

COMMISSION ON HOUSING AFFORDABILITY

Minutes for September 14, 2021

Hybrid Meeting: In Person & Via Zoom

Members Present

Senator Jacob Anderegg
Representative Joel Briscoe
Representative Steve Waldrip
Andrew Johnston
Christina Oliver
Christopher Gamvroulas
Dave Damschen
Jeffrey B. Jones
Michael Ackerlow
Michael Gallegos
Michael Ostermiller
Michele Weaver
Tammy Hunsaker
Tom Macdonald

Representing

Senator
Representative
Representative
Salt Lake City Council
Housing and Community Division
Utah Homebuilders Association
Utah Housing Corporation President
Summit County Economic Development
Community Development Corporation of Utah
Salt Lake County
Utah Association of Realtors
Rural Communities
Utah Redevelopment Association
Utah League of Cities and Towns

Absent Members

Benjamin Hart
Beth Holbrook
Casey Cameron
Ginger Chinn
Janice Kimball
Richard Stevenson

Staff Present

David Fields
Gus Harb
Ian Shumway
Jennifer Edwards
Jess Peterson
Keith Heaton
McKenna Marchant
Mike Murdock

Guests

Andi Beadles
Andrew Aruber
Angela Price
Austin Kimmel
Bill Tibbits
Cameron Deal
Christy Dahlberg
David Spatafore
Francisca Blanc
Gay Lynn Bennion

Jason Glidden
Jean Hill Peter Asplund
Jonathan Hanks
Karson Eilers
Katherine Fife
LaNiece Davenport
Louise Knauer
Meg Ryan
Melissa Freigang
Michael Parker
Michelle Flynn

Michelle Larsen
Miranda Jones Cox
Nick Tarbet
Parker Dolton
Peggy Green
R. Matthes
Susan Haight
Susan Olson
Tara Rollins
Wayne Niederhauser

I. WELCOME AND INTRODUCTIONS

The Commission on Housing Affordability meeting was held electronically via Zoom and in person at the Capitol on: September 14, 2021. Senator Jacob Anderegg called the meeting to order at 1:10pm.

SENATOR ANDEREGG: I'd like to welcome everybody to the Commission on Housing Affordability for the State of Utah. Today is September 14th, I am Senator Anderegg, Co-Chair for this commission. Our house chairs, Representative Briscoe and Representative Waldrip are in an adjoining meeting just down the hall for the Water Users Taskforce and will be in shortly. Before we move on are there any public comments that were submitted? Do we have any panelists or attendees that have a public comment? I don't see anyone raising their hands. Then I would like to jump right into this. There are several items on the agenda that we don't want to wait too long on or we might have to push things off. Let's jump right into it. Former President Senator Wayne Niederhauser and Davie Spatafore who would like to discuss with us the deeply affordable housing, which must have some sort of definition to it that we would love to hear. I think I know what it means, but we would like to invite you guys up to the presenter's table and take us through.

II. PUBLIC COMMENT

No public comment was given.

III. DEEPLY AFFORDABLE HOUSING

DAVID SPATAFORE: Thank you Commissioner Chairman. It's a pleasure to be here to present today. My name is David Spatafore and again with my daughter Ashely and I, we have been facilitating a working group on housing affordability and we've been working on deeply affordable housing. We wanted to take some time today and greatly appreciate the opportunity of making this presentation. I do know at the last meeting, Wayne and Mike were with us. Not Mike Ostermiller because he was out busy pumping iron, but Mike Gallegos was with us and I don't know who's online, but Tammy Hunsaker was with us and Mike Ackerlow was with us. What we have is a number of issues that we want to present to you, and then when you have a quorum, suggest what we as a committee would recommend as a

proposal to move forward whether its as special session for the general session, and we can tell you who else we've been working with to get to this point. You have on the screen, a two page handout that has been adopted by the subcommittee. I should say, the reason Ashley isn't with us today is because she gave birth yesterday. So she thought that was a little more important. It's the sixth grandchild, I'm an old man. This is Ashley and Alex's first and she was born yesterday about 24 hours ago, so that's pretty exciting. They tried to get every single letter in the alphabet into the name. We're pleased to have another member of our family around us. Anyway, what we want to talk about is deeply affordable housing. We can send out, again, a two page summary of where the subcommittee wants to go with deeply affordable housing. The definition is 40% AMI. Right now in the statute on affordable housing and the AMI is at 80%. There's not a lot of difference between 80% and market rate. As we can see throughout the state, there's a significant need for deeply affordable. What we want to focus on is deeply affordable and that's 40%.

SENATOR ANDEREGG: If I may, to the commission, the reason we're addressing this today is so much of our discussion in previous meetings from the land use taskforce as well as the property rights coalition, they're still working through and negotiating on those land use, inclusionary zonings. While that is still negotiating and we have ARPA money out there, we felt like it was appropriate to address where these needs were. From my standpoint, and the reason I'm interjecting here, is it seems to me that 50-80% of AMI is really more of the area where we might subsidize aspects to accomplish what we want to accomplish. 50% or less is where we're at a level of intervention. Because a lot of these individuals, are one life event from being homeless. I'm trying to figure out how to mitigate that. To that end, I'm very interested to hear where you have to go with this.

MR. SPATAFORE: With that in mind, we looked at two things. We looked at developing strategy to accommodate deeply affordable housing. We also want to identify funding sources. What we want to suggest and I know Wayne has talked to legislative leadership to a certain degree. What we'd like to suggest to this commission is to recommend a fund of \$100 million dollars of ARPA funds to be set aside for deeply affordable housing. As soon as possible to put that into availability. We also want that to not just allow for what the legislature did in the special session in May, there was the Senate Bill 1001 that Director Hemmert is looking over from GOED that only deals with density. Then there was House Bill 1004 that former senator, current director of GOPB Decaro(?) was overseeing and that's a \$50 million dollar package. Those are ARPA funds and the \$50 million is for water, sewer, and affordable housing. The affordable housing component there are extra points for deeply affordable. To apply for that money, you have to be a governmental entity, a city or a county. I think tomorrow is the deadline for applications. I know of two applications for deeply affordable. One from Salt Lake City to match with a nonprofit to use the airport for winter overflow and then transition into the future to work on deeply affordable housing. Weber County is submitting an application for Ogden City. I don't know how excited Ogden City is about this because I've not heard. So there are two proposals that I know of and hopefully there are more. What we're concerned about is there are not a lot of cities knocking on the door to say give us money for deeply affordable housing in our city. It's nothing against cities, we've got to look outside the box a little. So our subgroup is recommending \$100 million dollars for deeply affordable, and we can define what deeply affordable means, that governments can apply for, but we also think the rules ought to be available for nonprofits to apply for the money and also for-profit developers if they meet certain conditions and stay inside certain guardrails. We would like that to be put into the rules. For example, any unit that is built or transformed to a deeply affordable unit needs to be dead restricted

