

ECONOMIC REVITALIZATION AND INVESTMENT

AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rebecca P. Edwards

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to housing and community development.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Economic Revitalization and Investment Restricted Account;
- ▶ establishes requirements for the distribution of funds from the account; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the General Fund Restricted -- Economic Revitalization and Investment

Restricted Account, as a one-time appropriation:

- from the General Fund, \$10,000,000

- ▶ to the Department of Workforce Services -- Housing and Community Development,

as a one-time appropriation:

- from the General Fund Restricted -- Economic Revitalization and Investment

Restricted Account, \$10,000,000.

Other Special Clauses:

None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **35A-8-501**, as renumbered and amended by Laws of Utah 2012, Chapter 212

31 **35A-8-506**, as renumbered and amended by Laws of Utah 2012, Chapter 212

32 **63J-1-602.2**, as last amended by Laws of Utah 2015, Chapters 86, 93, and 189

33 ENACTS:

34 **35A-8-509**, Utah Code Annotated 1953

35 **35A-8-510**, Utah Code Annotated 1953

36 **35A-8-511**, Utah Code Annotated 1953

37 **35A-8-512**, Utah Code Annotated 1953

38 **35A-8-513**, Utah Code Annotated 1953



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

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

42 **35A-8-501. Definitions.**

43 As used in this part:

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

47 ~~(1)~~ (2) "Board" means the Housing Board created by this part.

48 ~~(2)~~ (3) "Fund" means the Olene Walker Housing Loan Fund created by this part.

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

53 (b) "Housing sponsor" may include:

54 (i) a local public body;

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

56 (iii) a limited partnership;

57 (iv) a limited liability company;

58 (v) a joint venture;

- 59 (vi) a subsidiary of the Utah Housing Corporation;
- 60 (vii) a cooperative;
- 61 (viii) a mutual housing organization;
- 62 (ix) a local government;
- 63 (x) a local housing authority;
- 64 (xi) a regional or statewide nonprofit housing or assistance organization; or
- 65 (xii) any other entity that helps provide affordable housing.
- 66 (5) "Restricted account" means the Economic Revitalization and Investment Restricted

67 Account created in Section [35A-8-509](#).

68 ~~[(3)]~~ (6) "Rural" means a county in the state other than Utah, Salt Lake, Davis, or
69 Weber.

70 Section 2. Section **35A-8-506** is amended to read:

71 **35A-8-506. Entities authorized to receive fund money.**

72 ~~[(1)]~~ The executive director, with the approval of the board, may grant or lend fund
73 money to a housing [sponsors] sponsor.

74 ~~[(2) "Housing sponsor" includes a person who constructs, develops, rehabilitates,~~
75 ~~purchases, or owns a housing development that is or will be subject to legally enforceable~~
76 ~~restrictive covenants that require the housing development to provide, at least in part,~~
77 ~~residential housing to low and moderate income persons:]~~

78 ~~[(3) A housing sponsor includes:]~~

79 ~~[(a) a local public body;]~~

80 ~~[(b) a nonprofit, limited profit, or for profit corporation;]~~

81 ~~[(c) a limited partnership;]~~

82 ~~[(d) a limited liability company;]~~

83 ~~[(e) a joint venture;]~~

84 ~~[(f) a subsidiary of the Utah Housing Corporation or any subsidiary of the subsidiary of~~
85 ~~the Utah Housing Corporation;]~~

86 ~~[(g) a cooperative;]~~

87 ~~[(h) a mutual housing organization;]~~

88 ~~[(i) a local government;]~~

89 ~~[(j) a local housing authority;]~~

90 ~~[(k) a regional or statewide nonprofit housing or assistance organization; or]~~
91 ~~[(l) any other type of entity or arrangement that helps provide affordable housing for~~
92 ~~low and moderate income persons.]~~

93 Section 3. Section **35A-8-509** is enacted to read:

94 **35A-8-509. Economic Revitalization and Investment Restricted Account.**

95 (1) There is created in the General Fund a restricted account known as the "Economic
96 Revitalization and Investment Restricted Account."

97 (2) The restricted account shall be funded by:

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

99 (b) private contributions;

100 (c) donations or grants from public or private entities; and

101 (d) money returned to the department under Section [35A-8-512](#).

102 (3) The restricted account shall earn interest, which shall be deposited into the
103 restricted account.

