

AFFORDABLE HOUSING UTILITY RELOCATION FUND**AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies provisions related to affordable housing.

Highlighted Provisions:

This bill:

- ▶ establishes the Affordable Housing Utility Relocation Fund to provide loans for relocating utility lines servicing affordable housing units;
- ▶ allows a portion of the fund revenue to offset the Department of Workforce Service's administrative expenses; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

35A-8-510, as last amended by Laws of Utah 2022, Chapter 406

35A-8-511, as last amended by Laws of Utah 2022, Chapter 406

35A-8-512, as last amended by Laws of Utah 2022, Chapter 406

35A-8-513, as last amended by Laws of Utah 2022, Chapter 406

ENACTS:

35A-8-509.3, Utah Code Annotated 1953

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

Section 1. Section **35A-8-509.3** is enacted to read:

35A-8-509.3. Affordable Housing Utility Relocation Fund.

(1) There is created an enterprise fund known as the "Affordable Housing Utility Relocation Fund."

(2) The Affordable Housing Utility Relocation Fund consists of money from the following:

(a) money appropriated to the fund by the Legislature;

(b) donations or grants from public or private entities; and

(c) money returned to the department under Subsection 35A-8-512(3)(b).

(3) The Affordable Housing Utility Relocation Fund shall earn interest, which shall be deposited into the Affordable Housing Utility Relocation Fund.

(4) The executive director may distribute money from the Affordable Housing Utility Relocation Fund to one or more projects that:

(a) relocate a utility line to provide service to affordable housing units developed by a nonprofit entity as defined in Section 59-2-1101; and

(b) the board approves in accordance with Section 35A-8-510.

(5) (a) A housing sponsor may apply to the department to receive a distribution described in Subsection (4).

(b) The application shall include:

(i) the location of the project;

(ii) a description of the utility line to be moved;

(iii) a list of the affordable housing units that are affected by the utility line to be moved; and

(iv) a written commitment to complete movement of the utility line and ensure that the movement of the utility line provides service to the affordable housing units described in Subsection (5)(b)(iii).

(c) The commitment in Subsection (5)(b)(iv) is met if the utility line is moved and the utility line provides service to the affordable housing units described in Subsection (5)(b)(iii).

(d) If the commitment in Subsection (5)(b)(iv) is not met, the project shall return the money received from the Affordable Housing Utility Relocation Fund to the department.

(e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the department may make additional rules providing procedures for a housing sponsor to apply to the department to receive a distribution described in Subsection (4).

(6) The executive director may expend annually up to 3% of the revenue in the Affordable Housing Utility Relocation Fund to offset department or board administrative expenses.

Section 2. Section **35A-8-510** is amended to read:

35A-8-510. Housing loan fund board approval.

(1) The board shall review the project applications described in Subsections 35A-8-509(5), 35A-8-509.3(5), and 35A-8-509.5(5).

(2) (a) The board may approve a project ~~[that]~~ to receive funds from the Economic Revitalization and Investment Fund if the project meets the requirements of Subsections 35A-8-509(4) and (5) ~~[to receive funds from the Economic Revitalization and Investment Fund]~~.

(b) The board may approve a project to receive funds from the Affordable Housing Utility Relocation Fund if the project meets the requirements of Subsections 35A-8-509.3(4) and (5).

~~[(b)]~~ (c) The board may approve a project [that] to receive funds from the Rural Housing Fund if the project meets the requirements of Subsections 35A-8-509.5(4) and (5) ~~[to receive funds from the Rural Housing Fund]~~.

(3) The board shall give preference to projects:

(a) that include significant additional or matching funds from an individual, private organization, or local government entity;

(b) that include significant contributions by the applicant to total project costs, including contributions secured by the applicant from other sources such as professional, craft, and trade services and lender interest rate subsidies;

(c) with significant local government contributions in the form of infrastructure, improvements, or other assistance;

(d) where the applicant has demonstrated the ability, stability, and resources to complete the project;

(e) that will serve the greatest need;

(f) that promote economic development benefits;

(g) that allow integration into a local government housing plan;

(h) that would mitigate or correct existing health, safety, or welfare concerns; or

(i) that remedy a gap in the supply of and demand for affordable housing.