for a certain period of time. We need to determine what that level of AMI is. Whether is 50% or 40%, but can't be above that. We need to quantify what percent of individual grant that they earn in that particular month can be used to pay for the rent. Whether that's 30% or whatever figure that is. So you put the guardrails in and then you allow, not just cities, but nonprofits and for-profits. I know of a certain project right now, 1805 S Main St in Salt Lake. They haven't gone to Salt Lake for financing; it's called the Alliance House. It's a nonprofit and they have nine units on that side. They want to demolish the building and go to 18 units cause that's all they can afford with the donations they've been able to collect. So now we through this \$100 million dollar availability there and all of a sudden you can go from 18 to 27 or 36. Then Alliance House deals with deeply affordable housing for individuals with physical disabilities. They already provide the service, what they lack is the capital. That's something this program could do. What we want is a recommendation, and I'll let Wayne talk about the conversations that he's had, is \$100 million dollars for deeply affordable ARPA funds, allow non-profit developers or for-profit developers, within guardrails, to be able to apply for the money.

SENATOR ANDEREGG: Let me ask a quick question on that. In order to apply for the money, is it for a full completion of the project or is it just a portion of the money? I think the idea being that \$100 million dollars is going to go quickly. If there's some sort of matching component we can spread the wealth throughout the state. What guardrails are you talking about?

MR. SPATAFORE: Thank you Senator. I'm hoping that the \$100 million will go quickly. I have a little bit of doubt. The guardrails would be the deed restrictions, what AMI, what the rents could be and what percentage of rents could be the individual's earnings. This money could be used buying down the costs of the units. Buying it down from 80% AMI down to 40% and then those become deed restricted. So I think we want to allow any sort of creativity to come up with as many units in the shortest amount of time. It could be a new development, it could be renovations, and it could be buying down the cost. The only thing that would limit us would be our imagination. A side portion of this is HRTZs last year, Senate Bill 217 dealt with HRTZs around frontrunner stations. We think this ought to be expanded to light rail stations and major transit investment corridors as defined in the original Senate Bill 24 which included those bus routes. You know, UTA and the city has signed an interlocal agreement to provide expanded bus service in those areas. Our subcommittee would even be so bold as to recommend that in order to be part of an HRTZ that a certain number of those units have to be affordable and a certain number of those affordable have to be deeply affordable.

SENATOR ANDEREGG: If I may go back, where is the goal? Are we trying to get a project down to less than 50% loan to value on acquisition or development? Where are you trying to get? Because obviously the amount you can afford to pass on is going to be dependent on debt service on the property. Whether it's an existing property or a new property. Where we tried to go last year with allowing municipalities to gift the land, would in theory be able to take a project that was starting from scratch or a redevelopment area the city owned and gift the property and cut the costs by 25-30%, thereby getting to a low 50% debt service loan to value. So is that where you're trying to get to? Cause if we're talking about deeply affordable, at the end of the day, it's talking about a significant project and anything that is above a simple value, you can't pencil it, it won't work. So where is the target?

MR. SPATAFORE: When Ashley and I met with Wayne, we talked about how this could work out and maintain an ROI for a developer.

WAYNE NEIDERHAUSER: It would be best for me if you want to jump into that discussion.

SENATOR ANDEREGG: That would be great. Because if we're talking about opening this development to for-profits that enters an area that is, ultimately, at the heart of this loan to value aspect because there has to be a profit margin.

MR. NEIDERHAUSER: It's a cash flow issue. Where is the money going? Is it going to pay off debt? Should we finish this first?

SENATOR ANDEREGG: That's fine.

MR. SPATAFORE: Going back to this, we want to create the restricted account. Our priorities are to create a restricted account to develop and preserve the deeply affordable units. The fund could be for grants or for revolving low interest loans. We request \$100 million dollars. Ongoing funding, we are looking at a commercial linkage fee. When commercial development occurs, add a fee, that fee would go into an account to provide ongoing funding for deeply affordable, whether it's more for development or it's for operations and maintenance. Commercial linkage fee was also discussed with the folks at the Point and this was something that we've talked about for years, but obviously, if it's going to work at the Point, it's going to work everywhere else. You can see our strategies on page two to expand the opportunities to create and locate built shared housing (SROs, hotel/motel units) and other deeply affordable housing units (rentals, homes, smaller units such as tiny homes, ADUs, etc.). Allow non-governmental entities to apply for federal ARPA funds to develop or preserve deeply affordable units and that's the 40% AMI. The guardrails would be the 40% AMI, the 30% of ramp(?), the deed restrictions and to expand HRTZs to include light rail, BRTs, high frequency bus routes or major transit investment corridors. Those are our priorities.

SENATOR ANDEREGG: We may have a question on that already. I'm looking at you Mike.

COMMISSIONER OSTERMILLER: It's on the overall. Will there be a cap for applications? So could one project come in and apply for the whole amount of money? Or what would be the most amount they could get?

MR. SPATAFORE: That's a great question. I think, where we're at right now with both funds, we could do two or three different things. We could put it in GOPB. A lot of those details might have to be worked out. It would be great to work that out with people like you from the private sector to help figure this out. We have an opportunity right now. We have a lot of ARPA funds. We have needs to house people. And that's why we have to open this up to not just government, but other sectors. Government doesn't build housing, the private sector builds housing. The bottom line is, I think we can put together a program that can utilize ARPA funds, the routes that non-profits and for-profits want to go. If this is going to be on the special session agenda, we have between now and November to figure that out. Maybe the \$100 million isn't even enough, which I don't think it is. \$100 million is a drop in the bucket. It's so much better to provide housing than it is to pay for the homeless shelters. It's a lot less expensive for us and better for our communities. The bottom line is that this is the best approach.

