

Commission on Housing Affordability

Minutes for June 8, 2021

In person/Electronic Webinar (via Zoom)

Members Present

Senator Jacob Anderegg
Representative Joel Briscoe
Representative Steve Waldrip
Andrew Johnston
Beth Holbrook
Chris Gamvroulas
Dave Damschen
Jacey Skinner
Janice Kimball
Jeff Jones
Michele Weaver
Mike Gallegos
Mike Ostermiller
Tammy Hunsaker

Representing

Senator
Representative
Representative
Salt Lake City Council
UTA
Utah Homebuilders Association
Utah Housing Corporation
Salt Lak Chamber
Housing Connect
Summit County Economic Development
Rural Community Assistance Corporation
Salt Lake County
Summit County Economic Development
Utah Redevelopment Association

Absent Members

Ben Hart
Chris Condie
Mike Akerlow

Staff Present

Nathan McDonald	Deputy Director, DWS
Christina Oliver	Director, HCD
Jess Peterson	HCD
Holly Taing	HCD
Keith Heaton	HCD
David Fields	HCD
Tricia Davis	DWS
Deann Zebelean	HCD

Welcome and Introductions

The Commission on Housing Affordability Board meeting was held in person and electronically via Zoom on: **June 8, 2021. Rep. Steve Waldrip called to order at 2:09pm.**

Public Comments: No Public Comments.

Approval of Minutes: May 11, 2021 & May 26, 2021

Motion to approve both sets of minutes from Beth Holbrook. Motion passes.

Rep. Steve Waldrip: Moving on to the next item on the agenda is the study item survey results and let's start with the packet titled Priorities 2021 and the back up to that is contained in what we looked at which was a questionnaire we talked about on priorities and taking those priorities we discussed in our last meeting and putting them into a document that we can now discuss.

Jess Peterson: (see attached Priority Presentation)

Mr. Chair, we have a presentation with those topics on the priorities, we took the top three and put them in this presentation. The Utah County Commission is one that was presented by Robert Vernon and the top three are: (20% for Housing) (Make LIHTC Developments Tax Exempt) and (Find Utah Homeless Solutions) and here is somewhat of the breakdown or better description of what he was talking about.

- 20% for Housing – A state-wide coalition of nonprofit housing developer/providers and service agencies are requesting that 20% of the discretionary ARPA funds be invested in housing and land with local entities that understand the needs and expectations of their communities
- Make LIHTC projects tax exempt - Every dollar paid in taxes decreases the amount of money for debt service which decreases the number of units
- Fund Utah Homeless Solutions, this one is also heard towards Utah Count but I believe it can be used un every county, they have three motels under contract to purchase for \$12.9 million and need funding, the State has invested millions in SLC homeless shelters and needs to start investing in Utah County homeless.

So, there are the top three for the housing authorities from Robert Vernon.

Rep. Joel Briscoe: I have a question Jess, when Robert Vernon was speaking to us, was he representing the county commission or representing the Utah County Housing Authority?

Jess Peterson: He would be representing the Housing Authorities.

Rep. Joel Briscoe: I ask because it says County Commission and if he was representing the county commission, we wouldn't want to represent it that way, I wouldn't be surprised at all if they're very supportive of what he's saying but the difference between Utah County Authority and Utah Housing Commission.

Jess Peterson: I'll have to verify that be sure but I believe it was the Housing Authority but we can make sure.

Rep. Joel Briscoe: and his 20% recommendation was not just from the county housing of Utah county housing, it was a group of advocates and others, people who sit on this commission who said, given these kind of economic dislocations and congressional actions don't happen but once in many moons,

we ought to be devoting a significant amount of this money for a housing issue. I just wanted to clarify the Utah county housing versus the Utah county housing authority.

Rep. Steve Waldrip: If this becomes and adopted document from this commission, they'll probable just need to remove that reference so we don't get anyone confused, this is just dealing with one area of the state because this would be a statewide priority.

Mike Gallegos: Exactly to the point I was going to mention, I believe the item of 20% for housing has the support of other housing authorities and advocate groups but when we get down to specifics here for Provo and Mr. Vernon is the Utah housing authority director for Utah County, as we look at these we need to look at how it relates to the rest of the state.

