

**COMMISSION ON HOUSING AFFORDABILITY**

**Minutes for September 13, 2022**

Hybrid Meeting: In Person & Via Zoom

**Members Present**

Senator Lincoln Fillmore  
Representative Stephen Whyte  
Representative Steve Waldrip  
Representative Joel Briscoe  
Nate McDonald  
Andrew Johnston  
Christina Oliver  
Christopher Gamvroulas  
Wayne Niederhauser  
Dave Damschen  
Jeffrey B. Jones  
Michael Ackerlow  
Michael Gallegos  
Ginger Chinn  
Janice Kimball  
Beth Holbrook  
Matthew Loo  
Danny Walz

**Representing**

Senator  
Representative  
Representative  
Representative  
Executive Director DWS Designee  
Salt Lake City Council  
Housing and Community Division  
Utah Homebuilders Association  
State Homelessness Coordinator  
Utah Housing Corporation President  
Summit County Economic Development  
Community Development Corporation of Utah  
Salt Lake County  
Salt Lake Chamber  
Public Housing Authority  
President of UTA  
Ascend Utah – Rural Housing  
Salt Lake County

**Absent Members**

Tom Macdonald  
Michael Ostermiller  
Kyle Palmer

**Staff Present**

Jess Peterson  
Stacey Herpel  
Richie Wilcox

**Guests**

Andrew Gruber  
Cameron Diehl  
John Drew  
Dejan Eskic  
Tony Semerad  
Meg Ryan

Travis Kyhl  
John Dimond  
Karson Eilers  
Cate Klundt  
Sarah Nielson  
Ben Winslow

Chris Stitt  
Molly Wheeler  
Michelle Larsesn  
Kayo Skandunas  
LaNiece Davenport  
Wilf Sommerkorn

Ashleigh Jensen  
Shule Bishop  
Jessica Lowell  
Erin Wynn  
Liam Thrailkill

Miranda Cox  
Andie Beadles  
Erik Fronberg  
Christy Dahlberg  
Abby Hunsaker

Emily Willis  
Camille Bowen  
Robert Gehrke  
Rev Dr Curtis Price  
Steve Erickson

## I. WELCOME AND INTRODUCTIONS

### **Senator Fillmore:**

Alright, so today, September 13th. We are meeting to finalize legislative proposals of funding requests to the Unified Economic Opportunity Commission. That Commission will meet on September 28th. The Co-chairs of this Commission will be there to present the ideas that are presented today that we like and then in October, subgroups will meet to iron out any remaining details. Maybe try to get us to like your proposals better. In November, we'll meet one more time to finalize any lingering items and finally meet just before Thanksgiving with UEOC. It'll be good times. We're going to start. We have received some written public comments. We'll make those part of the record and e-mail those to all Commission members. Are there any members of the public present today that wish to address the Commission? For two minutes or less. I see one in a suit and one not in a suit. The suit can go first. You have two minutes.

## II. PUBLIC COMMENT

### **Senator Fillmore:**

We have received some written public comments. We'll make those part of the record and e-mail those to all Commission members. Are there any members of the public present today that wish to address the Commission? For two minutes or less. I see one in a suit and one not in a suit. The suit can go first. You have two minutes.

### **Rev. Dr. Curtis L Price:**

My name is Reverend Doctor Curtis L Price, I'm the pastor at First Baptist Church of Salt Lake City, and I'm here to represent the coalition of religious communities. To ask the leaders to seek bold, creative, visionary, and urgent solutions to the issues of homelessness and housing affordability and in all the causes of homelessness and housing affordability, our churches, synagogues, mosques, and houses of worship are receiving more and more people looking for help to stay off the streets. Crossroads Urban Center is getting inundated with people seeking help to keep their housing or to find housing. With winter coming, the issue of affordable housing and homelessness is going to become exponentially more difficult to resolve and I am sure we do not have to tell you that the crisis is real. We applaud the Utah Office of Homeless Services' recommendations for the use of the \$55 million from the American Rescue Act funds that the Utah Legislature set aside for deeply affordable housing. The recommendations are expected to produce 1078 total affordable units, with 679 of those units projected to be deeply affordable and others used to move people out of homelessness. However, the Salt Lake Valley coalition to end homelessness says that there is a current need for 22,950 units to reduce homelessness. Obviously, this is a much bigger problem than \$55 million will afford. We just ask that you be creative, be bold and seek funding for all of the other projects that were presented and not brought. They are ready to go. Utah has always been a leader in finding solutions for housing insecurity, and now is the time for us not to shy away from trying every possible solution. Thank you for your time.

**Senator Fillmore:**

Thank you. Make sure to state your name for the record.

**Steve Erickson:**

Thank you, Mr. Chairman, Steve Erickson. I work with Crossroads Urban center. Along with Bill Tibbetts, I also represent Utah narrow. That's the National Association of Housing and Redevelopment officials. It's a professional association of houses. We had a presentation from its author, Shane Phillips at our conference in Saint George in April and we had some leftover books. So, making those available for your enjoyment and edification, there are some really terrific strategies for approaching the difficult problem of affordability, and then just a general comment. Good work by the subcommittees. I particularly want to encourage your endorsement of the requests from the deeply affordable group. There are some large requests for money, and I think entirely appropriate given the circumstances. I'm just urging your support for those recommendations. Thank you.

**III. APPROVAL OF MEETING MINUTES:**

**Senator Fillmore:**

Thank you. Appreciate your comments. We'll go now to our first item of action and that is to approve the Minutes from our meeting on July 12th can. I have a motion to that effect. Beth Holbrook moves. Chris Gamvroulas seconds. All in favor, say aye, aye, aye. Any opposed say no. All right. That motion passes unanimously. The Minutes are approved.

**IV. PRESENTATION – SUBGROUP ON RURAL HOUSING**

**Senator Fillmore:**

We're going to move right into subcommittee presentations. Our first one is from our subgroup on rural housing. Matt Loo, are you prepared to present?

**Matt Loo:**

I am with my part, Mr. Chair, Thank You. I appreciate the time Senator Fillmore, as well as board members and committee members that are in attendance as well as some of the folks from our public sectors. I appreciate the ones I'm speaking about being bold and creative. A word to those 3 words of charge what we've, again, I believe that the information that we have prepared has been submitted. I will not spend time reading through the presentation. All we'd like to address is that we did come up with some objectives originally and I do believe that majority of our time, which is a 20-minute time section on time part. We'd like to hand it over to my counterpart Mr. Jones to kind of go through a strategy that we feel will be enlightening and informative and just gives us another perspective on how one might want to approach housing challenges. Attainable affordable housing challenges. Not only rural Utah but possibly in other parts of Utah and in all of our communities. But what I'd like to address here in a few minutes is just our initial ask. We went around with various strategies. Goals to try and figure out how we can best assist the rural communities of Utah and we kind of went round the globe then ended back to what we call the simple solution. As simple as with simple recommendations. In essence, we are asking to secure additional funds for programs that are already working within rural communities. We have recommended and suggested three programs. The first program is a single-family housing rehabilitation program. Again, that is part of our proposal. I will not bore everyone by

reading it all. In essence, we are looking for half a \$1,000,000 in that program. Being divided among the AOG's in the state to kind of help them continue their good work on providing this service to the community that they serve. Next, let me back up a little bit. Our outcome for that program we're looking at trying to assist another 10 to 15 homes. Annually as we work through these programs and work through that program specifically.