COMMISSIONER OSTERMILLER: You had me at deeply affordable housing. This is awesome. I just offer on suggestion and one other comment that I was going to make. There's going to have to be a tie on how the funds are spent and the project, because you're going to want the money spend specifically on that project. I think we can require that, but also leave that as open as we can leave it to allow for as much flexibility and creativity between the municipality and the developer to figure out the best

allocation of those funds in order to best help, because every one of those projects is different and looks different. I think allowing that flexibility will be a really good thing. My other comment, is that something we ought to be working on in addition to your comment is you mentioned the \$35 million dollar grant program that Hemmert is working on. There have already be conversations that if we do another round of that program, that we would do something like allow for a brand new cap. So that if I'm capped at \$2.5 million, I could qualify for another \$2.5 million if I was willing to do something for the deeply affordable housing. Those conversations have already taken place, just so you know. Make it stackable. If you're willing to create that density that you do something for that homeless population, then we'll let you stack another grant on top of it. Those could run very nicely with one another.

MR. SPATAFORE: I'm happy to hear you say that. One of the conversations I had with Director Hemmert was legislative intent. I said Dan if you're already at eight, why can't you fund going up to 16? And he said that's not what this says. The legislative intent doesn't say that you can't do that.

COMMISSIONER OSTERMILLER: We'll see when the rules come out and what they'll allow for the creation of density.

MR. SPATAFORE: That's what he said. That if we're going up then it ought to allow for project funding too. What's really scary today Mike is that you and I are thinking alike. I don't know which of us has bent to the other, but I'm kind of excited about this.

SENATOR ANDEREGG: We do have one other question from Commissioner Gallegos. Nevermind. Do we have any hands online?

COMMISSIONER JONES: Thank you. One thing that might help markets like our's with such a high AMI target and needs that are not just at the 40% and below. Maybe there could be a sliding scale starting at the 50% AMI and that you get more money if you target a lower AMI, as opposed to just cutting it off at 40% AMI. I think that might be helpful. This is a nice starting point.

COMMISSIONER HUNSAKER: I have a comment that I feel like the solution to addressing the housing crisis definitely hinges on deeply affordable housing so I'm very supportive of this proposal. So I don't know if it's appropriate at this time or if we have a quorum, but I think the commission should consider making a recommendation to support that \$100 million to deeply affordable housing. I also think that in support of mixed income housing and neighborhoods, we should figure out a threshold of the number of deeply affordable housing in the projects that the funding would support. I agree with Jeff's comment that maybe it should be a sliding scale. I think we should consider a land contribution in with the match contribution that Dave outlined. And I would also like to consider on the table a recording fee for that source. For affordable housing, I know that can be a bit controversial, but I think we should keep that on the table for now. From my perspective, putting these projects together for Salt Lake City for these redevelopment agencies, the bottleneck really is that the vast majority, probably 95% of projects moving forward with affordable housing have either 9% or 4% of LIHTC so the key is really how do we get these projects financed without LIHTC as a source, because the 9% are competitive and the 4% recently we've been running out of bond cap. Finally, I have an RDA meeting with the Salt Lake City council starting at 2:00 so unfortunately I will be leaving this meeting a little early. Thank you.

SENATOR ANDEREGG: I'm imagining, because we were supposed to start at 2:00, we'll get a quorum shortly after 2:00. Thanks. Good suggestions.

COMMISSIONER GAMVROULAS: I've got three things. First, under this developing strategies under 2D (SEE ATTACHMENTS), tell me how this works in conjunction with the housing preservation fund. The legislature put \$35 million into that in the last two years. There is the cooperation between the state and the Utah Housing Cooperation that has already done that. They've already securing 350 units. I just want to make sure we're not going in different directions. Is Dave and President Niederhauser's idea under 2D that housing preservation fund?

MR. SPATAFORE: No.

COMMISSIONER GAMVROULAS: Ok, so add additional resources into that existing effort?

MR. SPATAFORE: Yes.

COMMISSIONER GAMVROULAS: The other comment I had was under 2C (SEE ATTACHMENTS) develop new units. Nothing will be more expensive than to try to build deeply affordable units as standalone units. That's going to be the most expensive. The most cost effective, will be to incorporate them into current projects. Projects that are already in subsidies. As this commission is thinking about how to use and stretch these funds, the most cost effective way will be to include them in other projects. The last thing I wanted to say is this is a banner day, because I am agreeing with everything Dave Spatafore is saying around 2B and 2G around the HRTZs and expanding that. That absolutely can and should happen. That is probably one of the highest priority things and low hanging fruit. We've been talking for years about putting housing around transit.

SENATOR ANDEREGG: Any other comments? Seeing none, let's go to former President Senator Wayne Niederhauser.

MR. NIEDERHAUSER: It's a delight to be here today to talk about deeply affordable housing. I have tunnel vision. My biggest interest is 40%/30% and below. There is a tremendous need. When I presented this to Dave and the subcommittee, maybe we need another pot of \$100 million dollars for affordable housing that's 50%/60%. I'm talking about a skeleton here, we still need to add the meat later. I'm not suggesting details today. I'm just talking conceptually. It took me longer than it should have, but when we're talking about homelessness there's two buckets. One bucket is when people are in housing and then had a health incent or had a huge car repair and can't pay for their housing. They loose their home and don't have family support and end up in the shelter for a time. Most people have family support or other support so they never end up in a shelter. So that's bucket one and Christina does a lot of work with that. Our office really deals with the other bucket and that is chronic homelessness. Homelessness is really not the right term, these people are homeless, but would be in housing if they didn't have mental or behavioral health challenges or weren't addicted to some substance. That's the problem. It's not that they don't have a house. They're on the street because of one of those issues in their life. In order for that person to have a chance for change, it's not going to happen on the street or in a congregate shelter. That's why housing is an important element to that population. One of the models that's out there and has informed my presentation... Right now there's an opportunity, if we jump on it quickly, for 30% and below, we could duplicate this program with some other peremeters elsewhere is the motels that are available, that can be purchase from \$40,000/unit up to \$150,000/unit per unit with \$10,000-\$20,000 into those. I've talked to several developers about this now. One inspired my thoughts today. So for a very low cost, comparatively. Magnolia which the Road's Home manages was \$280,000/unit. I don't know how you can afford that for this population and the