104 (4) Upon appropriation by the Legislature, the executive director shall distribute money
105 into the restricted account to fund one or more projects that:

106 (a) include affordable housing units for households:

107 (i) that make no more than 30% of the area median income for households of the same
108 size in the area where the project is located; and

109 (ii) at rental rates no greater than the rates described in Subsection [35A-8-511](#)(2)(b);

110 (b) have not been awarded a 9% tax credit as part of the Low Income Housing Tax
111 Credit program administered by the United States Department of Housing and Urban
112 Development; and

113 (c) have been approved by the board as described in Section [35A-8-510](#).

114 (5) (a) A housing sponsor may apply to the department to receive a distribution in
115 accordance with Subsection (4).

116 (b) The application shall include:

117 (i) the location of the project;

118 (ii) the number and size of affordable housing units described in Subsection (4)(a) the
119 project will include; and

120 (iii) a written commitment to continue to reserve for a period of 30 years the affordable

121 housing units described in Subsection (5)(b)(ii) or their equivalent for occupancy by
122 households that meet the income requirement described in Subsection (4)(a).

123 (c) The commitment in Subsection (5)(b)(iii) shall be considered met if a housing unit
124 is:

125 (i) (A) occupied or reserved for occupancy by a household that makes no more than
126 30% of the area median income for households of the same size in the area where the project is
127 located; or

128 (B) occupied by a household that makes no more than 60% of the area median income
129 for households of the same size in the area where the project is located if that household met
130 the income requirement described in Subsection (4)(a) when the household originally entered
131 into the lease agreement for the housing unit; and

132 (ii) rented at a rate no greater than the rate described in Subsection [35A-8-511\(2\)\(b\)](#).

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

136 (6) In accordance with Section [63J-1-602.2](#), appropriations from the account are
137 nonlapsing.

138 Section 4. Section **35A-8-510** is enacted to read:

139 **35A-8-510. Housing loan fund board approval.**

140 (1) The board shall review the project applications described in Subsection
141 [35A-8-509\(5\)](#).

142 (2) The board may approve a project that meets the requirements of Subsections
143 [35A-8-509\(4\)](#) and [\(5\)](#) to receive funds from the restricted account.

144 (3) The board shall give preference to projects:

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

147 (b) with high recipient contributions to total project costs, including allied
148 contributions from other sources such as professional, craft, and trade services and lender
149 interest rate subsidies;

150 (c) with high local government project contributions in the form of infrastructure,
151 improvements, or other assistance;

152 (d) that encourage ownership, management, or other project-related responsibility
153 opportunities;

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

156 (f) that will serve the greatest need;

157 (g) that promote economic development benefits;

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

159 (i) that would mitigate or correct existing health, safety, or welfare concerns; and

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

161 Section 5. Section **35A-8-511** is enacted to read:

162 **35A-8-511. Activities authorized to receive account money.**

163 (1) Subject to appropriation, the executive director may distribute funds from the
164 Economic Revitalization and Investment Restricted Account for any of the following activities
165 undertaken as part of an approved project:

166 (a) the acquisition, rehabilitation, or new construction of a building that includes
167 affordable housing units;

168 (b) the purchase of land for the construction of a building that will include affordable
169 housing units; or

170 (c) pre-development work, including planning, studies, design, and site work for a
171 building that will include affordable housing units.

172 (2) The maximum amount of money from the restricted account that may be distributed
173 for each affordable housing unit that has been committed in accordance with Subsection
174 [35A-8-509\(5\)\(b\)\(iii\)](#) is calculated by multiplying 15 times the difference between:

175 (a) the most recent annualized United States Department of Housing and Urban
176 Development fair market rent for a unit of the same size in the county or metropolitan area
177 where the project is located; and

178 (b) 9% of the area median annual income of the area where the project is located for a
179 household of:

180 (i) one person if the unit is an efficiency unit;

181 (ii) two people if the unit is a one-bedroom unit;

182 (iii) three people if the unit is a two-bedroom unit;

- 183 (iv) five people if the unit is a three-bedroom unit;
- 184 (v) six people if the unit is a four-bedroom unit; or
- 185 (vi) eight people if the unit is a five-bedroom or larger unit.

186 Section 6. Section **35A-8-512** is enacted to read:

187 **35A-8-512. Repayment of funds.**

188 (1) Upon sale or transfer of the affordable housing units acquired, constructed, or
189 rehabilitated as part of an approved project funded under Section [35A-8-511](#), the housing
190 sponsor shall remit to the department:

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

193 (b) an additional amount of money determined by contract with the department prior to
194 the initial disbursement of funds from the restricted account.