**Senator Fillmore:**

Can I ask you a question about that? Is that 10 to 15 homes, Association of County Per group or for the whole half \$1,000,000 ask?

**Matt Loo:**

The whole half \$1,000,000 ask.

**Senator Fillmore:**

Half million dollars, 10 to 15 homes?

**Matt Loo:**

Yes, Sir.

**Senator Fillmore:**

OK. Thank you. Wait, another question. Yes, if you had a Million, could you do 30?

**Matt Loo:**

I love the way you think, Senator.

**Senator Fillmore:**

I just mean this is like, so you know, it's simple. You're talking somewhere between 30 and \$50,000 per project. Right? The more money you have, theoretically, the more projects that you could do. Do you have a sense about how many projects there are to do?

**Matt Loo:**

Oh, that's a good question. Part of our discussion with the committee members as well as others have chimed in, is it really depends on a lot of variables. One is markets, the other is qualifications. So, it really depends on various regions and the best of the region in this specific project or this specific program. For example, we may have a little bit of a difficult time here in southern Utah, then someone up in the six-county areas. So, I think a lot of, and this is probably asked at the end of the presentation, is maybe I'll just do it now with these three programs. We understand that there may be some challenges in spending the entire amount that may be awarded in a given year. Our suggestion is if there is a way to structure this where, yes, you're earmarked for X amount of dollars for this program but if you're not utilizing those dollars and someone from the other regions is doing a decent job with it or a better job with it, with the marketing and timing and clients being able to qualify, then maybe those dollars can be moved to those regions that are actually using those dollars for the current time frame or for that current year. So that's again thinking a little bit outside the box, but some of the challenges has been not being able to spend the entire dollars that have been set aside because of various challenges and obstacles.

**Senator Fillmore:**

Thank you. Just as the coach there, I'd like to make a request that at our next meeting I would really like to know what kind of a dent we're talking about making here for this investment. So just help me understand the scale of the problem and you know if we really can do 10 to 15 homes for this amount of money. I want to know how big of a dent that makes in the problem. But you don't do that today. That's why we have another meeting in November. Thank you.

**Matt Loo:**

Perfect. Appreciate the guidance. OK. Also there's other projects, programs that are existent that does similar things we mentioned in our proposal. The Utah Reservation assistance program, as well as community development block grants that can be leveraged or utilized to kind of help move this segment of services forward. The next program or the next ask, again, same concept 1.5 million ongoing, divided among five counties, funds for the development of lots for single family homes. Again, it's a mutual self-help program, which is basically a kind of a sweat equity program. It does a couple things. One, it allows folks to earn a different skill or learn a different skill that might help in the future. The other, it obviously allows them to build their dream home and be hands on in that project. The outcome again is about 6 to 10 families. That will be served annually. Again, same concepts there. And the third is for 750,000 ongoing funds that we use again to acquire lots or land to build single family homes. We do have some help from the Utah Housing Corporation that assist there in a crown program and because of costs of land that's more of a four to six lots per year that ask or that amount can help fund basically that is the ask. Again, nothing too complicated is pretty simple. Working on things that are currently working, but we appreciate your guidance, Senator, on what dent would these funds bring and be more specific as we move forward, are there any questions regarding these three programs and our recommendations thus far?

**Wayne Niederhauser:**

I don't have a question, Matt, but thank you. I do have a comment, so the State Office of Homeless Services was awarded \$55 million statewide. For deeply affordable housing, this is 3% AMI and below. So, we were awarded that money. That money was awarded to grant ease on Friday by the State Homelessness Council. Two of those projects are in rural Utah. I think it's relevant to this discussion, and I'm not trying to say that this should be the program, but it gives you an example of what can be funded and when we're funding on a rural basis or less local matching funds from the private sector and from the government sector. So, we funded 2 projects, one in Iron and one in Sevier, 70 units and they were awarded between the two projects \$7 million. So, there'll be 70 now affordable housing units in those areas as a result of that \$55 million that we've spent statewide.

**Senator Fillmore:**

In each area or both areas?

**Wayne Niederhauser:**

Together in the Sevier location, which I believe is in Richfield and then in Cedar City.

**Senator Fillmore:**

Thank you. Thanks for that question. Ignorant new Co chair comes here and you know talks to people about this goal for a problem and I had understood in conversations that there are two major problems with getting affordable housing in rural areas. Is #1. It can be somewhat cost prohibitive because of utilities, right? There's plenty of land out there to build, but it's not all livable land, you know, it's not improved to get things like power and sewer and water. It is cost prohibitive. It's problem number one, problem #2. The financial incentives for companies to build these homes are just not there in the rural

part of the state that they would naturally follow where the returns are the greatest and that is and you know, all along the Wasatch Front, the urban core, Saint George it doesn't strike me that these proposals that you've made are addressing either of those. So I want to give you a chance to tell me I'm wrong about that, or tell me I'm wrong in general and also to see, is there some more that you guys want to do to try to tackle those kind of larger problems that are kind of inhibit the development of these homes down there? Like you didn't ask for any money to bring utilities out to new ground or to provide some new incentive for developers to be drawn down there to be able to build homes, you talk to me about that? For a little bit.

**Matt Loo:**

Yeah, I would. I would love to and again, Jeff will probably share an example here and once I'm done addressing your question, Senator, you know, it's a great question and you're absolutely correct. Yeah, you're not wrong. The people that I work with down here in Southern Utah specifically, there are a couple of cities a little bit north of here that when you've got a city or town that has a blanket zone of R120, nothing smaller than that, that causes a challenge to try and find places where you can build multifamily units or higher density units in those communities and that is I think a very common challenge, a common obstacle in rural Utah. You've got another community that's close by it that they're smallest is an acre lot, again, another challenge. Some of those challenges we probably need someone with a bigger stick to kind of help some of these communities to kind of say, you know if you are addressing or facing affordable housing and not only in your community but in your region there has to be some zoning adjustments like you mentioned, there has to be some type of an incentive package built to allow developers to come in and provide these units. I do believe that this challenge is statewide, at least it is here in Southern Utah with those challenges. Now saying that, there are opportunities to go through that first question or that first comment you had regarding utilities. There are products out there in the development world, one such product being used at the inland port they call public infrastructure districts that can be triggered to kind of help offset that initial cost of bringing public infrastructure into a community, into an area. But that is something that you work with a developer or landowner to accomplish that feat. I've had the opportunity to work with a large developer that is developing 750 acres in Toquerville. We do have six bids sitting on that property currently working with another project across the street with another 200 acres with potentially another 1000 acres to be added to that project, again utilizing the PIC to help offset that cost for infrastructure. But in the simplest form I think there is some help that's needed. Not sure where we can get that help to change that mindset to help these rural communities understand that we do respect your culture, we do respect the lifestyle of your community. But would you consider opening up your minds to this concept or that concept to help bring or allow the next generation, your kids, your children, family members, you know to to remain and live in your communities. So that's kind of my response to that, Senator. I think like I said, I think Jeff has a presentation on canvas on some of the things that we may want to look at with utilizing data.

