

1 **ECONOMIC DEVELOPMENT AND AFFORDABLE HOMES**

2 **AMENDMENTS**

3 2019 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Joel K. Briscoe**

6 Senate Sponsor: _____

7

LONG TITLE

8 **General Description:**

9 This bill modifies provisions related to housing and community development.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ defines terms;
- 13 ▶ modifies how money from the Olene Walker Housing Loan Fund may be used;
- 14 ▶ modifies how money from the Economic Revitalization and Investment Fund may
- 15 be used;
- 16 ▶ creates the Affordable Housing Preservation Fund and describes the allowable uses
- 17 of money from the fund; and
- 18 ▶ makes technical changes.

19 **Money Appropriated in this Bill:**

20 This bill appropriates in fiscal year 2020:

21 ▶ to the Department of Workforce Services -- Olene Walker Housing Loan Fund, as
22 an ongoing appropriation:

- 23 • from the General Fund, \$12,000,000;

24 ▶ to the Department of Workforce Services -- Economic Revitalization and
25 Investment Fund, as an ongoing appropriation:

- 26 • from the General Fund, \$5,000,000; and
- 27



28 ▶ to the Department of Workforce Services -- Affordable Housing Preservation Fund,
29 as an ongoing appropriation:

- 30 • from the General Fund, \$3,000,000.

31 **Other Special Clauses:**

32 None

33 **Utah Code Sections Affected:**

34 AMENDS:

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

36 **35A-8-505**, as last amended by Laws of Utah 2018, Chapter 251

37 **35A-8-511**, as enacted by Laws of Utah 2017, Chapter 279

38 ENACTS:

39 **35A-8-514**, Utah Code Annotated 1953



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

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

43 **35A-8-501. Definitions.**

44 As used in this part:

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

48 (2) "Board" means the [~~Housing Board created by this part~~] Olene Walker Housing
49 Loan Fund Board created in Section **35A-8-503**.

50 (3) "Fund" means the Olene Walker Housing Loan Fund created [~~by this part~~] in
51 Section **35A-8-502**.

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

56 (b) "Housing sponsor" may include:

57 (i) a local public body;

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

- 59 (iii) a limited partnership;
- 60 (iv) a limited liability company;
- 61 (v) a joint venture;
- 62 (vi) a subsidiary of the Utah Housing Corporation;
- 63 (vii) a cooperative;
- 64 (viii) a mutual housing organization;
- 65 (ix) a local government;
- 66 (x) a local housing authority;
- 67 (xi) a regional or statewide nonprofit housing or assistance organization; or
- 68 (xii) any other entity that helps provide affordable housing.

69 (5) "Rural" means a county in the state other than Utah, Salt Lake, Davis, or Weber.

70 Section 2. Section **35A-8-505** is amended to read:

71 **35A-8-505. Activities authorized to receive fund money -- Powers of the executive**
72 **director.**

73 At the direction of the board, the executive director may:

74 (1) provide fund money to any of the following activities:

75 (a) the acquisition, rehabilitation, or new construction of low-income housing units;

76 (b) the provision of matching funds for social services projects directly related to
77 providing housing for special-need renters in assisted projects;

78 (c) the development and construction of accessible housing designed for low-income
79 persons;

80 (d) the construction or improvement of a shelter or transitional housing facility that
81 provides services intended to prevent or minimize homelessness among members of a specific
82 homeless subpopulation;

83 (e) the purchase of an existing facility to provide temporary or transitional housing for
84 the homeless in an area that does not require rezoning before providing such temporary or
85 transitional housing; [~~and~~]

86 (f) the provision of project-based vouchers to support existing or new low-income
87 housing units occupied or reserved for occupancy by households whose income is no more than
88 80% of the area median income for households of the same size in the county or municipality
89 where the project is located;

90 (g) the provision of tenant-based vouchers for low-income renters or homeowners
91 whose income is no more than 80% of the area median income for households of the same size
92 in the county or municipality where the project is located; and

93 ~~(f)~~ (h) other activities that will assist in minimizing homelessness or improving the
94 availability or quality of housing in the state for low-income persons; and

95 (2) do any act necessary or convenient to the exercise of the powers granted by this part
96 or reasonably implied from those granted powers, including:

97 (a) making or executing contracts and other instruments necessary or convenient for
98 the performance of the executive director and board's duties and the exercise of the executive
99 director and board's powers and functions under this part, including contracts or agreements for
100 the servicing and originating of mortgage loans;

101 (b) procuring insurance against a loss in connection with property or other assets held
102 by the fund, including mortgage loans, in amounts and from insurers it considers desirable;

103 (c) entering into agreements with a department, agency, or instrumentality of the
104 United States or this state and with mortgagors and mortgage lenders for the purpose of
105 planning and regulating and providing for the financing and refinancing, purchase,
106 construction, reconstruction, rehabilitation, leasing, management, maintenance, operation, sale,
107 or other disposition of residential housing undertaken with the assistance of the department
108 under this part;

109 (d) proceeding with a foreclosure action, to own, lease, clear, reconstruct, rehabilitate,
110 repair, maintain, manage, operate, assign, encumber, sell, or otherwise dispose of real or
111 personal property obtained by the fund due to the default on a mortgage loan held by the fund
112 in preparation for disposition of the property, taking assignments of leases and rentals,
113 proceeding with foreclosure actions, and taking other actions necessary or incidental to the
114 performance of its duties; and

115 (e) selling, at a public or private sale, with public bidding, a mortgage or other
116 obligation held by the fund.