needs that they have. That's why people are coming up with other solutions to that: tiny home concepts, other types of solutions to that. If we can jump on this in the next six months we can put some of these motels in a situation where they become a studio. They've always got a bathroom and with a little effort you can put a kitchen in them. On the screen (SEE ATTACHMENTS) is just a traditional apartment complex that you invest in in the private sector. You have an income and that pays for your debt service, for your operation and maintenance. Up in Logan, there's a private developer that actually lives in Salt Lake county, he owns several motels on the Wasatch Front, up in Logan, down in Richfield that he got at a great value, and without any consideration or encouragement from others. He's voluntarily taken a portion of the revenue and built into his cash flow case management. Because when you have people who have lived on the street for many years, they're used to living there, many have mental disturbances and can have regular events. You're not only managing the property, you're managing the people that are there. You need to have both. He's actually doing that without any of our help. It's a minimal amount of case management. I've also discovered our case management is a mile wide and an inch deep. We don't fund our case management enough and our nonprofits struggle providing the people management. We get people in poverty off the streets and put them in housing and they're still suffering poverty. I would like to see if we could change that or have a greater degree of success.

SENATOR ANDEREGG: Are you aware for those who need mental health, there's also a monthly cost of living stipend through Medicaid?

MR. NEIDERHAUSER: Yes.

SENATOR ANDEREGG: So that's part of where you're thinking where we go?

MR. NEIDERHAUSER: That's part of the solution, but I think you're also going to need ongoing funds. Which are virtually impossible to get because there are so many other health and human service needs out there. What I want to do with \$100 million for deeply affordable housing is us that money to help people like this developer with a deed restriction buy down their debt service so that they can provide even more case management, maybe even 24 hours a day, rather than just 8 hours a day. For me to go now to the legislature and get that money is very difficult, but if we can build it into the housing model with one time funds we now have an ongoing revenue stream that's going to fund people management. With a little bit of help, this individual [the developer Mr. Niederhauser has been communicating with] could now provide even more case management. He's hired a person in Logan to manage this. He's looked at contracting with places like the Road Home to provide those services, because they know how to do it, but they don't have the money. If the revenue stream is built into the housing then we'd have the money to do that and wouldn't have to go to the legislature to get an ongoing request. Just the last one, and we can talk about the concept. This would be for a nonprofit. There are already some that don't have debt, but their revenue stream is restricted. This individual up in Logan charges around \$650/month. Those tenants have to pay that, but those are the services that you get there. The other part of this was the mayor up there was very skeptical, but has admitted that the police activity around this population and reduced substantially because of that case management on site to de-escalate those events that will happen when you're housing someone who has lived on the street for a long time. This is the concept. I know there's a lot of details to work out. But this solves two of our issues. Not only housing somebody, but helping them to keep their place clean, de-escalating, managing the population that is there. Mental illness treatment or drug addiction treatment that's going to happen in a different

facility, but eventually these individuals will need to come back to housing. We can't let them out of treatment after we spend all that money and just let them go back to the street without housing. These are some of the holes in the system and we're wasting money without making sure that people are not better prepared coming out of incarceration, jail, foster care. These are the people that end up homeless. My objective is to get a situation where we can not only house a population, but manage their cases so that they can stay housed. If you can't manage that population they end up back on the street. Happy to take some discussion and questions. There's a lot of meat to put on that bone, but that's the concept.

COMMISSIONER GALLEGOS: I wholeheartedly agree with both presenters, and have to say yes to Mike's questions about flexibility. Yes, that has to be there because each project is different and you may want to look at special needs housing for certain populations where you're going to have 100% of the same type of individuals. Others are going to have moderate income housing, where you're just going to buy down the cost of the number of units in the project and that's where you help subsidize the cost in that. You could even offset that for inclusionary zoning, it's almost the same thing. I'm really excited, particularly about Wayne's presentation, I think it'd be a great idea to have a second \$100 million dollars set aside for this. That's way below the 20% that was initially requested, but I think it's needed.

COMMISSIONER OSTERMILLER: So the deed restriction part makes all kinds of sense. You give somebody money and in exchange we can ensure that it stays that way through deed restriction. How do you guarantee that they'll meet their case management obligations. On an ongoing basis, we're going to want them to perform a certain level of case management. Do you do that through contract? Do you have a claw-back mechanism that says if you don't we can come back and get some of the money back? Have you thought through that at all?

MR. NIEDERHAUSER: Not in detail, but those are the issues we'd have to address. With nonprofits and the private sector to make sure that that money for case management is going to case management. I could see in an application, one of the points in the evaluation of application is tell us about your case management. Is it going to be contracted with a current provider, are you going to try to provide your own? Then you'd have to explore how they're going to do their case management, their track record and stuff. There are ways to deal with that and sometimes you'd have to do a little audit. I'm glad you're saying that, cause I'm just looking at this developer that I think walks on water, because he didn't have to do this. He could rent those and not have a case manager there and probably get more out of them. This person is seeing a problem, not taking as much of a profit margin for himself or his investors and being a great citizen.

COMMISSIONER OSTERMILLER: I don't know much about that particular business model, but there might be an argument to be made that that's a sound business practice. I'm going to make a little less profit, but in total that's why landlords are so picky about maintenance and quality of tenants and all those things. In the long term, it's better business to do that.

MR. NIEDERHAUSER: It is. He obviously has recognized that. You can't rent to people in this population without some kind of people management element there. There's always disruption going on.

SENATOR ANDEREGG: We were just saying we've [Christina Oliver] never had meltdowns at home, not with teenage boys. It happens, right? I appreciate that you're looking at this. I went and toured the permanent assisted housing that Housing Connect did down in Salt Lake City between 5th and 4th South

and Denver Street and it's very impressive. I like this concept of building it into the finance structure of the housing itself. I think this is where we have the arguments that this is so much less expensive than intervening in the homeless services side. The question I have is you've had some initial conversations. My understanding is we have \$1.1 billion dollars left over after the special session in May, but over \$10 billion dollars of requests. So, \$100 million for Dave Spatafore's concept, and another \$100 million with Mike Gallego's suggestion. So we're talking about \$200 million from the remaining available ARPA funds and do we have any concept that this is something the house and senate are going to go for?