Section 3. Section **35A-8-511** is amended to read:

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

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

~~[(1)]~~ (a) the acquisition, rehabilitation, or new construction of a building that includes moderate income housing units;

~~[(2)]~~ (b) the purchase of land for the construction of a building that will include moderate income housing units; or

~~[(3)]~~ (c) pre-development work, including planning, studies, design, and site work for a building that will include moderate income housing units.

(2) The executive director may distribute funds from the Affordable Housing Utility Relocation Fund to a project that is approved by the board to relocate a utility line to provide service to affordable housing units developed by a nonprofit entity as defined in Section 59-2-1101.

Section 4. Section **35A-8-512** is amended to read:

35A-8-512. Repayment of funds.

(1) Upon the earlier of 30 years from the date an approved project is placed in service or the sale or transfer of the affordable housing units acquired, constructed, or rehabilitated as part of an approved project funded under ~~[Subsection 35A-8-511(1)]~~ Section 35A-8-511, the housing sponsor shall remit to the department:

(a) the total amount of money distributed by the department to the housing sponsor for the project; and

(b) an additional amount of money determined by contract with the department prior to the initial disbursement of money.

(2) Any claim arising under Subsection (1) is a lien against the real property funded under this chapter.

(3) (a) ~~[Any]~~ The department shall deposit any money returned to the department under Subsection (1) from a housing sponsor that received funds from the Economic Revitalization and Investment Fund ~~[shall be deposited in]~~ into the Economic Revitalization and Investment

125 Fund.

126 (b) The department shall deposit any money returned under Subsection (1) from a
127 housing sponsor that received funds from the Affordable Housing Utility Relocation Fund into
128 the Affordable Housing Utility Relocation Fund.

129 ~~[(b)]~~ (c) ~~[Any]~~ The department shall deposit any money returned to the department
130 under Subsection (1) from a housing sponsor that received funds from the Rural Housing Fund
131 [shall be deposited in] into the Rural Housing Fund.

132 Section 5. Section **35A-8-513** is amended to read:

133 **35A-8-513. Annual accounting.**

134 (1) The executive director shall monitor the activities of recipients of funds from the
135 Economic Revitalization and Investment Fund, the Affordable Housing Utility Relocation
136 Fund, and the Rural Housing Fund on a yearly basis to ensure compliance with the terms and
137 conditions imposed on the recipient by the executive director with the approval of the board.

138 (2) (a) A housing sponsor that receives funds from the Economic Revitalization and
139 Investment Fund shall provide the executive director with:

140 (i) an annual accounting of how the entity spent the money [the entity] received from
141 the Economic Revitalization and Investment Fund [has been spent]; and

142 (ii) evidence that the commitment described in Subsection 35A-8-509(5) has been met.

143 (b) A housing sponsor that receives funds from the Affordable Housing Utility
144 Relocation Fund shall provide the executive director with:

145 (i) an annual accounting of how the entity spent the money received from the
146 Affordable Housing Utility Relocation Fund; and

147 (ii) evidence that the commitment described in Subsection 35A-8-509.3(5) has been
148 met.

149 ~~[(b)]~~ (c) A housing sponsor that receives funds from the Rural Housing Fund shall
150 provide the executive director with:

151 (i) an annual accounting of how the entity spent the money [the entity] received from
152 the Rural Housing Fund [has been spent]; and

153 (ii) evidence that the commitment described in Subsection 35A-8-509.5(5) has been
154 met.

155 (3) The executive director shall make an annual report to the board accounting for the

156 expenditures authorized by the board under the Economic Revitalization and Investment Fund,
157 the Affordable Housing Utility Relocation Fund, and the Rural Housing Fund.

158 (4) The board shall submit a report to the department for inclusion in the annual
159 written report described in Section 35A-1-109 that includes:

160 (a) an accounting for expenditures authorized by the board; and

161 (b) an evaluation of the effectiveness of each program.

162 Section 6. **Effective date.**

163 This bill takes effect on May 1, 2024.