

2017 G.S. H.B. 36 - Affordable Housing

Sponsor: Rep. Rebecca Edwards

Analyst: Maddy Oritt

Committee: SS



Explanation

H.B. 36, "Affordable Housing Amendments," created an enterprise fund known as the Economic Revitalization and Investment Fund and authorized a one-time appropriation of \$2,061,000 to the fund from the General Fund. The bill allows the executive director of the Department of Workforce Services (DWS) to distribute funds from the Economic Revitalization and Investment Fund to one or more projects that meet the following criteria: 1) include affordable housing units for households whose income is not more than 30 percent of the area median income, 2) are rented at rates no greater than the rates described in Utah Code 35A-8-511(2)(b), and 3) include a deed restriction that reserves the affordable housing units for a period of 30 years. The bill also authorized a one-time appropriation of \$500,000 from the General Fund to the Olene Walker Loan Fund to develop a pilot landlord incentive program; the program would, under certain limited circumstances, reimburse landlords who provide housing to tenants using Federal Housing Choice Vouchers.

Issue of Interest

DWS expended \$2,061,000 from the Economic Revitalization and Investment Fund (the full appropriation) on four affordable housing development projects. DWS has also expended \$45,660.99, or approximately 9 percent, of the initial \$500,000 appropriation to the Olene Walker Loan Fund for the pilot landlord incentive program. Though there is interest in the program, uptake in the first year has been slow. Additionally, because first-year leases have just ended and landlords are receiving judgments, invoice submission for reimbursement is concentrated in June/July. However, DWS reports that it is likely that funding in the amount of \$100,000 per year for three years would suffice to fund a three-year pilot.

Potential Action

We recommend that the Legislature consider reallocating \$200,000 one-time General Fund to other priorities during the 2019 General Session.

Workforce Services Response

Opposes "We oppose taking these funds. This is a new program and has not yet had enough time to operate to fully calculate what funds are needed each year. The uptake on the pilot program naturally lags because rental agreements are often for 12-month periods. The program has not yet been in existence for 12 months. As such, we are just starting to get traction and have seen a recent increase in claims submitted. We recommend a status update in January 2019 in place of a reduction so we can more fully evaluate the participation in the program."