

Rep. Watkins

Request Name: Carbon-Emery Housing Pilot Program

Description: This program is designed to address housing market inefficiencies and incentivize new housing development in rural Utah. The exceptional need in these two counties make them an ideal test area.

Agency: Workforce Services

Funding Amount: General Fund - \$1,000,000 - 2021 (One time)

DISCUSSION DRAFT

Request for Appropriation (2020 General Session)

Name: Rep. Christine Watkins/ Sen. David Hinkins

Funding Request Name: Carbon-Emery New Housing Rebate Grant Pilot Program

Description of Funding Item:

Carbon-Emery counties seek to raise incomes and diversify the economy in the most depressed region in our state. There is a critical need for additional new housing stock in the two counties. The lack of new housing supply has created an issue for economic development as employers who consider locating in the area find that potential housing options for their workforce are limited. Many of the existing housing assistance programs are designed for low income individuals, however in the rural communities the issue is not the lack of low-income housing, it is a lack of new development and quality housing stock which create a dysfunctional housing market. This program is to fill a need for workforce housing without limiting it to low-income individuals. This is an important aspect of this pilot program, as the counties are striving to raise median household income levels through the attraction of higher paying employers, and this housing is needed to provide homes for those employed by these companies.

Agencies through which funds would be administered:

Southeastern Utah Association of Local Government

What is the statewide public purpose:

As the overall Utah economy prospers, the economies in Carbon and Emery county suffer from a decade-long recession. Utah coal production has declined by 47 percent since 2001 and the economy in these two counties has contracted for nine consecutive years. Analysts forecast the economy will continue to contract as coal production declines and two coal-fired power plants in the area close in the next 10-15 years. The region must begin NOW to diversify the economy so that residents can regain economic security and avoid material poverty.

The Carbon-Emery Housing Rebate ~~Grant~~ Pilot Program is designed ~~to~~ to address these housing market inefficiencies and incentivize new development in rural Utah. There is exceptional need in Carbon ~~Emery~~ and Emery County and ~~Carbon~~ Counties, and so these areas are the ideal test area for the rebate grant pilot program. Because the housing program is meant to assist the local workforce, there are guards put in place in the program's limitations to ensure that the rebate grant does not go towards the construction of vacation homes or investment properties, but instead is provided for single family residences.

What type of organizations will receive this funding?

Government will receive the funding for rebate grant distribution, but end recipients will be qualified new single-family home buyers in Carbon and Emery counties.

Amount requested: ^{1,000,000}
~~\$500,000~~ in year 1 (2021-2022)
~~\$750,000~~ in year 2 (2022-2023)
~~\$1,000,000~~ in year 3 (2023-2024)

~~\$2,250,000~~ 2021 through 2024

Project Contact Information:

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Attached Supporting Documentation

- Budget
- About the Program
- Qualifications and Limitations
- Yearly Evaluations and Reports

Intent Language Request

It is the intent of the Legislature to support the Southeastern Utah Association of Local Governments by providing ~~\$2,250,000~~ ^{1,000,000} (~~\$500,000 in FY 2021-2022, \$750,000 in FY 2022-2023, \$1,000,000 in FY 2023-2024~~) of non-lapsing funds from the General Fund to provide new housing rebate grants to qualified ^{FY 2021} applicants in Carbon and Emery counties in order to meet the demand for new workforce development housing stock. This would provide significant benefit to the region. The program will be promoted to regional developers, individuals looking to build homes in the area, and to remote workers who can relocate to the counties despite their employer being elsewhere.

Supporting Documentation

Carbon-Emery New Housing Rebate Grant Pilot Program

Budget

Activity	General Fund
Housing Rebate Grants Year 1 (2021-2022)	500,000
Housing Rebate Grants Year 2 (2022-2023)	750,000
Housing Rebate Grants Year 3 (2023-2024)	1,000,000
Grant Administration	0
Grant Promotion and advertising	0
TOTAL	2,250,000

About the Program

This program is a house building incentive provided as a post-performance rebate grant for the completed construction of a new house. This would be a pilot program which would run for three years and include Emery County and Carbon County. If the pilot program is successful, the legislation could be expanded to also apply to the other rural counties in Utah.

~~The State of Utah would set aside one million dollars each year for the Coal Counties Housing Bill. The grant would be administered by the Southeastern Utah Association of Local Governments. (SEUALG would be responsible for creating the administrative criteria for project location and type.)~~

The house plan is submitted for prequalification automatically when the building permit is pulled, and a letter with prequalification results and instructions for application are provided to the developer. Once a certificate of completion/occupancy is issued for a new house, the individual or developers who built the house can apply for a rebate grant from the grant pool for up to 10 percent of the cost of building the house. The amount of rebate grant available for each house is capped at \$25,000.