Janice Kimball: Looking back on the LIHTC tax credit and was reading the minutes and noticed that Tammy Hunsaker suggested we tie it to other affordable housing that are deed restricted and I'd like to make sure that, that's included in there, really giving non-profit housing providers the tools to build affordable housing is really crucial. I'd like to recommend we look back to her suggestion and include that in the tax exempt.

Rep. Steve Waldrip: Jess, does that make sense to you?

Jess Peterson: It does, so this is the very Low-Income portion and three and four tied, so that's why we have four items, which are pretty simple.

- Development of Affordable Housing Units (<50% AMI)
- {Preservation of Existing Housing Stock
- (Tied) Buy Down Market Units to Affordable Units
- (Tied) Development of Small-Scale Housing Types

Here we have a little bit to add to that, and we are developing affordable housing units of 50% AMI through public and private partnerships and preserve the existing affordable housing stock through deed restricted units, but down the market rate units to affordable units and develop a small scale of micro units, town homes ADU's and single room shared housing. The next one is Land Use and the top three priorities are:

- Build Homes more Affordable
- Maximize public resources
- Measure progress, support planning and create greater accountability

Build homes more affordable, we want to build homes at a lower cost to make rents and home prices more affordable, we have the Development standard commission which is following the building code commission to create greater certainty, transparency and reduce costs by standardizing development standards statewide and transparency on city fees. The next is Maximize public resources which I'll just touch on the first two which is to address truth in taxation inflation adjustment for B&C road funds and dispose of or utilize publicly owned property and finishing up with impact fees. Measure progress, support planning and create greater accountability, such as MPO housing needs analysis, remove

protections in statute when there is a failure to follow and change moderate income housing TIF trigger to progress not just submitting a report.

Rep. Steve Waldrip: This is the most aggressive portion and most challenging and I'd love to hear the leagues comments on this because this will be the area that we really have to get everyone in the same room and decide how we're going to pull together to accomplish some of these most difficult pieces.

Jess Peterson: (see attached ULCT Priorities)

Mr. Chair, if I may make just a comment on this, these are the results from the survey we sent out to the commission meeting after the results were sent out, Cameron Diehl and Chris Gamvroulas presented the ULTC's wish list and this is that wish list they came up with 1-25 and if the commission would like, we can put these on a survey and send out to the commission to help prioritize or staff is here to do whatever we need to do.

Cameron Diehl: Thank you, the one thing I'll add is the dialogue we've heard from our members over these last few months, it was really a tough legislative session and where we were having these raw and emotional and powerful debates over the rules of state and local governments and the private sector in trying to drive housing cost and prices, was really that tug of war between costs and price. The cost to produce a house versus the benefit of a home buyer, so one if the balance of cost and price, making sure that there are any changes to the cost in puts, those benefits are realized with the home buyer and the tug of war on who really pays for growth, this is really a conversation that's bigger than the housing affordability but it's really how we plan for a growth to ensure quality of life or today's residence or tomorrow's residence and so that tug of war is, who pays for infrastructure or to support those new residences, should it be funded by existing residence or new residence? It's a tricky balance to find and that really underpins the dialogue around impact fees, property taxes and everything else and I just wanted to reiterate all those key framing questions for all of us as we proceed this summer.

Chris Gamvroulas: I just wanted to say I appreciate Cameron and their negotiating team coming in really good faith to have these conversations, we've been having a lot of them for many years, which was always around property rights and city powers and those types of things, this has evolved into something bigger and more important than either of those things, I think there's going to be some good progress made this year, we're very confident and grateful to Cameron and his team.

Rep. Waldrip: I really appreciate the work on this, I just want to make a suggestion, we have a meeting on the 17th let's take one more crack at everything making sure everyone is on board with the priority list and send it out, and make sure it gets enough publication and get feedback from enough representative groups both on the housing side and the municipal side, as well the developers side so we can have at least a consensus solution or a consensus list of problems that we're going to tackle and make sure we are in agreement on what the priorities look to create legislation out of that list, if that make sense. We are going to turn the time over now to Clark Ivory

Clark Ivory: (see attached Protecting Affordability)

I'd like to turn the time over to Doug Harris with the preservation: fund and then I'll touch back up afterwards.