**Senator Fillmore:**

Alright, thank you. We have more questions. Christina.

**Christina Oliver:**

Thank you. So, it's not so much a question but just education for all of those who are listening today on some of the efforts that we are doing in rural Utah. A combined effort between my office, the Housing and Community Development Division, as well as the Governor's Office of Planning and Budget, our rural AOGs, Utah Land Institute, and Envision Utah. So, there's a whole group of individuals working on the planning aspects, trying to locate the utilities, work with planners at the local level to ensure that

some of the barriers in rural Utah that are preventing additional development, we can work with them on the planning side because that truly is the barrier, as Mr. Loo mentioned, some of the zoning is archaic. Some of the water ordinances are backwards, so they incentivize more water usage rather than less. So as these efforts continue, I think that we will be decreasing the barriers to development in rural Utah. That doesn't answer the incentivizing question, but we do have a large group part of it, there are so many of us working toward lowering the barriers on the planning side, zoning ordinance focus.

**Mike Gallegos:**

Thank you. Based on the proposals provided here on rural Utah and the questions were brought up with regards to infrastructure, primarily utilities. I would say it would be best to utilize these dollars for infill development in regards to the utilities and most of the development patterns are already established where there's a lot of opportunities for redevelopment of neighborhoods throughout the state and I was driving through Utah this past weekend. That's probably a good place to start with. Utilizing these dollars too. Look forward to developing affordable housing in the near future. We start talking about planning out development sites. You're not talking a year or two away. It's going to take a lot longer period of time to make that happen so, Thank you. I'll pass it on to my development friend here next.

**Chris Gamvroulas:**

Thank you, Mr. Chair. That was a great presentation from the rural group. I know there's more to come, but from an entitlement standpoint and infrastructure, it's clearly a statewide issue. It's something that the attainable Housing Committee has been talking about for quite a long time. The THE infrastructure side of it is. There was a working group of the Economic Opportunity Commission, the larger Commission, looking at the State Infrastructure Bank as opportunities and it is another tool in addition to public infrastructure districts which are a future off it's a way to bond based upon future property tax collection as the PYD the infrastructure bank is different, but I think that there is some discussion about that I don't disagree with. With my AOGs, we should be looking for opportunities to do infill, but in a lot of rural communities, you know, that may mean a demolition first and so, but where the infrastructure is there makes the most sense certainly the reason that the zoning is a barrier currently I think there's 87 or 89 cities that report under SB34 right now and HP 460, how many 90 now? Good. There's about 270 cities, though, so it gives you a sense of it all, you know, just a little over 1/3 of cities even have a moderate income housing plan requirement and so what Matt's talking about is that there are communities that aren't necessarily even planning around that. I don't know if that's the right thing to do. I think every city is going to be a little bit unique and in it's area and it's infrastructure, but that may, I think, that's worthy of discussing. And then lastly I've said this before, this won't be the first time you've heard it, manufactured housing is the solution to housing affordability in rural Utah, it is as a home builder, I can tell you it is virtually impossible to get the materials and the labor. To build in rural Utah is a real, real barrier and I think that there are some, there's a great example of this around the country and many of these manufactured homes are much more energy efficient than anything could be built. Today they're built in factories. They're just as close to energy efficient as you could get. So I think we as the rural group we ought to be looking at are the barriers to that, to manufacturing, housing, zoning barriers and other things that if we could take the lid off of that, that there might be an opportunity to import or even manufacture locally some manufactured homes as a short term solution. Thank you.

**Beth Holbrook:**

Thank you, Mr. Chair. Again, I kind of wanted to touch on the fact that I think almost everyone here has just stated the element of infrastructure and I would argue that should be one of the things that we are considering as we look at all of these elements, regardless of whether urban or rural. We need to

understand those costs and how we manage them effectively, the water is probably one of our more key ones. I mean certainly you look at our state and you have to understand how those are going to be impactful in the future. I mean it would be great if we could get manufactured homes, but if we don't have water, then that's an inherent. So when we are looking at all of these elements, I would like to ask that we look at housing as an infrastructure, it is connected. It is connected to the roads that we travel to get there. Certainly it's connected to the water, electricity and fiber now is probably considered to be one of these elements of infrastructure that should be considered moving forward.

**Jeff Jones:**

Thank you, Senator Fillmore, members of the Commission, pleasure to be with you today. I wish I could be there in person today, but we have the Utah Tour Summit in Kamas, started yesterday and today. I also have some visiting folks from the governor's office, visiting with us tonight about the economic opportunity grants. Anyway, I'm going to go ahead and share my screen. Some of the challenges that we see for rural Utah over that just as we've mentioned earlier, probably you know 2/3 of cities do not have the plan for moderate income housing and so because of that there's also a dearth of information with regards to need and so when I look at out across the landscape and I know that most of us that do provide a moderate income housing plan, we get an assessment done. That assessment takes roughly 3 months, four months to prepare costs worth \$15,000 and up and in most markets in order to do that type of assessment. I'm thinking to myself, we've got to try to find another way to speed that assessment process up and so I just kind of experimented over the weekend with one of the Communities in my particular planning district, and I would like to say this is just one approach. It doesn't have to be the approach, but the approach was basically to kind of look at new household creation for five years, new employment growth for five years, and then look at the percentage of imported labor coming into the various markets. Then there's a policy decision that jurisdictions have to evaluate out of that labor that's flowing in. What percentage do they feel like they want to add to their particular community? Then the policy target is applied based upon converting these employees to households and then looking at adjusting that number by the percentage of units in a given market that are vacant, which can be considerable. In Summit County about 38% of our housing stock is classified as vacant and those are used for recreational properties, short term rentals, and a variety of other things. So in doing that case study this way then I was able to evaluate the market fairly quickly and to look at what the potential needs would be. I compared that, you know, when I get over here to, you know, in Kamas it pays to import 16.1% of their employment base. But by going through the analysis, it shows that there's a future need over the next five years, or an annual need of 35 to 41 units and last year, according to the data in the Kem Gardner institute database, there were only 18 units created. So they're sort of falling behind what the projected need would be and then when I looked at the income, this is what was really astonishing and I think this is something that we might see across all of rural Utah is that our area median income in Summit County is \$134,700 for a family of four and when I compared that to the percentage of median household income to Kamas then Kamas's median household income dropped dramatically. It's roughly \$82,000 and change. So we have a huge spread between median household income and area median income in Summit County and then I looked at the Snyderville basin, just as a control point, and the Snyderville basin's income is like a little higher than the area median income at \$139,000. What this table is showing is that if I use the Summit County area median income, this is basically what a two-bedroom unit would be priced based upon: 5% down 6% interest rate property tax \$300 a month in HOA fees, private mortgage insurance, and an annual insurance on the structure and you can see that a 3 bedroom unit at 30% would be \$100,000 and all the way up to say \$358,000 for an 80% AMI unit, but if I use the median household income for Kamas City then that number drops almost in half to \$198,000. So my point being is that I think in a lot of areas where we have population and core cities, we're going to have this very high area median income number and