Qualifications & Limitations

The following qualifications and limitations apply:

- Any applicant can receive the rebate for new houses constructed.
- The rebate is only available for new construction.
 - Remodeled and refurbished houses do not qualify, as they will not fulfill the objective of increasing the new housing stock in rural communities.
- The house must be within Emery County or Carbon County.
- Minimum house value: \$150,000.
 - This must be over and above the land value.
 - This is to prevent the addition of cheap and low-quality houses to the housing stock.
- Must be within an incorporated city or town.
 - This ensures that houses are adding to the general workforce housing stock, not just creating widespread dwellings outside of the towns and cities.
- The rebate for each house is capped at \$25,000.

- This is to prevent extravagant houses from draining the fund. While they can still apply for the rebate, if someone can afford to build a very expensive home, they do not need the rebate to cover as much of the building costs.
- The house must be prequalified before construction begins to ensure that the project fills the program qualifications and will be eligible for the rebate.
 - This would ensure the intended project will be appropriate for the funding.
- ~~SEUALG has the power to accept or reject applications based on the need to ensure jurisdictional balance between the cities and towns within Carbon County and Emery County.~~
 - This is to prevent the entire benefit from going towards a single larger city, and not providing the needed incentive for the smaller cities and towns within these counties.
- The house must be sold for use as a primary residence.
 - There must be a deed restriction that the property be used as a primary residence for the first 5 years.
 - The use of house as primary place of residence will be determined through verification that situs zip code and mailing zip code are the same.
- The homes must be single family detached or single family attached.
 - Each unit in an attached house must be individually owned. Any units used as rental properties would not qualify for the rebate.

Yearly Evaluations/Reports

At the end of the fiscal year of each year of the pilot program, the Southeastern Utah Association of Local Government shall file a written report to the Business, Economic Development and Labor Appropriations Subcommittee indicating the following:

1. How many rebate grant applications were received in the fiscal year.
2. How many rebate grants were awarded, denied, and are in the queue as well as the demographic profile of each of the applicants.
3. How many new homes were constructed along with their square footage, cost, and location, because of the rebate grant program.
4. How many homes are being constructed to meet program demands.
5. How much was spent and how much is being carry-forward.
6. Provide a forecast for the upcoming year.
7. Provide an overall impact assessment of the current year.
- 7-8. Provide any information where there has been a demonstrated nexus between the rebate program and local job retention and/or expansion.

Does this organization receive other state funding?

Southeastern Utah Association of Local Governments receives funding from.....

TO: BEDL Appropriations Subcommittee

FROM: Rep. Watkins

As mentioned in the presentation, these are the parameters for the housing grant/rebate.

Rep Quinn asked how the grant program would ensure that building costs, prices and the overall home cost would not be inflated. The new construction is subject to a qualified appraisal before it is approved for funding. Also, the grant administrator may request material lists, pricing, and labor costs to further ensure that over-inflation does not occur.

Qualifications & Limitations

The following qualifications and limitations apply:

Any applicant can receive the rebate for new houses constructed.

The rebate is only available for new construction.

Remodeled and refurbished houses do not qualify, as they will not fulfill the objective of increasing the new housing stock in rural communities.

The house must be within Emery County or Carbon County.

Minimum house value: \$150,000. Maximum home value: \$350,000.

This must be over and above the land value.

This is to prevent the addition of cheap and low-quality houses to the housing stock, while ensuring the homes are intended for the local workforce and can accommodate a range of family sizes.

Must be within an incorporated city or town or within a future annexation plan, a census-designated place, or in the path of development as determined by SEULAG, or in unincorporated areas of Carbon or Emery counties.

This ensures that houses are adding to the general workforce housing stock, not just creating widespread dwellings outside of the towns and cities.

The rebate for each qualifying house is capped at \$25,000.

This is to prevent larger houses from draining the fund. While they can still apply for the rebate, if someone can afford to purchase a large home, they do not need the rebate to cover as much of the building costs.

The house must be prequalified before construction begins to ensure that the project fills the program qualifications and will be eligible for the rebate.

This would ensure the intended project will be appropriate for the funding.

o The house is also subject to a qualified appraisal to ensure it is within market rates and that building costs have not been over-inflated. Further, SEUALG may request material lists, pricing and labor costs to ensure that over-inflations has not occurred.

SEUALG has the power to accept or reject applications based on the need to ensure jurisdictional balance between the cities and towns within Carbon County and Emery County.

This is to prevent the entire benefit from going towards a single larger city, and not providing the needed incentive for the smaller cities and towns within these counties.

The house must be sold for use as a primary residence.

There must be a deed restriction that the property be used as a primary residence for the first 5 years.

A lien in the amount of the rebate provided can also be placed on the property by SEULAG during the period of compliance. Such lien would be released at the end of the 5-year compliance period.

The use of house as primary place of residence will be determined through verification that situs zip code and mailing zip code are the same.

The homes must be single family detached or single family attached.

Each unit in an attached house must be individually owned. Any units used as rental properties would not qualify for the rebate.