Doug Harris: I'm the vice president of the fund management of the housing preservation fund, on the next slide, the housing preservation fund is housed at Utah non-profit housing corporation and are the third largest housing develops for about 55 years and would like to give the commission an update on the fund that were used for SB39, the next slide, we want to focus on the picture in the middle for the Canyon Echo Millcreek, this was a seller, they want to sell but they didn't want to raise the rent on current tenants, the preservation funds came in and immediately saved those 4 rents from increasing between \$300 to \$500 a unit, the deal we used the money was for the Hidden Point, they were going to market and sell but before the preservation fund, and coming in particularly the SB39 money, we saved families from immediate displacement and again froze rents and another buyer could of easily raised about \$400 a unit, between those two deals, it was a total of 232 units required and the fund overall has acquired about \$278. The average cost we were seeing per door with the SB39 money was about \$151k per door and with a quick update, I'd like to turn the time back over to Clark, so he can explain why housing preservation is so important.

Clark Ivory: Thanks Doug, You're all hearing the same we are, I get phone calls every day asking if I will help someone's kid, or grandkid get into a house and you know, it's an amazing experience, I don't think we're alone even though Utah's one of the hottest housing markets and even though we see a lot of California transplants, I was speaking to one of our Ivory Innovations board members former FHA commissioner Carol Galante who is in California but resigning her position at Berkley to work full-time on how to help California spend their money on housing, they have a 75 billion dollar surplus right now based upon what they're receiving from the feds, they are going to put 12 billion dollars into housing and she has been charged on how to best spend that money. There is not one solution to housing affordability and you guys as a commission have done a great job and Chris Gamvroulas has been keeping me posted, I think you have a lot of stake holders and lots of ideas and opinions that are really making a difference, I think we need to continue to work on so many different avenues, there's not one answer that's going to cure of all our challenges here in Utah but there's many, zoning reforms, working together with cities and we all need to address other issues in terms of providing financing for the most affordable projects. This particular project in preservation is key which I'll explain here in a second, we are all in here at Ivory Homes with helping this challenge, just so you know, this isn't something we're looking to make huge profits from, in fact we are taking 30% of what we are making as a business and putting that back into three areas, the first is housing and having an impact on housing affordability and what we're doing at Ivory renovations at the U of U, what we're doing at the preservation fund and giving substantially too, and to implement new ideas on projects that we are doing that will be in a non-profit newly constructed that will also have an impact and the rest of the 30% goes into like, scholarship and trying to help most first generation students and those that are on the verge of dropping out, so we're committed and we're all in and I just want to talk about preservation and why its needs to be a top priority for us as a State and for you as a Commission. I believe it's the most cost effective strategy to preserve and to have the most affordable housing, without the

conserved preservation fund, we'll have kind of like a leaky bucket and we may build some new stuff but the stuff we that was absolutely most affordable will be lost, so it's important that we've got to do that. I think it's also important to have one single entity, one single non-profit that does this, if we have multiple then we'll just bid up, when we start working on these projects, we'll see them bid up by competing partners that are trying to do the same thing and that's really challenging but we do have advantages when we go to compete against market rate buyers, we have the potential to hold these properties with tax abatement and we have a good portion in our invested capital, whether is the money our foundation gives or the states appropriation and that gives us an advantage because we aren't asking for return on money that's been granted, we're giving through state appropriation. I want to give a couple examples of what we've seen, the first example is the opposition portfolio was sold about 2.5 years ago and I wanted to preserve that for the tenants that were living in there, there were about 200 units that were scattered about 7 or 8 projects through mostly downtown salt lake and I made a full price offer for the properties and we were hopeful to get them and hope to get them to start this preservation fund and what happened was a 1030 exchange came in from California and bought all 8 properties and paid substantially over the asking price, so that was very difficult to compete with, not having established the preservations fund, people didn't know of our mission or what we were doing and that made it all challenging but I said we've got to move forward and do this and that was really the push for us to go meet with the Utah housing non-profit and ultimately to go back to the legislature and others. I want to also say that Marion Willey has been really important to us at the Utah non-profit Housing Corp. he has a lot of good and close relationship with a lot of the housing authorities throughout the state and is working very closely with some of those and is meeting with some potential projects in Southern Utah and overall, I think things are going to work out very well.