that's how tax credit programs work in the area. That's also what attracts developers to certain markets and because of those high area median income numbers. But it may not be serving the actual population that's in that particular area. And I think that's what we may end up doing is that even if we're generating all of this additional housing, we are only getting those folks that are at that 80% AMI and above or are we actually making progress on the 80% AMI and below? I also did a table that would calculate the differences in rent for those same units of using the area median income number versus the Kamas median household income number, and you can see that the difference in rents would also be significant and this is something that the mayor of Kamas brought to my attention like probably two years ago, and I was really kind of stunned to see that he was actually right that the differences in those incomes were that extreme and so I guess the ask today would be, can the state when we work together to find and fund some data packages that would basically give us population projections for five years, employment projection for five years, median household income numbers and that we could do this analysis roughly quickly for that 2/3 of the cities that aren't required to do a moderate income housing plan, so that we kind of know what the target is and then kind of going back to some of the questions that were asked earlier, if there are areas that are basically very strong financially. They're seeing a lot of growth, a lot of sales tax growth. There may be needs like if some of these smaller jurisdictions are taking populations that are not really related to their own internal employment growth number. Perhaps there are some revenue share formulas that could be developed by people who are smarter than I am in order to assist them in taking on that new growth. Are there any questions?

**Representative Waldrip:**

Thank you, Jeff for that presentation. Couple of thoughts or questions. I guess the initial question is we're gathering data from all of our communities due this October and I can't remember and maybe Christina you can answer, are we going to get rural community information out of this?

**Christina Oliver:**

Yes. So, in fact we had a really great meeting thanks to Wayne Niederhauser today with the Tax Commission. We are going to get fine grained detail on not only Utah's current income, Gross incomes, but also households, and we are going to embed that into a geospatial model for the entire state. We're going to use household characteristics and we're going to overlay growth projections, so it'll be a multi-faceted approach in order to really refine based upon a specific area. Any place in the state doesn't matter if it's urban, if they have to report for the moderate-income housing plan or not and you can refine the data to see what is exactly needed in those specific locations.

**Jeff Jones:**

That's terrific and is that data down to the city level now? Christina 'cause, it was my understanding we weren't going to be able to get down to that level before.

**Christina Oliver:**

As I've said, it is work that we're working on the exact model right now, so the data resources are what we are collecting. I won't make any promises for myself or the Kem Gardner Policy Institute until the final delineation is made, and exactly what will be accurate. The material that's currently available is 5 years old. The ACS data has a margin of errors that are extreme. So what we're trying to do is provide decision makers. Such as yourselves more specific real time data in order to make strategic funding decisions and we're trying to do it based on the ZIP code, not just the city. We're mailing it, we're trying to nail it down.

**Representative Waldrip:**

To the ZIP code. OK, so Jeff, that may go a long way toward answering some of the requests that you have here. I'm not sure if that'll go all the way, but that would at least get us down that path well.

**Jeff Jones:**

And then it's going to take some people, some technical teams the way I envision this working is if this data can be populated and there's some technical teams that can go out to various jurisdictions and help people do this work themselves then that's when we're going to be able to say, OK, we know what this area needs and we can take specific programs and help them reach the goals that they want to set for their particular community. But I feel like we're kind of flying blind until we get that information. I totally agree.

**Christina Oliver:**

And we will once this database is full and again, it'll be a work in progress. We'll add more data to it. We'll find better ways to break down the data. But the way that this will work with the AOGs and the rural communities is by connecting with the planners. So, I have a staff of planners. GEOE has funded planners and the AOGs and we will be training them on this material so that any sort of analysis that they want to compile for different reasons, or different requests, they will be able to do with this particular database.

**Representative Waldrip:**

So, Jeff, that sounds like something that we ought to have the rural committee just track and continue to keep close tabs on and make sure that's meeting that need as we go forward and if we need to plug holes in it and then we also have the rural AOGs that maybe could be a vehicle for helping do that second step that you're talking about, which is the implementation of planning and you know, we do have some requests for additional funding for AOGs, which I think is critical actually when you talk about it. I was in Weber County yesterday at their meeting and even the small town or small cities in Weber County are going "We can't do what we are supposed to be doing because we don't have staff? I'm a part-time Mayor. I got one part-time staff person in Marriott Slaterville, and they don't have a damn clue what they should or shouldn't be doing and you know in this reporting and all of that." So, I think. We're going to have to look very realistically, I think, at a regional solution from the legislature and you know, and I think most of that probably falls to the counties, and we kind of push it down that way, but we may need to provide some additional funding for that.

**Jeff Jones:**

We wholeheartedly support all of that and you know would like to. I think it would help us if we could get a schedule once we. What data sets are going to be made available to get a schedule that out of that 230 something cities? If we can say, OK, we're going to do 40 by this date, another 40 by this date, and then be able to get a master GIS map that says, here's the need from all of these particular areas. Let's see. I think that would be great and I think we really have something at that point.

**Christina Oliver:**

And just quickly touching on and yes, Mr. Jones, that's what the intention is. So if it doesn't work, let's continue to work together and make sure that the data is useful as far as the pooled resources. I know I don't want to speak for Cameron, but I'll do it anyway. I know the Utah League of Cities and Towns as well as the AOG's and Travis Kyhl in particular, they're working on a pooled resource so city managers that can be shared, specific planners, more community development directors that can be shared, finance professionals. So that is something they're actively pursuing because the resources simply aren't there.

**Representative Waldrip:**

One final question and I'd throw this out back to you, Jeff, and also to this body. One of the things that I'm seeing in reality is that 80% AMI is no longer a real number. In housing now, I know AMI goes through state code in a number of different ways and cuts across a lot of different policy arenas, but I wonder and Cameron, I had a very brief conversation about this yesterday, if for purposes of housing. This body ought to look at 100% AMI as a reasonable replacement for 80% AMI in the housing arena for low and moderate income. Because 80% is just know that the gap between housing prices and wages has widened to the point where 80% is no longer meaningful. #4 you know what it was originally intended to be, which was a middle income, kind of a middle class Utah family and the reality is probably 120%. But I think that's probably too far of a stretch. But that's a policy discussion that I think we ought to put on the agenda for this body, maybe at the next meeting to just kind of come back with some thoughts because again, there's a lot of unintended consequences when you start monkeying with that number because it's a federal standard. It's a state standard. It cuts through a lot of different things. But we ought to at least be thoughtful about whether or not we approach that from a state standpoint and say, look, we understand that. In Utah, at least 80% does not equal housing for an average family in Utah any longer. I'm seeing a lot of nods, so just putting that out there for my chair and future chair. Thank you. Go ahead.

**Ginger Chinn:**

I think my question was answered. I was more interested in the dynamic nature of the data. It sounds like it's a work in progress and we'll probably be continuing on overlapping employment data.

**Senator Fillmore:**

OK. Thank you. Thanks to Matt and Jeff and the entire rural subgroup. We appreciate your work. Your recommendations and you know the further enlightening discussion that we had. Thank you. We'll now move on to Beth Holbrook for the low-income housing Sub working group and their recommendations.

