), as enacted by Laws of Utah 2017, Chapter 279

30 ENACTS:

31 [35A-8-514](#), Utah Code Annotated 1953



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **35A-8-501** is amended to read:

35 **35A-8-501. Definitions.**

36 As used in this part:

37 (1) "Affordable housing" means housing occupied or reserved for occupancy by
38 households whose incomes are at or below certain income requirements at rental rates
39 affordable to such households.

40 (2) "Board" means the [~~Housing Board created by this part~~] Olene Walker Housing
41 Loan Fund Board created in Section [35A-8-503](#).

42 (3) "Fund" means the Olene Walker Housing Loan Fund created [~~by this part~~] in
43 Section [35A-8-502](#).

44 (4) (a) "Housing sponsor" means a person who constructs, develops, rehabilitates,
45 purchases, or owns a housing development that is or will be subject to legally enforceable
46 restrictive covenants that require the housing development to provide, at least in part,
47 affordable housing.

48 (b) "Housing sponsor" may include:

49 (i) a local public body;

50 (ii) a nonprofit, limited profit, or for profit corporation;

51 (iii) a limited partnership;

52 (iv) a limited liability company;

53 (v) a joint venture;

54 (vi) a subsidiary of the Utah Housing Corporation;

55 (vii) a cooperative;

56 (viii) a mutual housing organization;

- 57 (ix) a local government;
- 58 (x) a local housing authority;
- 59 (xi) a regional or statewide nonprofit housing or assistance organization; or
- 60 (xii) any other entity that helps provide affordable housing.
- 61 (5) "Rural" means a county in the state other than Utah, Salt Lake, Davis, or Weber.

62 Section 2. Section **35A-8-511** is amended to read:

63 **35A-8-511. Activities authorized to receive account money.**

64 (1) The executive director may distribute funds from the Economic Revitalization and
65 Investment Fund for any of the following activities undertaken as part of an approved project:

- 66 (a) the acquisition, rehabilitation, or new construction of a building that includes
- 67 affordable housing units;
- 68 (b) the purchase of land for the construction of a building that will include affordable
- 69 housing units; ~~or~~
- 70 (c) pre-development work, including planning, studies, design, and site work for a
- 71 building that will include affordable housing units~~[-]; and~~
- 72 (d) alternative forms of affordable housing units, which may include:
- 73 (i) single-room occupancy affordable housing units;
- 74 (ii) rapid rehousing and transitional housing affordable housing units designed to
- 75 quickly help individuals exit homelessness and return to permanent housing;
- 76 (iii) affordable housing units, including tiny homes, designed for full-time occupants
- 77 where each housing unit is 300 square feet or smaller;
- 78 (iv) affordable housing units built on land that is part of a community land trust; or
- 79 (v) permanent affordable housing units for survivors of domestic violence, veterans, or
- 80 individuals who are 65 years old or older.

81 (2) The maximum amount of money that may be distributed from the Economic
82 Revitalization and Investment Fund for each affordable housing unit that has been committed
83 in accordance with Subsection **35A-8-509(5)(b)(iii)** is the present value, based on the current
84 market interest rate as determined by the board for a multi-family mortgage loan in the county
85 or metropolitan area where the project is located, of 360 monthly payments equal to the
86 difference between:

- 87 (a) the most recent United States Department of Housing and Urban Development fair

88 market rent for a unit of the same size in the county or metropolitan area where the project is
89 located; and

90 (b) an affordable rent equal to 30% of the income requirement described in Subsection
91 [35A-8-509\(5\)\(b\)\(ii\)](#) for a household of:

- 92 (i) one person if the unit is an efficiency unit;
- 93 (ii) two people if the unit is a one-bedroom unit;
- 94 (iii) four people if the unit is a two-bedroom unit;
- 95 (iv) five people if the unit is a three-bedroom unit;
- 96 (v) six people if the unit is a four-bedroom unit; or
- 97 (vi) eight people if the unit is a five-bedroom or larger unit.

98 Section 3. Section **35A-8-514** is enacted to read:

99 **35A-8-514. Affordable Housing Preservation Fund.**

100 (1) There is created an enterprise fund known as the "Affordable Housing Preservation
101 Fund."

102 (2) The Affordable Housing Preservation Fund consists of money from the following:

103 (a) money appropriated to the account by the Legislature;

104 (b) private contributions; and

105 (c) donations or grants from public or private entities.

106 (3) The Affordable Housing Preservation Fund shall earn interest, which shall be
107 deposited into the Affordable Housing Preservation Fund.

108 (4) The executive director, with the approval of the board, may grant or loan money
109 from the Affordable Housing Preservation Fund to a housing sponsor in relation to one or more
110 projects that preserve or rehabilitate affordable housing units occupied or reserved for
111 occupancy by households whose income is no more than 80% of the area median income for
112 households of the same size in the county or municipality where the project is located.

113 (5) The executive director may, with the approval of the board, enact rules in
114 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish
115 procedures for granting or loaning money from the Affordable Housing Preservation Fund to a
116 housing sponsor.

117 **Section 4. Appropriation.**

118 The following sums of money are appropriated for the fiscal year beginning July 1,

119 2019, and ending June 30, 2020. These are additions to amounts previously appropriated for
120 fiscal year 2020. The Legislature has reviewed the following expendable funds. The Legislature
121 authorizes the State Division of Finance to transfer amounts between funds and accounts as
122 indicated. Outlays and expenditures from the funds or accounts to which the money is
123 transferred may be made without further legislative action, in accordance with statutory
124 provisions relating to the funds or accounts.

125 ITEM 1

126 To Department of Workforce Services -- Affordable Housing Preservation Fund

127 From General Fund \$3,000,000

128 Schedule of Programs:

129 Affordable Housing Preservation Fund \$3,000,000