Doug Harris: I just want to let the commission know, that we are working with the real estate brokerage community, lending institutions, community center banks, housing authorities and particularly rural housing authorities and local governments and we're leveraging the expertise and the service providers, with each of these conversations we have with them to let them know what we are doing and find ways we can partner together, collaborate to find efficiencies to work together to make this a community fund and if anyone on the commission has additional questions, or would like to discuss this more in depth, please reach out to me and the team and we'd be more than happy to meet.

Clark Ivory: We felt really good about leadership, Senator Anderegg, Rep. Waldrip and the speaker in senate president, we're all terrific in helping us get 25million from the state in our last legislative session and they were willing to do that when they saw with the 2.5 million dollars we got last year, we already produced 3 projects and the truth is, we need to get out and produce again and if we do produce, then I think we can go back and expect more investment from the state, we've really got to make this happen, I think Utah really has the ability to collaborate better than any other state as is evidence by the commission that you guys are working so collaboratively on and I'm very excited about it and I want to say thank you as a commission, thank you to Senator Anderegg and Rep. Waldrip, we really appreciate your efforts and we want you to keep the pedal to metal, we need to stay all in on this issue, it is key and you have our support and anything we can do to help, we will and happy to answer any questions.

Rep. Waldrip: Thank you both Clark and Doug, that was a great presentation. I did want to ask right now with the average price for the three deals, you've done about 158k, how has that changed now, I mean we are talking months right, where are we at today relative to that 158k?

Doug Harris: Some of the deals we have in the pipeline, the average that we are seeing right now is about 171-185 but we also need to take into consideration that a lot of the deals that we're trying to get off market, in addition to that, we are trying to leverage the merits of the fund and basically trying to pinch every penny we can.

Rep. Waldrip: Thank you, we have a question from Michele Weaver

Michele Weaver: I have a quick comment on the single agency versus multiple agency and again, this is more of just a comment, I know a lot of players in your group and I think you are all doing an admiral job but I do think having multiple entities increases accountability in the event that leadership changes in that group and that was just my comment. I do have questions on your units and wondering if there is any kind of deed restriction with the purchases of units that you're doing.

Clark Ivory: One of the things we're doing is going to make this an ever green fund, with most preservation has a 20 year term and we've decided not to put an end term on our fund, and everything we do , we will keep on preservation, none of our units will be sold and that's really the benefit of having a non-profit that has an ever green fund and keeps these in an affordable position in perpetuity and this is why I think this will be the #1 preservation in the country, as I've talked to other preservation funds, that are amazed in what we are doing and one of the main reasons why we are able to do it, is because we have a good amount of capital that does not have to have a return, so we're going to season our investors so we never have more than 5% in redemption in a year and those that do give us an additional PSI investment, they will have to go along with our release terms of redemption at a very staggered way, that we never have to sell a property, never forced to do a refi and were going to be very conservative about the way we manage this and that's so unique about this entity that's been created We are going to have this preservation fund, it's an ever green fund, there is not a term and we will never sell any of our properties.

Michele Weaver: Thank you, I appreciate that, I wanted to know about average median incomes, how's your structure, I haven't heard about that?

Doug Harris: The goal is to have overall of each fund to have 20% or 30% or below AMI and 50% and above is 60 and below and I did want to make a comment that I recognize competition is needed in the market and to give you an example, we have an opportunity that we are considering a city that's outside of Salt Lake City and currently in negotiations and another preservation fund got wind of the transaction and its affecting the price but it is a challenge that we're working through but that's what were ultimately trying to avoid is use every dollar to the best extent through the states money.