**V. PRESENTATION – SUBGROUP ON LOW-INCOME HOUSING**

**Beth Holbrook:**

Thank you, Mr. Chair, and thank you to all my subcommittee members who work too really try to thread the needle in terms of why this is just a funding request. We want to make sure that we are addressing as many needs as possible just for everyone edification. Again, the low income housing group goes up to 80% AMI and as a side note, I concur with what Representative Waldrip stated and about the AMI and the structure that exists today in Utah's housing market. I think that that is candidly one of the most nuanced challenges that we have in terms of these discussions. I wanted to talk to you today about why this is an infrastructure funding request and the different elements that go into this. So my first request will actually be in regards to funding specifically to the Olene Walker Housing Fund. Currently that fund is not funded to a level that can really impact a lot of different potential projects for the affordable space. What I would ask for is a \$15 million ongoing funding request so that Olene Walker housing can bridge that gap more effectively in terms of what they can and cannot do for housing in both rural and urban areas. So this is a statewide program. So that we can maximize the investment in that affordable housing piece. As we talk about infrastructure, I do again want to mention one other thing about infrastructure before I go on and I think that we all understand infrastructure, water, and sewer. I also said fiber, but I'd also like to articulate that I believe transportation and transportation corridors which implement, and which are impactful statewide, those are also infrastructure needs, building housing adjacent to transportation corridors, which is roads. It's mostly transit or transit in the urban areas. All of

those things have impacts and so the more that we can do to maximize our existing infrastructure there's when we build on the better that our dollars are going to be moving forward. This fund would be, as I said, an ongoing fund and one of the things I also sit on the Olene Walker Housing Board and one of the other elements that I'm going to suggest that I do with my colleagues is to raise the CAP on that board so that we can have projects that have a housing gap. Obviously it's not always due to things that you might anticipate, a lot of times right now it's candidly it's due to supply chain issues, inflationary challenges that we all face, but there are other elements as well. Certainly our land costs are going up as well and that is not just inflationary. That is what we are experiencing today. My next funding request, and two and three for those of you are following along. Two and three are somewhat connected, but I'll first talk about the attainable housing grants, which is the \$15 million ask for ongoing and this is a project based grant to take advantage of federal low income housing tax credits, which would pay up to 70% of the costs to acquire or build housing. This will be focused on deeply affordable. So again, that 30% AMI and below and it will be combined with Medicaid funding. The housing will also be supported for those experiencing persistent homelessness, by providing services necessary to stabilize people within their homes, and hopefully this will also improve those outcomes by making sure that the services that this particular AMI group will require to be successful and I do want to articulate that a lot of these projects, having these multiple income elements within a housing area is really an incredibly valuable situation overall because we want to make sure that we are continuing to support not just one specific AMI group but multiple AMI groups. The third request is a request for some one time funding. As you're aware, the last 22 general session had a deeply affordable housing request fund that was \$55 million and that money again, that's 30% AMI and below and that money was received by the Office of Homeless Services and they put out requests for applications that exceeded that amount by more than the goal would be to have this funding request. The ask right now is \$150 million and the goal would be to have these continuing to invest in this deeply affordable space. As you are probably all aware, the essential workers that we have, this is some of those, this is some of that group, it's not strictly unhoused, but it is also people who have low incomes but are working, and we want to make sure that we're providing them that safety net of having a stable housing environment. Comments that a stable housing environment also impacts children and other things that will add to the value of our economic development moving forward. I can certainly answer other questions, and I'm going to ask Wayne Niederhauser to comment on this specifically once I've mentioned my 4th element. So with that. The 4th request would be to raise the state low income housing tax credits. Today it's currently \$1,000,000 and that is not, when you're looking at an attractive model to fund, to fund these elements that is not sufficient. So our ask is to raise the low income housing tax credit from \$1,000,000 which is currently again to \$10 million and I'll also ask David Damschen to comment on anything specific to that. He's still working I think on some of those elements, but with that, I would also entertain any questions or we can have Wayne and David speak first and then we can do questions at the end.

**Representative Waldrip:**

On those grants that were given on the \$55 million for rent restricted, do we know the term of the rent restrictions on those, are those statutory term or they case by case and what is the general term of the rent restriction on, on those properties?

**Wayne Niederhauser:**

It is case by case. But many of them are, because of their non-profit nature, are in a so-called perpetuity, if there's anything in perpetuity which it's not. But these would be long term deed restricted properties.

**Representative Waldrip:**

OK, that's terrific 'cause. I know one of the frustrations I have with the federal program is after 15 years, all the poor people get shunted out and go find a warehouse somewhere else.

**Wayne Niederhauser:**

I think that LIHTC care in our state lasts 50 years, so that's.

**Senator Fillmore:**

Good 50

**Wayne Niederhauser:**

I'm just going to give you a quick report on the \$55 million. This was a statewide program. We took applications in July statewide and in August we had a team of pretty astute housing people who scored those. There were two great teams. One team did rural, and Salt Lake County, and the other team did counties of the second class. They did an awesome job. We really appreciate them. So, these requests were \$168 million that were scored and its public information now which projects were awarded that money. 1078 Units are affected by this income restriction, 679 are deeply affordable and 529 of those 170 or the million or 1078 will be homeless. So, I just wanted to give a report on that. I think we had \$168 million in requests. I think so far, I think it's been extremely successful and the projects I'm really excited about were granted money. We have some models out there that I think are really going to work. One of those is a little bit more experimental, like tiny homes. The tiny home communities aren't new in this country and the group that was awarded this grant, has a proven history of working with drug addiction and working with people that have experienced homelessness. So, I think that this isn't just an important outcome for us to consider and you know there are some policies around this \$55 million so this was discussed in depth during the session about what policies would surround that. We wanted to make sure that services were attached to the housing because services and housing go together and one without the other doesn't work. We wanted to make sure there was a long-term restriction on those we wanted to make sure that there was some matching money, and I just came from a news conference with Salt Lake City. They are now going to be partnering with some of those awardees and helping bring those projects along and we'll provide matching grants the county, Salt Lake County is also doing that and I'm hoping other counties will be involved also. At least I know what's happening in Salt Lake County and so you know matching services. This rent flow issue is key. I mean that's one of the missing links to all this. So, we can take advantage of pots of money that are already there that are not being utilized for these deeply affordable units because there's no rent flow and I think some of you have seen or that's at least one of the proposals that Beth's has proposed here that \$15 million. That is a missing gap and so there is some significant policy around these, around this money or around the \$55 million that was in SP238.

**Senator Fillmore:**

Is that one time money or ongoing?

**Wayne Niederhauser:**

It's ongoing. I mean it's a one-time \$55 million, so we're hoping that with another \$155 million of that same type of money over the next couple of years that we could add 3000 more units. This would be significant for the homeless services system.

**Senator Fillmore:**

When do you expect these 1078 units to be there?

**Wayne Niederhauser:**

By most of them will be done, I think, by the end of next year.

**Senator Fillmore:**

Thanks. You had come outside of this meeting we had talked about a \$15 million ongoing request for per the services part of permanent supportive housing. Is that number two, OK?