MR. NIEDERHAUSER: I'm sure there's a lot of other water projects out there – it's an important element to our society. So let's go big and see where we go from there. At the end of the day, I'm going to take anything to help this community. I can't emphasize the importance enough of this. It's sustainable. One of the biggest questions I get from the private sector donors: Is it sustainable? It's hard to answer that. This is sustainable because it's built in. We don't have to worry about the legislature in a down turn, cutting that.

SENATOR ANDEREGG: The case management aspect of it is the critical component to prevent homelessness in this population.

COMMISSIONER BRISCOE: I was on a Zoom call with Andrew Johnston and some providers recently who said you can wrap your arms around the problem in Utah. We're looking for 300 emergency beds, we're looking for 400 beds to help people long-term. Today, Seattle needs 6,000 beds. It's easy for some people, it's manageable and if we're willing to put some resources in it we can put our hands around it. I go visit my son in Portland, Oregon two or three times a year and we think we have all these encampments. It's nothing compared to going to Portland and seeing where the unsheltered are putting their own roofs over their head. And sometimes we focus on the significant percentage even during the coronavirus. One thing the media doesn't focus on is the people that going into the shelters and it's a one-off and they're not great, but they're out of the shelter and the shelter was a temporary thing for them until they could get out. I'm proud that I live in a city that has devoted so many resources to helping our unsheltered friends, but there are plenty of people that we don't see a lot of because they get out and that's another story I think we need to tell. But I love the proposal and I love this and I'll do anything I can to help.

COMMISSIONER NIEDERHAUSER: We talk about 300 or 400 beds that we need in Salt Lake County, but we have 28 other counties in this state. There is need in Cedar City. They want to do permanent supportive housing project by their shelter. It would be really good for them if it gets a little bit of help. Toole has most of theirs financed now. I think with a little bit of help you have some donors who are willing to buy into this if they can see that it's sustainable. We have to know that that's going to be split up throughout the whole state, not just Salt Lake County. It's the only way we can make it work, cause it's a statewide problem.

MR. SPATAFORE: Hearing all of the comments that have been made today, I'd like to throw one thing out. We've talked about two pots of \$100 million dollars and granted that's 20% of what's leftover of ARPA funds, but if we come in with a two prong approach and divide some of that money between 50%-80% AMI and below 50% AMI and then have the subgroup that Ashley and I facilitate along with the state homeless coordinator, Wayne, and get Mike Ostermiller and Chris Gamvroulas around to get that private perspective is critical. If we can get the support of the commission today and give us until your next meeting to get some more details and meet with leadership, which might be a better approach.

SENATOR ANDEREGG: That sounds good. We do have a couple more questions.

MIKE ACKERLOW: Senator Niederhauser mentioned there's a lot of other uses for these funds, but when we look at this crisis it does effect the economic health of our state. It's been shown that getting people into housing first does decrease amount of incarceration, medical costs go down, public safety costs go down. We do see a savings that benefits the state and municipalities. Use it where we're really going to see the impact. This money don't all have to go to new construction. There's existing units out there that may just need some subsidy to keep them or make them affordable. It's sometimes daunting to think how to we get a thousand units out today. It doesn't necessarily have to be that way. There's existing product that can be accessed. Last thing, Dave mentioned a split for different AMIs, is half going to 50%-80% and half going to below 40%? I'd love to make a motion on this, but I'd love to get some clarity.

MR: SPATAFORE: Great question. Based on what I'm hearing, if this commission decided to go with two pots of \$100 million each 50%-80% is one and below 40% is the other. Then we can figure out what's necessary and come back with more meat on the bones.

MR. NIEDERHAUSER: It's been an interesting life experience the last five months. 80% is close to market. You're going to get fluctuations in the market, but you're going to be touching the market on the low end. If we're really going to address this with any pot of money, you can't go up to 80%. Let's let the LIHTC and a lot of that address it. We need to be focusing on 60% that's where you're really going to have an effect. That's where people are struggling. The other bucket we're talking about is chronic homelessness. HTRZs really ought to be up to 60% in my opinion. Some want to incentivize development around transit. When you talk about chronic homelessness, transportation is a key. If they can't get from A to Z or if it takes them half a day the system is failing helping them get a better life. I'm looking at how we're going to deal with this long-term and it's a critical element that needs to be in these discussions.

COMMISSIONER GALLEGOS: That's exactly what we need. 80% is about market, yes there are some higher units beyond that. For this pot of dollars, we're trying to address affordability. I think we should target 60% and not go over 60%, unless it's a mixed income project.

COMMISSIONER WALDRIP: One of the concerns I have with any type of deeply affordable housing is concentration issues. We've seen that fail a lot of different ways and places. When you talk about 60% are you talking about a cap or an average? How do we deal with concentration? I think there's some really good studies on what works to bring everyone up to a standard of living that is better than if you had a concentration of people on the lower end of the socioeconomic scale. Can you address that briefly?

MR. NIEDERHAUSER: It centers around this need for case management. Without case management it doesn't work very well. You need people there that can deal with people's events in their lives – LOST AUDIO FROM 70:06-70:48 – In Salt Lake, where my wife and I will go out and offer an individual a meal and we do it with an individual who has been doing it for years. It's been an amazing experience to learn the challenges these people face. They become their own little community too. Dispersed housing is a really good concept, but it's really hard to take somebody who's been on the street with their own little community and take one or two out and put them into housing. We're looking at taking more of a smaller community of people who are used to being together, but it has to be by transportation too.

What you're saying is valid, but I can tell you a lot of the issues can be minimized by having the intense case management there.

COMMISSIONER WALDRIP: Certainly what you're saying has value too, but at what point do you have too much congregate? Dispered doesn't mean everybody's everywhere, but it can be group setting and things like that.

MR. NIEDERHAUSER: The motel model is a really good model, because they end up being smaller type of facilities. If we could get some of that money on the ground right now it would be great to have some of that housing stock.

