

AFFORDABLE HOUSING BOND

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts and amends provisions relating to affordable housing.

Highlighted Provisions:

This bill:

- ▶ provides and amends definitions;
- ▶ authorizes the issuance of general obligation bonds to pay for certain affordable housing projects;
- ▶ requires general obligation bond proceeds to be deposited in the Economic Revitalization and Development Fund to be used for affordable housing projects;
- ▶ specifies the use of general obligation bond proceeds and the manner of issuance;
- ▶ amends provisions regarding the affordable housing projects that are eligible for funds in the Economic Revitalization and Development Fund;
- ▶ amends procedures for approving projects for distributions from the Economic Revitalization and Development Fund;
- ▶ amends preference criteria for approving projects for distributions from the Economic Revitalization and Development Fund; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 This bill provides a special effective date.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **35A-8-501**, as last amended by Laws of Utah 2017, Chapter 279

32 **35A-8-509**, as enacted by Laws of Utah 2017, Chapter 279

33 **35A-8-510**, as enacted by Laws of Utah 2017, Chapter 279

34 ENACTS:

35 **63B-28-101**, Utah Code Annotated 1953



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

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

39 **35A-8-501. Definitions.**

40 As used in this part:

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

44 (b) "Affordable housing" includes transitional housing.

45 (2) "Board" means the Housing Board created by this part.

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

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

51 (b) "Housing sponsor" may include:

52 (i) a local public body;

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

54 (iii) a limited partnership;

55 (iv) a limited liability company;

56 (v) a joint venture;

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

58 (vii) a cooperative;

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

- 65 (6) "Transitional housing" means any type of living situation that:
- 66 (a) is transitional; and
- 67 (b) the primary purpose or mission of which is to help the resident become a
- 68 productive member of society.

69 Section 2. Section **35A-8-509** is amended to read:

70 **35A-8-509. Economic Revitalization and Investment Fund.**

71 (1) There is created an enterprise fund known as the "Economic Revitalization and
72 Investment Fund."

73 (2) The Economic Revitalization and Investment Fund consists of money from the
74 following:

- 75 (a) money appropriated to the account by the Legislature;
- 76 (b) private contributions;
- 77 (c) donations or grants from public or private entities; ~~and~~
- 78 (d) money returned to the department under Section [35A-8-512](#)~~[-];~~ and
- 79 (e) proceeds from the issuance of bonds authorized in Section [63B-28-101](#) to provide
- 80 funding for affordable housing projects.

81 (3) The Economic Revitalization and Investment Fund shall earn interest, which shall
82 be deposited into the Economic Revitalization and Investment Fund.

83 (4) ~~The~~ (a) Except as provided in Subsection (4)(b), the executive director may
84 distribute money from the Economic Revitalization and Investment Fund to one or more
85 projects that:

- 86 ~~(a)~~ (i) include affordable housing units for households:
- 87 ~~(i)~~ (A) whose income is no more than 30% of the area median income for households
- 88 of the same size in the county or municipality where the project is located; and
- 89 ~~(ii)~~ (B) at rental rates no greater than the rates described in Subsection

90 35A-8-511(2)(b); and

91 ~~[(b)]~~ (ii) have been approved by the board in accordance with Section 35A-8-510.

92 (b) The executive director may distribute the bond proceeds deposited under
93 Subsection (2)(e) from the Economic Revitalization and Investment Fund to one or more
94 projects that:

95 (i) include affordable housing units for households:

96 (A) whose income is no more than 50% of the area median income for households of
97 the same size in the county or municipality where the project is located; and

98 (B) at rental rates no greater than the rates described in Subsection 35A-8-511(2)(b);
99 and

100 (ii) have been approved by the board in accordance with Section 35A-8-510.

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

103 (b) The application shall include:

104 (i) the location of the project;

105 (ii) the number, size, and tenant income requirements of affordable housing units
106 described in Subsection (4)(a) that will be included in the project; and

107 (iii) a written commitment to enter into a deed restriction that reserves for a period of
108 30 years the affordable housing units described in Subsection (5)(b)(ii) or their equivalent for
109 occupancy by households that meet the income requirements described in Subsection (5)(b)(ii).

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

112 (i) (A) occupied or reserved for occupancy by a household whose income is no more
113 than 30% of the area median income for households of the same size in the county or
114 municipality where the project is located; or

115 (B) occupied by a household whose income is no more than 60% of the area median
116 income for households of the same size in the county or municipality where the project is
117 located if that household met the income requirement described in Subsection (4)(a) when the
118 household originally entered into the lease agreement for the housing unit; and

119 (ii) rented at a rate no greater than the rate described in Subsection 35A-8-511(2)(b).

120 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

121 department may make additional rules providing procedures for a person to apply to the
 122 department to receive a distribution described in Subsection (4).

123 Section 3. Section **35A-8-510** is amended to read:

124 **35A-8-510. Housing loan fund board approval.**

125 (1) The board shall review the project applications described in Subsection
 126 **35A-8-509**(5).

127 (2) (a) ~~[The]~~ Subject to the requirement in Subsection (2)(b), the board may approve a
 128 project that meets the requirements of Subsections **35A-8-509**(4) and (5) to receive funds from
 129 the Economic Revitalization and Investment Fund.

130 (b) Prior to approving a project under Subsection (2)(a), the board shall annually hold a
 131 public hearing on the proposed projects being approved for the year before formally approving
 132 a project to receive funds from the Economic Revitalization and Investment Fund.

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

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

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

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

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

143 (e) that will serve the greatest need;

144 (f) that promote economic development benefits;

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

146 (h) that would mitigate or correct existing health, safety, or welfare concerns; ~~[or]~~

147 (i) that remedy a gap in the supply of and demand for affordable housing~~[-];~~

148 (j) that are created in rural areas where other financing is often less available;

149 (k) that are in close proximity to public transit; or

150 (l) that are mixed income projects.

151 Section 4. Section **63B-28-101** is enacted to read:

CHAPTER 28. 2018 BONDING AND FINANCING AUTHORIZATIONS

Part 1. 2018 Affordable Housing General Obligation Bond

63B-28-101. General obligation bonds for affordable housing projects --**Maximum amount -- Use of proceeds.**

(1) As used in this section:

(a) "Affordable housing" means the same as that term is defined in Section [35A-8-501](#).

(b) "Department" means the Department of Workforce Services created in Section [35A-1-103](#).

(c) "Economic Revitalization and Investment Fund" means the fund created in Section [35A-8-509](#).

(d) "Housing sponsor" means the same as that term is defined in Section [35A-8-501](#).

(2) The commission may issue general obligation bonds as provided in this section.

(3) The total amount of bonds to be issued under this section may not exceed \$100,000,000, plus additional amounts necessary to pay costs of issuance, to pay capitalized interest, and to fund any debt service reserve requirements.

(4) The commission shall ensure that proceeds from the issuance of bonds under this section are deposited into the Economic Revitalization and Investment Fund for use by the department to make distributions to housing sponsors to pay all or part of the costs of affordable housing projects in accordance with the requirements of Sections [35A-8-509](#) through [35A-8-513](#).

(5) The department may enter into agreements related to an affordable housing project before the receipt of proceeds of bonds issued under this section.

(6) Before issuing bonds authorized under this section, the commission shall request and consider a recommendation from the Housing Board created by Title 35, Chapter 8, Part 5, Olene Walker Housing Loan Fund, regarding the timing and amount of the issuance.

Section 5. **Effective date.**

This bill takes effect on July 1, 2018.

Legislative Review Note
Office of Legislative Research and General Counsel