**Wayne Niederhauser:**

And I think it's #3 the deeply affordable housing grant. That's \$155 million or request that's just an extension of this program that I think we're going to show. It is very successful.

**Senator Fillmore:**

OK. Thank you. OK. David Damschen

**David Damschen:**

Thank you, Mr. Chair If I could add some context to what Wayne just talked about, and I know we've talked about this before, but there's sort of two nuts, two things we have to hit to make permanent supportive housing. The 9% federal low-income housing tax credits will get the thing built, but it's not long term economically feasible for 55 years if we don't have project based revenue sources to provide those supportive services and so I want to point out that over the long sweep of history, well let me say it this way. In recent years we have 30% set aside for permanent supportive housing and in most years since that was created it's under subscribed, in other words, we're coming to the table with enough money to build more supportive housing, but there's not enough of those ongoing revenue sources, by the Section 8 vouchers or Medicaid or other revenue sources to.

**Senator Fillmore:**

We have the housing, not the support.

**David Damschen:**

Yeah, we have the ability to build the thing, but they are not economically feasible long-term without those supportive revenue sources and that is why we need what Wayne is asking for so we can produce more permanent supportive housing.

**Senator Fillmore:**

That is half a million?

**David Damschen:**

\$15 million ongoing is his piece, yes.

**Senator Fillmore:**

There is another piece of \$150 million, correct? If the zero were at the front, it would be so much easier, year?

**David Damschen:**

At some point, this all turns into real money. For me, it's usually in the billions, you know, having been treasurer. But these are all just easy. These are like rounding errors in the state budget or, as my former boss, former state treasurer and former budget director would say, budget dust. You say 5 or 10 million budget dust. Anyway, the state that the tax credit, I just want to touch on a couple of things about the state tax credit. The state tax credit goes to that getting more built up front piece, right but it's not just

going to permanent supportive housing but all tax credit types, workforce housing. More of the full spectrum, but it would give us some lift towards permanent supportive housing, but also up the income scale as well.

**Senator Fillmore:**

You are talking about number 4?

**David Damschen:**

Four, yes, #4 the state.

**Senator Fillmore:**

Tax credit. The request to raise that from one to 10 exactly?

**David Damschen:**

The issue here is the \$1 million that we have has been so little that it doesn't attract any interest from investors and syndicators around the country, and of course, at this rate of inflation, the \$1 million that wasn't adequate say five years ago is becoming rapidly and increasingly inadequate in this marketplace. So, we have met with syndicators, and investors, and said what is the magnitude of the state tax credit that helps us get some purchases into the market with it and they said \$10 million is really the place to be. There are a few things that are nice about the State Tax Credit.

**Senator Fillmore:**

Does that represent a cost to the state of \$10 million or 4.85% of \$10 million?

**David Damschen:**

Well, it's interesting because you're obviously foregoing income tax revenue.

**Senator Fillmore:**

On that entire \$10 million or \$10 million revenue?

**David Damschen:**

Whatever gets taken up by the market, so that's one of the things to remember is that \$10 million is available to us, but when we're allocating those tax credits to developers with projects, we don't want to come to the table if a project is not economically feasible, and so in the ebb and flow of the business cycle, there have been years when developers are not coming to the table with projects. You know some might say, if you look at the pace of construction, at some point we're going to be overbuilt. I think we're a way away from that, but when we approach that point, developers won't be coming to the table for these tax credits. The \$10 million, maybe they're available to us, but there will be years when it's not taken.

**Senator Fillmore:**

\$10 million total or \$10 million per project?

**David Damschen:**

Per each year, OK. It would be once granted in parallel with the federal tax credit. It would be claimable for 10 years. So, \$10 million is 100 million each year it wouldn't all be taken up. As I said, the nice thing about these tax credits is it's a way to sort of inject this capital into the housing market on a easy payment plan if you will, because those tax credits are being claimed year by year. It's not like an

appropriation where you poke the money into the bucket all upfront. It's gone. It comes and gets claimed when the projects are economically feasible, and it's claimed over the course of 10 years. The other thing is it's allocated by Utah Housing Corporation side by side with the federal low-income housing tax credit. So, we're vetting these applications. We have a compliance team that goes out and audits these properties to ensure that they're complying with all of the rules they're keeping within the rent limits and so forth and that is in a nutshell what we're able to produce in terms of affordable housing with the federal low-income housing tax credit. We just stretch that significantly if we add state tax credits into the mix and I know that we need to come up with some estimates and numbers and that kind of thing will do that.

**Senator Fillmore:**

Thank You

**Representative Waldrip:**

So, in the budgeting process, does that hit the current year budget at \$10 million or is that an ongoing budget set aside that we have to do for \$100 million and turn things into one time money? How does that hit?

**David Damschen:**

It would be \$10 million each year and it will sort of stack over time.

**Representative Waldrip:**

Ok

**David Damschen:**

What we have had again having the \$1 million that we have, it has never been, maybe not never, but it is been consistently underutilized. So, you might say, well you are not using the million that you have. There is not enough there to attract, it is just too much hassle for the investors and syndicators, and we have had a charitable institution that has been buying these tax credits and they told us recently that their tax obligations have gone away. So, even this entity that was sort of giving us some value from the small amount that we had, they are saying we are losing appetite for what little there is.

**Wayne Niederhauser:**

I think tax credits would work just like the tax credits given by the governor's office GOEO. So, that means that you, the legislature, would not see. That is taken off the top in your revenue availability and when I was doing the budget years ago, we didn't even see that here is your available revenue. This is what you have to spend. That is probably what would happen in this situation.

**Senator Fillmore:**

Ok. Thank You.

**Beth Holbrook:**

I just wanted to make one more comment really quickly. Again, I really wanted to emphasize the fact that all of these amise that I have and I'm just calling them the 80% and below. I'm recognizing that they're probably not hitting all of the markers that we want to, but we really want to make sure that we are focusing on all of these groups. I want to make sure that we're getting the 80% AMI equally because these are the people who are providing services for us. So municipal workers, and a lot of employees or employees that are really servicing that area and so when we look at all of these structures, we want to

make sure that we're providing these housing elements to be as rounded as possible given the circumstances, but I'm asking for a lot of coin. I'm not going to lie, but I do think that if we are successful in really providing for these groups, we are going to continue to have this economic development that we have had thus far, because that is always going to be the biggest challenge. We do not want to diminish the opportunities for all of these workers moving forward and so that is why I am here today to present these asks, so thank you.