SENATOR ANDEREGG: Mike Ackerlow had his hand raised. Were you going to make a motion, cause we have a quorum. You've got to unmute. Minute: 70:30

COMMISSIONER ACKERLOW: Well I'd like to make a motion. I also had a comment, but you said we were running low on time so I withdrew my comment. If we're ready for a motion...

SENATOR ANDEREGG: We are ready for a motion.

COMMISSIONER ACKERLOW: Ok, before I make this, my question would be what authority do we have? What's the exact wording we can use?

SENATOR ANDEREGG: Ok, so you're looking for guidance from the Chair on how to state your motion? The Chair would recommend that we adopt the recommendations as outlined by the Deeply Affordable Housing Commission, and that we also recommend the \$100 million dollars that they are recommending. That's the first portion. The second portion is that we support the concept that former President Senator Wayne Niederhauser is suggesting which would also request an additional \$100 million of ARPA funds, but that, between now and the special anticipated session in November, we work out the details on that. That would be the motion in two parts.

COMMISSIONER ACKERLOW: That's a beautiful motion. I was going to add one thing, if we need to say that they'll be used for the development of rental assistance and case management of housing units for incomes at or below 40%.

SENATOR ANDEREGG: You could say that. We've got some discussion to that before you place your motion.

COMMISSIONER GALLEGOS: The source of the funds were going to be used for hard costs, not for case management. Case management is a result of providing the deep subsidy. I just wanted to make that clarification.

SENATOR ANDEREGG: You're asking though, Mike, whether or not your motion needs to include specifications of what AMI we're shooting for?

COMMISSIONER ACKERLOW: Yes.

SENATOR ANDEREGG: I would turn that back to our presenters to say, would you want to have that included? I think it's somewhat based upon the discussion that's what would be preferred, but what do you think?

MR. NIEDERHAUSER: 40% and below.

CHAIR ANDEREGG: 40 and below for your portion and what do you want for your \$100 million?

MR. SPATAFORE: You know, we said 40% and below too, but I think maybe what we ought to do is just go to 60% and below and let us work out the details between now and the next meeting.

SENATOR ANDEREGG: Ok, so what we're saying is 60% and below for David Spatafore's deeply affordable portion and 40% and below for Wayne Niederhauser's portion. Does that help you Mike?

COMMISSIONER ACKERLOW: Yes, it does.

SENATOR ANDEREGG: So, just say so moved.

COMMISSIONER ACKERLOW: So moved.

SENATOR ANDEREGG: Discussion to the motion, Commissioner Ostermiller.

COMMISSIONER OSTERMILLER: On Mr. Spatafore's presentation, he mentioned some sort of real estate transfer fee, a linkage fee.

MR. SPATAFORE: I don't think that will be part of the motion.

COMMISSIONER OSTERMILLER: That's what I wanted to clarify.

MR. SPATAFORE: Let's get the one time money; let's work out the details between now and the next meeting; let's have everything on paper between now and the special session; and then at that point and time if we need to take a look at ongoing we can look at ongoing in a separate discussion.

COMMISSIONER OSTERMILLER: Well, that's a relief cause we've agreed on everything for the first time in history today and I almost just ruined that.

MR. SPATAFORE: Quite frankly Mike, what I'd like to see is to get you and Chris and whoever else we need to get and let's sit down and tighten up these details. Cause one of the things I'm going to say is we've facilitated the downtown business group on their homeless actions. The next meeting is next Monday at 1:00pm. The business community is totally on board with money for deeply affordable housing. They're totally on board working with Salt Lake County for a temporary receiving center until HMHI gets onboard. I want to take this motion back to the business community.

SENATOR ANDEREGG: I'm afraid if we don't take the motion right now we won't have a quorum. Let's just verify. Do we have a quorum? Ok, so the motion before us is everything I said earlier plus 60% of AMI for Spatafore portion and 40% for the Niederhauser portion. Further discussion to that motion? Which also excludes specific linkage fees at this point. All in favor? All in favor and the motion is unanimous. Let's move on. Chris Gamvroulas, did you have a question before we moved on?

COMMISSIONER GAMVROULAS: Yes, I was just wondering if we could get a copy of Dave Spatafore's presentation.

SENATOR ANDEREGG: Staff is nodding and saying yes. They'll send that out to the body. Let's move on and invite Mr. Cameron Deal for an update on the Land Use Task Force.

IV. LAND USE TASK FORCE

MR. CAMERON DEAL: Thank you. I'd like to hit just a couple things on homelessness that came up before. You just had a discussion about the ARPA dollars, the portal closes at midnight tomorrow. I've been involved with the discussion behind the scenes. At this point we're anticipating more than four times that amount of money being requested. It speaks to the partnership opportunities that these ARPA dollars provide. They can be used on housing, water, sewer, broadband, economic development, anything that's consistent with federal ARPA. That's separate from the second ARPA match that Dave Spatafore and Wayne Niederhauser referenced before, and that \$45 million dollars goes through the Governor's Office of Economic Opportunity. That will be coming out this week. The second thing I wanted to piggyback on from the discussion a moment ago is the conversation around homelessness. President Niederhauser, as part of his listening tour, met with many of our mayors and then our board created a subcommittee to talk about the homelessness fund. Where you're having those discussions at a state level, we're also having them at a local level too. Those are all connected and fit together. As a reminder, we made a commitment to you that the land use taskforce was really focusing on three big buckets: inclusionary zoning, economic development and housing nexus, and moderate income housing plans. On the inclusionary zoning piece we've had a couple of different drafts, but they're not quite ready for prime time yet. With the economic development and housing nexus we're in the process of overhauling the state's approach to economic development. Christina Oliver had a line last week in the meeting where she talked about not incentivizing water that's rolling downhill. That's been part of the overall discussion, how do we maximize our overall economic development strategy, how does housing fit into that. For the last few years, as Utah's economy has been the envy of the States and of the world, we've had this missing piece that housing fits into that economic development strategy. Last week at the meeting, the Governor and the speakers were talking about potential changes for local incentives for retail with the acknowledgement that was a starting point concept. One of the conversations we had about that at the Land Use Task Force was what impact will that have on mixed use development and transit areas. Another key component in the economic development and housing nexus is the new tool the legislature created: HTRZs. A couple of key components of an HTRZ that I want to make sure everyone is on the same page about: an HTRZ does require moderate income housing to be built as part of the project. It is designed to produce moderate income housing near frontrunner stations. We all collectively think that's good public policy. One of the strategies our members identified from a survey this summer was an expansion of HTRZ concepts. This might need to be more of sliding scale that's more site specific. Counties brought up that HTRZs by definition compel all tax dollars into the infrastructure of that site. Let's make sure all the impacts on a potential taxed entity before we expand HTRZs. There may be more opportunities as we look at the concepts of HTRZs compared to traditional CRAs to see how we can balance competing need to get the outcome we're seeking: the Wasatch Choice Vision, centered developments and centered developments need office, commercial, retail, housing, transportation, economic development all integrated together. Another key component from our survey this summer has been an increased willingness from league members to say we want to incentivize more housing around transit and in commercial areas so how do we get from point A to point B. I don't come to you with proposals, but these are concepts we've been going back and forth with. We're working on trying to put the meat on the bones for all of these different pieces. The third bucket is the moderate income housing plans. We've been working with DWS to improve those plans and their implementation. Within the land use task force we just haven't made it to that bucket yet because