117 Section 3. Section **35A-8-511** is amended to read:

118 **35A-8-511. Activities authorized to receive account money.**

119 (1) The executive director may distribute funds from the Economic Revitalization and
120 Investment Fund for any of the following activities undertaken as part of an approved project:

- 121 (a) the acquisition, rehabilitation, or new construction of a building that includes
122 affordable housing units;
- 123 (b) the purchase of land for the construction of a building that will include affordable
124 housing units; [or]
- 125 (c) pre-development work, including planning, studies, design, and site work for a
126 building that will include affordable housing units[-]; and
- 127 (d) alternative forms of affordable housing units, which may include:
- 128 (i) single-room occupancy affordable housing units;
- 129 (ii) rapid rehousing and transitional housing affordable housing units designed to
130 quickly help individuals exit homelessness and return to permanent housing;
- 131 (iii) affordable housing units, including tiny homes, designed for full-time occupants
132 where each housing unit is 300 square feet or smaller;
- 133 (iv) affordable housing units built on land that is part of a community land trust; or
- 134 (v) permanent affordable housing units for survivors of domestic violence, veterans, or
135 individuals who are 65 years old or older.
- 136 (2) The maximum amount of money that may be distributed from the Economic
137 Revitalization and Investment Fund for each affordable housing unit that has been committed
138 in accordance with Subsection 35A-8-509(5)(b)(iii) is the present value, based on the current
139 market interest rate as determined by the board for a multi-family mortgage loan in the county
140 or metropolitan area where the project is located, of 360 monthly payments equal to the
141 difference between:
- 142 (a) the most recent United States Department of Housing and Urban Development fair
143 market rent for a unit of the same size in the county or metropolitan area where the project is
144 located; and
- 145 (b) an affordable rent equal to 30% of the income requirement described in Subsection
146 35A-8-509(5)(b)(ii) for a household of:
- 147 (i) one person if the unit is an efficiency unit;
- 148 (ii) two people if the unit is a one-bedroom unit;
- 149 (iii) four people if the unit is a two-bedroom unit;
- 150 (iv) five people if the unit is a three-bedroom unit;
- 151 (v) six people if the unit is a four-bedroom unit; or

152 (vi) eight people if the unit is a five-bedroom or larger unit.

153 Section 4. Section 35A-8-514 is enacted to read:

154 **35A-8-514. Affordable Housing Preservation Fund.**

155 (1) There is created an enterprise fund known as the "Affordable Housing Preservation
156 Fund."

157 (2) The Affordable Housing Preservation Fund consists of money from the following:

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

159 (b) private contributions; and

160 (c) donations or grants from public or private entities.

161 (3) The Affordable Housing Preservation Fund shall earn interest, which shall be
162 deposited into the Affordable Housing Preservation Fund.

163 (4) The executive director, with the approval of the board, may grant or loan money
164 from the Affordable Housing Preservation Fund to a housing sponsor in relation to one or more
165 projects that preserve or rehabilitate affordable housing units occupied or reserved for
166 occupancy by households whose income is no more than 80% of the area median income for
167 households of the same size in the county or municipality where the project is located.

168 (5) The executive director may, with the approval of the board, enact rules in
169 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish
170 procedures for granting or loaning money from the Affordable Housing Preservation Fund to a
171 housing sponsor.

172 Section 5. **Appropriation.**

173 The following sums of money are appropriated for the fiscal year beginning July 1,
174 2019, and ending June 30, 2020. These are additions to amounts previously appropriated for
175 fiscal year 2020. The Legislature has reviewed the following expendable funds. The Legislature
176 authorizes the State Division of Finance to transfer amounts between funds and accounts as
177 indicated. Outlays and expenditures from the funds or accounts to which the money is
178 transferred may be made without further legislative action, in accordance with statutory
179 provisions relating to the funds or accounts.

180 ITEM 1

181 To Department of Workforce Services -- Olene Walker Housing Loan Fund

182 From General Fund \$12,000,000

183	<u>Schedule of Programs:</u>	
184	<u>Olene Walker Housing Loan Fund</u>	<u>\$12,000,000</u>
185	<u>ITEM 2</u>	
186	<u>To Department of Workforce Services -- Economic Revitalization and Investment Fund</u>	
187	<u>From General Fund</u>	<u>\$5,000,000</u>
188	<u>Schedule of Programs:</u>	
189	<u>Economic Revitalization and Investment</u>	
190	<u>Fund</u>	<u>\$5,000,000</u>
191	<u>ITEM 3</u>	
192	<u>To Department of Workforce Services -- Affordable Housing Preservation Fund</u>	
193	<u>From General Fund</u>	<u>\$3,000,000</u>
194	<u>Schedule of Programs:</u>	
195	<u>Affordable Housing Preservation Fund</u>	<u>\$3,000,000</u>