## **VI. PRESENTATION – SUBGROUP ON ATTAINABLE HOUSING**

### **Senator Fillmore:**

Thank you. Chris Gamvroulas

### **Chris Gamvroulas:**

Yes, thank you. I just want to give you an idea of what 80% AMI means in the market. Many of you know we did a project with South Jordan City. Where we did 9 deed-restricted units for either city employees or school district employees, and the city helped write down the cost of our infrastructure so that we could offer market-rate units of about 80% AMI. One of the real challenges with doing that project was that there were families who came in who were at 82% and they just weren't eligible. The other real challenge is that this is where the 100 to 120 or the 80 to 120 is really important and why this 80% and this money is important is that everybody who qualified was a single-earner family. Meaning that if you had the police officer who was married to the school teacher, they were at 105% and there was no way they were going to qualify, but if you had the Police officer, which we did, we had a couple of police officers a spouse who was a stay at home spouse, they did qualify 'cause, they were at 70%. So, these are cops. It's 79% AMI and so the money is just really important. It is how you lift up this group, but just to give you a little context 80% it is not people on the street. It's cops and teachers and they're struggling really to find housing too. I have good news and I have bad news. The good news is the attainable housing group is not asking for any money. The bad news is yeah, we want to build. The bad news is that a lot of our ideas are challenged. A very powerful and influential group in the state known as the cities and the counties and land use. That is a really big part of this money. Money is certainly part of it. I will say that we've had some really productive meetings with the league. Yesterday we had about a two-hour meeting through the land use Task Force, which is a group of the Property Rights Coalition and the league and counties and others, and we addressed just the Commission on Housing Affordability. We are going to be advancing some languages.

### **Senator Fillmore:**

Chris, can I interrupt? You ask when you say “we” whom do you mean?

### **Chris Gamvroulas:**

I mean me and other people. No, I mean the property rights coalition is a group of the most active residential builders and developers, the Realtors, the home builders on our side and then on the other side is the League of Cities and Towns, and the Associations of the Association of Counties.

### **Senator Fillmore:**

So, the subgroup, the attainable subgroup included? What you might call both sides?

### **Chris Gamvroulas:**

Right, that is correct.

**Senator Fillmore:**

Does this proposal represent the work of both sides or is this just one sided?

**Chris Gamvroulas:**

It will, yeah. So, most of it will, some of it we may agree to disagree and bring some challenging, controversial things forward and I think that that's fair game. You know, we were tasked to do easy stuff, and this is not easy. This isn't.

**Senator Fillmore:**

I just want to be clear. It's what we're looking at here. The recommendation of your subgroup, yes. What do you hope the subgroup will recommend?

**Chris Gamvroulas:**

We've met as a subgroup a couple of weeks ago, and I think that there's broad consensus around this. I think the subgroup is looking for some feedback from the league on what they think they can live with, and then the subgroup is going to advance the final proposal.

**Senator Fillmore:**

Ok

**Chris Gamvroulas:**

But in broad strokes it is about zoning, better data, and we've been talking about the data and talked about it in the rural areas. We talked about that there's a lot of data out there. One of our proposals is that 462 is actually strengthened. We have more data that's required and more reporting. We talked about this a few years ago and there was a \$3 million I think a fiscal note hung on the bill. This is I think two or three years ago and if you think about it, that's 90 cities. That's like \$30,000 a city. So, yeah, we're not talking about a lot of money per city reporting the data and we do have some language around that that is a little bit stronger. For instance, data proving what actions were successful in the description, explaining why and in the reverse, what actions were unsuccessful and why, and detailed plans of next steps incorporating data and those kinds of things. Encouraging more moderate income housing and missing middle housing, and that has to do with having more teeth in the moderate income housing plan. We've had extensive conversations around modern income housing plans, which have been required by cities since 1996. That's when the legislature first passed the moderate income housing plan statute. It's been 1/4 of a century and they're still not adopted by ordinance. We think they should be, which would make them less discretionary, meaning the implementation of them would be less discretionary, the adoption of them is a legislative act, but later on down the line, if there's public clamor or something trying to stop a project that meets the HP and AMI, then, because it's adopted by ordinance, it wouldn't be subject to a referendum and the public clamor would have less of an impact on those decisions. We think that there should be more disincentives for being a bad actor. For instance, we've talked about this before. This is the third rail kind of stuff. Withholding B&C Rd funds, we candidly don't think the TIF and the T-TIF funds are effective. They might be if in the future funds were actually withheld, but no funds have actually ever been withheld until 1040 TIF, the question is who then is the arbiter of that right? Is it Christina's office? and therein lies part of the rub, right? and I think 462 will go a long way in helping us to define that we can score more objectively and even things like attorneys fees for an entity who you know, for instance, might sue a city or a county or whoever for not following through with their moderate income housing plan or not even having a moderate income housing plan

and then being compelled by a court to do that, meaning that they've shown, by evidence that that has been the case, that they would also recover their attorneys fees, we think that's a pretty reasonable ask. To be honest with you, I'm not sure that modern income housing is where you want to give everybody the get out of jail free card. I think that's probably a place you want to hold some accountability. We want to build on the retail incentives that were discussed that were passed last year and link economic development incentives to housing is something that the Governor's Office of Economic Opportunity is going to have to weigh in on Edu and others. We stole an idea from the city that actually does this. They score projects in their community. What kind of job creation, percentage of full time, part time, and then a requirement to link moderate income, housing or workforce. Closer to an economic development project, meaning that if you, if the state and others are incentivizing a corporation to come into an area or region, there's also a consideration that there's housing for the workforce. It's proximate to that project. I think we think that link is essential. Especially when we have these large economic film project opportunities like in Weber County or The Inland Port or you know, there's a couple 1000 acres in the Southwest Valley of Salt Lake County that will be industrial commercial manufacturing and how do we make sure that there's that if someone got their hand out for an incentive that there's also some consideration of bringing that back around to considering workforce housing, speeding up building permits, looking at how to reduce that cost of housing for everybody? We've had some really good conversations with a working group about dialing in development standards, so where one of the inputs into housing is, you know the cost of the infrastructure and when you're a commercial or industrial developer, you just go and ask for RDA and they pay you back your money to pay for your infrastructure, but you're a housing developer. You know, they tell you, well, we want the wider roads, it has to be thicker and then that gets passed on to the homeowners, the homebuyers and so having some bumpers around what can be required by municipality and in development standards, and then we want to advance some ideas around building the workforce, and we've been working with some national and local foundations around incentivizing workforce development in construction. So, those are some of the things that we'll be bringing forward. Then there's some other minor issues like, and this may not be minor if you're in RDA, but making sure that agencies, for instance, are not just holding on to money, but there's a plan to spend or encumber within a certain time period the money that language is already in the Impact Fee Act. There is a precedent to say if you're collecting money then within a certain time period there should be a plan to spend or encumber that that might be encumbered by means we're going to hold onto it for a long time, so we can do two really significant projects. That's fine as long as there's a plan for it, and we're talking about RDA funds that have been set aside for housing. Whether it was the 20% set aside from years ago or the 10% set aside. But there are substantial amounts that could be deployed and should be deployed for housing affordability at every level, whether it's 30, 50 or 80%, AMI. So, those are the things that we're going to be bringing forward. There are some other more hyper technical things that we could get into, I'd probably ask if you wanted any more questions about like general plans or something. I'd probably defer to Cameron Diehl from the league, but happy to answer any questions anyone might have.

**Senator Fillmore:**

My question is a repeat of what I asked in the beginning. It seems to me that what you presented is what you would like to do is towards the league. What you presented, that maybe the league and the Association of Counties are still pushing back on.

**Chris Gamvroulas:**

The B&C Rd funds for instance. But the committee has league membership. I mean, there is a lot of people who work for the government who are on this Commission. Just like in my world with the development community.