we've been on inclusionary zoning, we've been on bills from last session, and we've been in the economic development space. With that I'll stop with the update from the Land Use Task Force.

COMMISSIONER WALDRIP: Can you talk about timing? When do you anticipate that we'll have something meaty enough to chew on?

MR. DEAL: On bucket number one, inclusionary zoning, by the end of the month there should be language ready. On the economic development piece, October 5 the GOEO and the Unified Economic Opportunity Commission is expecting us to come back with feedback on the economic starting point proposal, there is a significant housing component to that. The retail incentives piece and the impacts on mixed use we're shooting for October 5. The HTRZ piece has a lot going back on forth so I hesitate to put a date on that one. The next step is to continue the deep dive on economic development and housing.

COMMISSIONER WALDRIP: What would be helpful for the commission is if we could put together something jointly with you and staff is if we could put together something that says: "Jointly by early October we're going to have this piece and this piece done. The next two weeks we'll have exclusionary zoning." Just so we have something we're all thinking about as we go through these meetings.

SENATOR ANDEREGG: Questions? Thank you for working on this. Looks like Chris Gamvroulas has something to add.

COMMISSIONER GAMVROULAS: Just a quick comment. It has been a ton of work. Unfortunately we haven't made as much progress on some of the more meaty issues as Representative Waldrip indicated. We do spend a ton of time talking and then at the end there's a flurry of activity. I do anticipate seeing some things coming from the Taskforce fairly quickly. We are committed to a process with the League and the Taskforce to come to a consensus. There are a dozen other ideas that have been presented and what I'd like to see is coming back with some of those for the full commission consideration. We can talk with the Chairs about getting on a future agenda to that. Cameron does a great job and we appreciate him.

SENATOR ANDEREGG: Thank you for that. Does that conclude your presentation for us? We're going to turn some time over to Christina Oliver. In addition to what Wayne Niederhauser and Dave Spatafore threw out there, there were some things we discussed as chairs about prioritization of additional things we ought to be going after. I know that Janice Kimball expressed concern that the commission was losing focus on those that are deeply affordable. Here are some ideas that we would like to through out there.

V. ARPA FUNDING – AFFORDABLE HOUSING

COMMISSIONER OLIVER: Thank you. Some of the things we've been looking at and Kimberly Madsen has been doing a lot of research on is what other states have been spending their funds on in terms of affordable housing and homelessness. This is a bulleted list of what we've pulled from other states that we're just opening for discussion among the committee. The first is Targeted Development Grants, you've heard more about that from Wayne Niederhauser and Dave Spatafore today. These categories can be explored: the 0-50% AMI, or 40% as we spoke about earlier; affordable housing for veterans and

seniors, those on fixed incomes; the 51-80% AMI, a lot of those are served by the Utah Housing Corporation as well as Private Activity Bonding; homeless youth, a topic of great discussion; LGBTIQAPD community, a lot of this community does experience homeless; as well as domestic violence victims being housed in affordable housing. We already spoke about homeless shelters and supportive housing services. These are two topics that are pretty much is 95% of the states federal spending plans for this money. Eviction Legal Defense Fund Grant; we've had conversations to discuss what we can do to discuss what to do to avoid moving to that eviction filing including making arrangements to pay those arrears before filings and also work with the tenants moving forward. Once that eviction is on their record, it's on their record forever. Another idea is a Land Bank Account Around Transit Investment Corridor's. This is a term around HTRZs. Purchasing land around these transit hubs so you can develop that 0-50% AMI housing. Other states have done a Low-Income Housing Tax Credit Grant; to offset increased construction costs of delayed projects. Buying down existing market units to affordable units – which we've spoken of today. Develop small-scale housing – this goes back to the modular housing setups and to potentially providing funds for people to develop accessory dwelling units both attached and detached. Purchasing and renovating hotels and apartment buildings – which we spoke about today. There could also be an opportunity for a First Time Homebuyer Grant. With the prices of homes what they are today, it's difficult for most middle income individuals to purchase homes in this market. Displacement mitigation fund to provide rent voucher for individuals that are being displaced by development. So if there's a naturally affordable apartment complex that is going to be turned over and renovated, happens in Salt Lake all the time, then this could be a program to help those individuals find other housing. Those are top level. I'm sure there's many many other ideas out there.

SENATOR ANDEREGG: Excellent. That concludes your presentation? Ok, questions from the committee? Any items, the commission should have a deeper dive in? No, comments? Bring back the list? As opposed to bring that list back right now, why don't we email out that list. Then if any commission members would like to do a deeper dive in, let's address those. I do have some ideas that I'll discuss with the co-chairs about some requirements we might want to do around HTRZs with deeply affordable. I think there might be a nexus there. Mike Gallegos has a comment.

COMMISSIONER GALLEGOS: Just one comment about the naturally occurring affordable housing. To provide vouchers, I would say that our first attempt should be to help refund that project to keep it affordable so that we're not assisting with the displacement. That's my comment.

COMMISSIONER OSTERMILLER: We're hoping at some point we can have a conversation about restoring some funding for landlords that took Section 8 vouchers to give the landlord some degree of protection. That was really successful and the money is all gone. At some point we'd like to have a discussion to see if we can't put some money back in that program through this committee.