Michele Weaver: Thank you and again I think there is some accountability if some things go rogue, we all like to think we're all in control and have the right thoughts in mind but unfortunately we find out later that we don't, and my final question is in regards to the 30% in rural, which you mentioned Washington county and some areas that may not be considered rural in some peoples mind and I'm not going to argue about the basis of rural definitions right now because there are several, but my heart lies deep in very rural and remote areas and I want to know if there is some flexibility in knowing those units that are likely going to cost more and be more expensive to preserve, what are your thoughts on that?

Clark Ivory: I think you said it well Michele, some of the rural areas are not experiencing the same run up in housing and there is an opportunity for us to look at affordable units there, we would also probably make exceptions and so smaller transactions fewer units in very rural settings which we think it makes sense, that's where it's going to be very important for us to partner up with the five county area or with a city or a county to try and figure out how we're going to best manage those and we're willing to reach out and make a difference in rural and we will be looking in all of rural and any of you truthfully have any folks you think we should be meeting with to better focus on rural because we are committed to it. The biggest thing what we're doing an others, is any excess earnings, Instead of getting returned to the investors which would normally happen with the program relate3d investors or foundation's because normally you would give the backside to the foundations or those that invested including the banks, but in the sake of this fund, all our additional earnings is going back into the fund so we think that's really going to stabilize the fund and keep it in perpetuity, we're not going to return excess earnings to the investors, we're going to keep it in the fund and It's a big deal. I feel very confident in what we're going and we have the right structure.

Senator Anderegg: I'll just give a plug from my stand point, when we ran this and talked about it, the main component that we were trying to address was being able to respond to a market place, when something comes on the market, the government can't move fast enough to get out and out something under contract before it gets gobbled up and with the preservation fund, we absolutely decided it needed to be a non-profit but a private entity if you will, that could go out and move quickly and have the resources to do something we couldn't do and I'm absolutely thrilled. I sincerely appreciate all the efforts that you guys have out in to and would like to invite you back on a regular basis or at least annually to give us an update on how it went this year, how many units, where they were etc.

Rep. Waldrip: Thank you both Clark and Doug, it's a wonderful program and you know success breeds success and you've already had success and as you share that success with the members of this commission, I think it will help spread the rod about the program and give you more opportunities for people that want to play in the markets but also want to do some good in the world as well and we appreciate the time and devotion that you've out into it with your organization. Let's move back to Cameron Diehl and his thoughts on the master list that we're working off of.

Cameron Diehl: My first question before responding the master list is what coordination are you anticipating between this commission and the unified economic opportunity which will start meeting at the end of this month.

Rep. Waldrip: We will meet with leadership, the coordination between those entities and I think everyone is familiar with that group and come forward and I believe there are six committees. We need to incorporate them just like the land use task force as sort of an arm to the group to do some of the deep digging and we'll need to do the same with that commission and those groups so we don't pull in opposite directions, so that will be a priority and is hyper critical and we would appreciate your efforts to help coordinate that with us.

Cameron Diehl: My understanding is that the first meeting will be on June 30th, the commission consists of the Governor, one of the co-chairs along with Dan Hemmert, the president of the Senate, the speaker of the house, several department heads, economic development experts, housing experts local government representatives and similar to the group, it's a who's who in that arena and we're anticipating there will be a significant dialogue about state and local developments, strategies and how to better align and coordinate those strategies and how housing fits into those strategies, so more than anything I wanted to make sure that this commission knows of that other body.

Rep. Waldrip: Thank you, and I just wanted you to know the purpose and intent of this body and would suggest in the next 3 weeks between the land use task force and getting the survey results out that by the time the commission gets up and rolling that we have direction for them rather than allowing that free for all to start there so if we can get our priorities in order next month from this master list that you and Chris have been working on and if we can get that in front of the commission, that would give us some structure to them so they're not starting from scratch and we can have them help us resolve these issues that this group is on the group in this arena can define that, so you can see a little chaos coming down the pipe if we don't get ahead of this, does that make sense?

Cameron Diehl: It does make sense and I also think it's important to make sure we know where they want to go, if they already have some sort of direction on mind and I agree with you but I also think we need to stay as nimble as possible.