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

197 (3) The housing sponsor is exempt from the requirements described in Subsection (1)
198 if the housing units are sold or transferred to another housing sponsor that provides a
199 commitment in writing to maintain the same number of affordable housing units agreed to in
200 the original housing sponsor's application and to fulfill all other requirements under the original
201 contract and this chapter.

202 Section 7. Section **35A-8-513** is enacted to read:

203 **35A-8-513. Annual accounting.**

204 (1) The executive director shall monitor the activities of recipients of funds from the
205 Economic Revitalization and Investment Restricted Account on a yearly basis to ensure
206 compliance with the terms and conditions imposed on the recipient by the executive director
207 with the approval of the board.

208 (2) An entity that receives funds from the restricted account shall provide the executive
209 director with an annual accounting of how the money the entity received from the Economic
210 Revitalization and Investment Restricted Account has been spent and evidence that the
211 commitment described in Subsection [35A-8-509\(5\)](#) has been met.

212 (3) The executive director shall make an annual report to the board accounting for the
213 expenditures authorized by the board.

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

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

217 (b) an evaluation of the effectiveness of the program.

218 Section 8. Section **63J-1-602.2** is amended to read:

219 **63J-1-602.2. List of nonlapsing funds and accounts -- Title 31 through Title 45.**

220 (1) Appropriations from the Technology Development Restricted Account created in
221 Section [31A-3-104](#).

222 (2) Appropriations from the Criminal Background Check Restricted Account created in
223 Section [31A-3-105](#).

224 (3) Appropriations from the Captive Insurance Restricted Account created in Section
225 [31A-3-304](#), except to the extent that Section [31A-3-304](#) makes the money received under that
226 section free revenue.

227 (4) Appropriations from the Title Licensee Enforcement Restricted Account created in
228 Section [31A-23a-415](#).

229 (5) Appropriations from the Health Insurance Actuarial Review Restricted Account
230 created in Section [31A-30-115](#).

231 (6) Appropriations from the Insurance Fraud Investigation Restricted Account created
232 in Section [31A-31-108](#).

233 (7) Appropriations from the Underage Drinking Prevention Media and Education
234 Campaign Restricted Account created in Section [32B-2-306](#).

235 (8) Funding for the General Assistance program administered by the Department of
236 Workforce Services, as provided in Section [35A-3-401](#).

237 (9) The Economic Revitalization and Investment Restricted Account created in Section
238 [35A-8-509](#).

239 [~~(9)~~] (10) The Youth Development Organization Restricted Account created in Section
240 [35A-8-1903](#).

241 [~~(10)~~] (11) The Youth Character Organization Restricted Account created in Section
242 [35A-8-2003](#).

243 [~~(11)~~] (12) Funding for a new program or agency that is designated as nonlapsing under
244 Section [36-24-101](#).

245 [~~(12)~~] (13) Appropriations to the Utah National Guard, created in Title 39, Militia and
 246 Armories.

247 [~~(13)~~] (14) Appropriations from the Oil and Gas Conservation Account created in
 248 Section 40-6-14.5.

249 [~~(14)~~] (15) Appropriations from the Electronic Payment Fee Restricted Account
 250 created by Section 41-1a-121 to the Motor Vehicle Division.

251 [~~(15)~~] (16) Funds available to the Tax Commission under Section 41-1a-1201 for the:

252 (a) purchase and distribution of license plates and decals; and

253 (b) administration and enforcement of motor vehicle registration requirements.

254 [~~(16)~~] (17) Appropriations from the Motor Vehicle Enforcement Division Temporary
 255 Permit Restricted Account created by Section 41-3-110 to the Tax Commission.

256 Section 9. **Appropriation.**

257 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
 258 the fiscal year beginning July 1, 2016, and ending June 30, 2017, the following sums of money
 259 are appropriated from resources not otherwise appropriated, or reduced from amounts
 260 previously appropriated, out of the funds or accounts indicated. These sums of money are in
 261 addition to amounts previously appropriated for fiscal year 2017.

262 To Fund and Account Transfers -- General Fund Restricted --

263 Economic Revitalization and Investment Restricted Account

264 From General Fund, one-time \$10,000,000

265 Schedule of Programs:

266 General Fund Restricted -- Economic Revitalization

267 and Investment Restricted Account \$10,000,000

268 To Department of Workforce Services -- Housing and Community Development

269 From General Fund Restricted -- Economic Revitalization

270 and Investment Restricted Account, one-time \$10,000,000

271 Schedule of Programs:

272 Economic Revitalization and Investment Program \$10,000,000