SENATOR ANDEREGG: How much are we talking about?

COMMISSIONER OSTERMILLER: When we did it the first time, we did a million dollars one time and it lasted a few years. I mean we're throwing around a hundred million dollars today so I'm nothing if not humble in my request.

SENATOR ANDEREGG: In this type of commission that is nonbinding we can throw around whatever we want. Christina you had something else you wanted to throw out?

COMMISSIONER OLIVER: We are down to roughly \$90,000 in that fund so it would be something that we would support. It's run through our office and has been successful.

SENATOR ANDEREGG: Seeing no further questions from the committee. Next on the agenda, Emergency Rental Assistance (ERA) update. Ian, you are just patient. Thank you. Christina wants to give you an introduction.

COMMISSIONER OLIVER: Really quickly, Ian is running the Emergency Rental Assistance Fund for Utah. Mike Murdock who is sitting in the audience has actually be promoted to the new Homeowners Assistance Fund program manager, which we'll be rolling out here in the next few months. And then McKenna Marchant, runs the Private Activity Bond Board and will be staffing this commission as well going forward.

SENATOR ANDEREGG: Thank you very much. The time is your's.

VI. EMERGENCY RENTAL ASSISTANCE UPDATE

MR. IAN SHUMWAY: Thank you for letting come here to talk to you and update you on the ERA. The purpose of this program is: As the American economy continues its recovery from the devastating impact of the pandemic, millions of American face deep rental debt and fear evictions and the loss of basic housing security. This program was implement through the treasury and that's who we work with for the funding of this to provide assistance to this households that are facing eviction and arrears on past rentals. Just a few number so far, this program started mid-March, so far we've received ~5,500 landlord application, just over 15,000 tenant applications for a total of about 20,000 application at this point. Of those applications we have paid ~4,300 landlords, ~7,700 tenants on arrears or prospective rent. Those numbers don't really reflect; we do have a number of pending applications still in the que that need to be process. This isn't open. There a number of eligibility requirements and there have been a number denied, totaling around ~4,700. So far, \$24.9 million of those funds have gone to landlords; \$33.8 have gone to tenants. So far we've spent \$58.7 million dollars. Currently we stand at just about 11 days from landlord submission to the check being sent to them and tenants are just under 20 days at 19. Combined average being about 14.8 days. The state was appropriated \$215 million dollars for this program for the first round and we haven't spent anywhere near what we would like to have spent on it, but we've spent \$58.7 million.

SENATOR ANDEREGG: Can I ask you a brief question? Why? Not enough people applying?

MR. SHUMWAY: We have a lot of people applying, but we have seen a discrepancy of people actually following through with those applications. We do work closely with Community Action Partnerships as well as our own team to process these applications.

SENATOR ANDEREGG: Yeah, cause I know we funded \$300,000 ongoing money to make sure there was mitigation assistance for that.

MR. SHUMWAY: As we've looked into some of these pending applications, a lot of them are people who (a.) don't meet the three requirements for the ERA: 1. Risk of homelessness, 2. Hardship, indirectly or directly due to COVID, or 3. under the 80% AMI or they don't (b.) complete the application process and let their application deny.

SENATOR ANDEREGG: What's the timeframe we have to utilize these monies?

MR. SHUMWAY: The timeframe is September of 2026 so we have some time to spend that, but there are other stipulations we could get into of when that money could be taken back.

COMMISSIONER OLIVER: If I could interject? We have been working with our CAP agencies to streamline the process. On August 25 the treasury came out with new guidance further untying our hands to get this money out to the public. What we're doing right now is revamping our entire application process. We anticipate by the end of the week, we'll be reviewing it with our internal auditor and then we'll be working with our technology services team to update our website and push this forward. In addition, we're going to release a paper application. I'll be hiring folks internally to do the data entry and work with individuals who need assistance uploading materials, because a lot of our social disadvantaged populations don't have the technology or the resources to work through our process.

COMMISSIONER WALDRIP: On the applications denied, does that include application not completed?

MR. SHUMWAY: Yes.

COMMISSIONER WALDRIP: Ok, cause that's a different implication than denied.

MR. SHUMWAY: Yes, it should be denied or incomplete. I would just add with this program starting in March, every month we get updated guidance. So it is a moving target. So we are in the process of implanting some new ways. Staffing-wise we have an internal team that handles some of these applications as well as CAP agencies. We have an online portal for applicants to apply through. We also have an internal quality control team that reviews applications for accuracy and areas of improvement. Any questions?

COMMISSIONER BRISCOE: I think I'm channeling Representative Waldrip. It would be interesting to see that one set that didn't meet the criteria and we denied them broken off from those that are incomplete.

MR. SHUMWAY: We do have those numbers and we do look at those. I didn't want to include those numbers for today.

COMMISSIONER OSTERMILLER: I just wanted to say thank you. This is a massive job and it's weird and new and we've had consternation. And you guys have done a significant job and made progress over the last few months. We appreciate all your efforts.

MR. SHUMWAY: Thank you. We have a great team.

COMMISSIONER JONES: There seems to be some discrepancy. The landlords appear to be very successful, and the tenants not so much. It would be helpful at a future meeting if you could walk us through the application process. Is the requirement that each assisted person has to be identified in a lease or what are those rules that may be presenting problems to people from taking advantage of this program?

SENATOR ANDEREGG: Those would be good things to bring up when we come back. Thanks Jeff. Any other items to take a look at?

COMMISSIONER JONES: No.

COMMISSIONER OSTERMILLER: I just wanted to respond quickly to that question. A lot of landlords in the state happen to be represented by a handful of law firms and large property management companies. What's happened is those law firms and property management companies have become really adept at doing this applications. So it makes sense they have a higher percentage of success.

COMMISSIONER OLIVER: In visiting with some of law firms taking landlord applications, they're also taking tenant applications so they're doing well. It's a very strong partnership.

VII. OTHER BUSINESS

There was no other business to conduct.

VIII. ADJOURNMENT

SENATOR ANDEREGG: My co-chair Representative Waldrip is screaming to adjourn. So all in favor of adjournment please move so. All in favor say aye. Any apposed? No. Meeting adjourned at 3:08pm.