Rep. Waldrip: I guess my thought was that we are going to provide them with the smorgasbord of our priorities and they can either be ranked or unranked but that will at least define the discussion so that we're not going back where we were a couple months ago and trying to come up with what the definition of the framework is, I think we need to have that framework decided in there and come up with the issues we want to push. To finalize the discussion on the land use task force, they are going to take a shot at a further refining process on that and put that out the body and try to get broad transmission of that document out, so we can get feedback on it from as many stake holders as we can.

Michele Weaver: I just want to go back on to what our focuses should be, and I don't necessarily get into the weeds on this but it's rumored that wages are stagnate in Utah and I wonder as a commission we may want to advocate or write a letter in promotion of some of those legislative pieces that come forward over the next year that are advocating for higher wages and maybe cutting back stimulus for business that are coming in and not providing a livable wage because it is impacting.

Rep. Waldrip: I think that's a fair discussion to have whether we end up taking a formal position as a body or simply tracking that or influencing it, I think it's something we need to keep on the table for sure. Let's move on to Michele for updates with Rural.

Michele Weaver: I don't have anything formal but I do want to give everyone a quick update on the predevelopment funds for rural areas, we've had a couple of meetings and just received a draft of an application today so that's going really well, some of the things we have left to work on is the process and the outcomes that we're going to be doing and we intend to send that over to Christina, and she and Keith will see that and plan to have that to the attorneys to make sure that jives with the legislation and like I said, we plan to have the application outcome reports going to the board on July 15th as well to have that marketable late July and beginning of August, hopefully the applications will start rolling in the first quarter and that's about it right now, I don't have a whole lot.

Rep. Briscoe: Do you have a procedure or thought in mind on how you're going to prioritize?

Michele Weaver: I do not and I would love to have your input on that, we have not reconvened our sub-committees yet so that is something we'll be doing once we have this application in place and pass that to the group as well.

Rep. Waldrip: Thank you Michele for your update, next we have Ashley Spatafore.

Ashley Spatafore: We don't have a very large update but briefly, where we stand now is we are working with DWS, Jess Peterson, Christina Oliver and Keith Heaton and some others to do the RFP and we wanted to make sure it aligns with the goals of the commission were and what the goals were with the legislation, so a couple of things I'll update on what's going to be, we wanted to make sure the organization landlord/tenant mediation program so it's not up and coming, it has established protocols and well known in the communities, I think there is going to be a minimum of 3-5 years to make sure it is an established program, one of the important things is the organization must provide or have access to, at no cost the client, complete tenant services, including and not limited to, heat assistance, rental assistance, case management etc. It's very important that is ongoing and the goal is, and I think Dave mentioned before that \$900,000 request from the ARPA funds to maybe have three years advance so we can have a total of four years and then eventually ask for the ongoing and that was the other ask we were hoping for.

Fransisca Blanc: I am with the Utah Housing Coalition, I just wanted to provide the latest update on the CDC moratorium, the case ended up at the United States Supreme Court, the department of justice has until Thursday to respond to the Supreme Court which we believe they will and after Thursday, the Supreme Court will respond if the CDC has the jurisdiction or not to have the eviction moratorium in place and with that being said, the moratorium is set to expire the end of June and there might be a possibility they extend but we do not know for sure and we are doing everything we can to work with our partners to provide outreach in the community. Thank you.

Rep. Waldrip: Thank you for the update and I'm preaching to the choir here but the more publicity we can get out with these programs, it effects real people in the real world and their real lives, and we'll all do as much as we can do to get the word out statewide, we have resources available and we can help prevent some human tragedies in the process, with that, I don't see any other comments. Here is a quick overview for the future dates and times.

- **Next Commission meeting dates will follow: - Tuesday's from 2:00pm-4:00pm**

June 22, 2021

July 13, 2021

July 27, 2021

Aug 10, 2021

Aug 24, 2021

Sept 14, 2021

Sept 28, 2021

Rep. Joel Briscoe: Motion to adjourn at 3:41pm.