

TAX INCREMENT FUNDING FOR STUDENT HOUSING

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derrin R. Owens

Senate Sponsor: Ralph Okerlund

LONG TITLE

General Description:

This bill allows a community reinvestment agency to use the agency's housing allocation for certain higher education student housing.

Highlighted Provisions:

This bill:

- ▶ allows a community reinvestment agency to use the agency's housing allocation for certain higher education student housing; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17C-1-412, as last amended by Laws of Utah 2018, Chapter 312

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

Section 1. Section **17C-1-412** is amended to read:

17C-1-412. Use of housing allocation -- Separate accounting required -- Issuance of bonds for housing -- Action to compel agency to provide housing allocation.

(1) (a) An agency shall use the agency's housing allocation, if applicable, to:

(i) pay part or all of the cost of land or construction of income targeted housing within

30 the boundary of the agency, if practicable in a mixed income development or area;

31 (ii) pay part or all of the cost of rehabilitation of income targeted housing within the

32 boundary of the agency;

33 (iii) lend, grant, or contribute money to a person, public entity, housing authority,

34 private entity or business, or nonprofit corporation for income targeted housing within the

35 boundary of the agency;

36 (iv) plan or otherwise promote income targeted housing within the boundary of the

37 agency;

38 (v) pay part or all of the cost of land or installation, construction, or rehabilitation of

39 any building, facility, structure, or other housing improvement, including infrastructure

40 improvements, related to housing located in a project area where blight has been found to exist;

41 (vi) replace housing units lost as a result of the project area development;

42 (vii) make payments on or establish a reserve fund for bonds:

43 (A) issued by the agency, the community, or the housing authority that provides

44 income targeted housing within the community; and

45 (B) all or part of the proceeds of which are used within the community for the purposes

46 stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);

47 (viii) if the community's fair share ratio at the time of the first adoption of the project

48 area budget is at least 1.1 to 1.0, make payments on bonds:

49 (A) that were previously issued by the agency, the community, or the housing authority

50 that provides income targeted housing within the community; and

51 (B) all or part of the proceeds of which were used within the community for the

52 purposes stated in Subsection (1)(a)(i), (ii), (iii), (iv), (v), or (vi);

53 (ix) relocate mobile home park residents displaced by project area development; [~~or~~]

54 (x) subject to Subsection (6), transfer funds to a community that created the agency[-];

55 or

56 (xi) pay for or make a contribution toward the acquisition, construction, or

57 rehabilitation of housing that:

58 (A) is located in the same county as the agency;
59 (B) is owned in whole or in part by, or is dedicated to supporting, a public nonprofit
60 college or university; and
61 (C) only students of the relevant college or university, including the students'
62 immediate families, occupy.

63 (b) As an alternative to the requirements of Subsection (1)(a), an agency may pay all or
64 any portion of the agency's housing allocation to:

65 (i) the community for use as described in Subsection (1)(a);
66 (ii) a housing authority that provides income targeted housing within the community
67 for use in providing income targeted housing within the community;

68 (iii) a housing authority established by the county in which the agency is located for
69 providing:

70 (A) income targeted housing within the county;

71 (B) permanent housing, permanent supportive housing, or a transitional facility, as
72 defined in Section 35A-5-302, within the county; or

73 (C) homeless assistance within the county; or

74 (iv) the Olene Walker Housing Loan Fund, established under Title 35A, Chapter 8,
75 Part 5, Olene Walker Housing Loan Fund, for use in providing income targeted housing within
76 the community.

77 (2) The agency shall create a housing fund and separately account for the agency's
78 housing allocation, together with all interest earned by the housing allocation and all payments
79 or repayments for loans, advances, or grants from the housing allocation.

80 (3) An agency may:

81 (a) issue bonds to finance a housing-related project under this section, including the
82 payment of principal and interest upon advances for surveys and plans or preliminary loans;
83 and

84 (b) issue refunding bonds for the payment or retirement of bonds under Subsection
85 (3)(a) previously issued by the agency.

86 (4) (a) Except as provided in Subsection (4)(b), an agency shall allocate money to the
87 housing fund each year in which the agency receives sufficient tax increment to make a
88 housing allocation required by the project area budget.

89 (b) Subsection (4)(a) does not apply in a year in which tax increment is insufficient.

90 (5) (a) Except as provided in Subsection (4)(b), if an agency fails to provide a housing
91 allocation in accordance with the project area budget and, if applicable, the housing plan
92 adopted under Subsection 17C-2-204(2), the loan fund board may bring legal action to compel
93 the agency to provide the housing allocation.

94 (b) In an action under Subsection (5)(a), the court:

95 (i) shall award the loan fund board reasonable attorney fees, unless the court finds that
96 the action was frivolous; and

97 (ii) may not award the agency the agency's attorney fees, unless the court finds that the
98 action was frivolous.

99 (6) For the purpose of offsetting the community's annual local contribution to the
100 Homeless Shelter Cities Mitigation Restricted Account, the total amount an agency transfers in
101 a calendar year to a community under Subsections (1)(a)(x), 17C-1-409(1)(a)(v), and
102 17C-1-411(1)(d) may not exceed the community's annual local contribution as defined in
103 Section 35A-8-606.