**Senator Fillmore:**

Let me rephrase my question in a different way. In two weeks, I'm going to go before the UOC and present the findings of our subgroups and policy recommendations. Can I present these as the attainable housing subgroups policy recommendations?

**Chris Gamvroulas:**

Before that, you will have the final versions or as close to the final versions.

**Senator Fillmore:**

Ok. Cameron, did you want to say anything?

**Cameron Diehl:**

Thank you, Mr. Co-Chair. Cameron Diehl, the Executive Director of the Utah League of Cities and Towns and 1st I want to thank Chris and the attainable housing subgroup, but really more importantly Pro Rights coalition for all the dialogue we've had this summer. Chris Wendt ran through a laundry list of issues and so Mr. Co-Chair, if it's OK, I want to just summarize where I think as of now, we're trending in the same direction and then also highlight where there is not yet consensus with the caveat that we have another meeting scheduled between our teams in two weeks and we're meeting every two weeks. So, for example, Chris mentioned that we met yesterday with the Property Rights Coalition. They've put different ideas on the table. We put rebuttal ideas on the table. We like some of theirs. We dislike some of their back and forth and that's how our land use task force process has worked for the better part of 15 years now trying to tackle complicated issues. So, here in summary is where we're at as of yesterday afternoon. As Chris referenced, development standards and I want to just clarify for this committee what that actually means. We've been having a discussion about the development of residential subdivisions and residential neighborhoods, and we've convened outside of the attainable subgroup, another subgroup of experts from the development side of the table as well as from the local government side of the table to see if we can figure out ways to have some consistent standards around the development of residential RDAs, cross sections and other things that could reduce the cost of developing those residential units. Which in turn, obviously benefits the goal of attainable housing. What we've discovered over the last few months as we've been digging deep into this topic is that it's likely a multi-year effort. But we are optimistic and again as of yesterday afternoon when we finished our meeting, optimistic that we're going to get to a place that both sides can agree on. We don't have that language yet, but we've been there a lot of drafts going back and forth to try to figure that piece out so that's topic #1. Topic #2 is what I'll refer to as the general plans and zoning in the intersection they're in and you heard Chris indicate that from the PRC perspective they would like to either make general plans binding or have some sort of additional state requirement to the two required that the zoning match our plans, we've pushed back on that because of the traditional aspirational nature of general plans, general plans are visionary and then it's the actual zoning that implements the general plan and so there's been a lot of back and forth on that piece. Now the problem that we've been trying to address is what happens when there's public pushback to a proposed zone change that may be consistent with what's in the agenda. Our plan, so I think it's fair to say like we over the last few months we've gotten to consensus on that problem. It's just we haven't gone to consensus on what the answer ought to be to that problem. So, the PRCs proposed a few concepts. We've proposed a few concepts. We exchanged some other ideas yesterday. So agreement on the problem, not yet agreement on the

next topic is what I'll refer to as actual administrative actions, and I'll spare you my normal land use 101 trainings, but Beth remembers from her days at the league, but local government leaders, elected bodies like city councils and planning commissioners operate as legislative bodies, just like The State House and State Senate, they have legislative authority, which means anything that they do when they set policy is referable. Planning commissions and city councils can also they're not required to but can exercise administrative authority. So that is anything from granting a conditional use permit or reviewing site plans. Well, right now it's nebulous in state law about what the process the public process ought to be around those administrative actions, so often you'll see a lot of public pushbacks and while we welcome the public input in that legislative context, when you're setting the broad policy, when you get into a situation, we're trying to implement that policy. Maybe we ought to rethink when the public ought to participate in that process. Now, that is a bigger issue, admittedly, than moderate-income housing, but it also could benefit the execution of moderate-income housing if we can improve that administrative process. So, there's agreement there that we should look at how to improve that. We don't have language yet, but there's agreement that we want to do it and frankly we got to "yes" on that agreement yesterday. So, there's been several months of dialogue leading up to that point and my members basically consented yesterday that that's something we want to look at. Let's focus on time and attention there. So, working on that piece. Chris referenced the sticks, penalties, consequences, whatever you want to say about House Bill 6462 compliance and non-compliance. As he mentioned, it's been a third rail as we've gone back and forth on it. Well, Chris has heard me say this at nauseam that our members feel like that if it is a meaningful consequence, and I'll give you a specific example from just a conversation last week where I had a city call me and say they were very concerned that they weren't going to be able to comply with House Bill 462, even though they've complied with SB34 to date and that's because House Bill 462 is more rigorous in that it requires more implementation, and so they said to help us understand what the consequences are, this was a city manager, so I can go back and tell my Council, and I said you'll be ineligible for the state TIF while this city is interested in TIF dollars to help pay for the reconstruction of an intersection in that city, so they would be ineligible going forward. So, Chris mentioned maybe it has more value if TIF dollars get withheld and to date, cities were compliant with SB34, so money wasn't withheld because they were compliant, 462 gets fully implemented. The next few months I think we will see cities that are not compliant, which means they won't qualify for the TIF dollars. So, part of our pushback on additional sticks has been to let 462 work and then see what the consequences are from there. Chris referenced the economic development incentives and referenced House Bill 151 from last session and to me what the legislature passed last year and the league was very involved in that conversation. It came through the ULOC. I was saying that cities are now actually pretty restricted in how cities incentivize retail development, but one of the ways you can, is if it's a mixed-use development with a housing component. So, I think to Chris's credit in the PRC credit, they're saying here's a model that we looked at last year as part of retooling and focusing on how we do economic development. Should we look at that for more than just retail centers? Should you look at other economic developments? Once again, broad consensus of yes, let's look at it, but we don't yet have consensus on what that language ought to look like. There's more on my list, but I wanted to make sure to address those points to hopefully allow you enough material to go back to the full UIUC and say here are the areas where it looks like there's consensus. Here there is where there's not. But we have two more meetings scheduled in the next month and I'm confident that as we continue to dialogue and deliberate and then we'll be able to find areas that make positive progress that are meaningful like we got to with House Bill 462 last year. The last thing I'll reference Mr. Co-Chair is in earlier presentations there was a discussion about the roving city manager. There's also discussion about the UOC. Well, we've actually brought that roving City manager concept to the UOC, or we will be this month and one of the discussion items within the USC has been that state infrastructure bank that Chris referenced, part of the thought process there and we've been promoting this has been let's have criteria around

that state infrastructure bank that takes into account whether or not those state infrastructure dollars will open up new residential development and if that new residential development has a moderate income housing component, in fact, this gets to kind of the stick or the carrot around 462 compliance is the legislature could say you can only qualify if you're one of the 462 cities, you can only qualify for those dollars. If you are compliant with 462, then again it's another meaningful tool around the 462 compliance. So, Mr. Chair, I guess the last thing I had on my list was that we've also talked with the PRC and there's a separate group that's looking at short-term rentals and the impact of short-term rentals on housing availability, particularly in rural Utah and that's something that we'll be continuing to discuss within the rural subgroup as well.

**Senator Fillmore:**

Right. Thank You. I want to ask you a series of leading questions. They are mostly yes or no. Ok, you would agree, I think that the state provides a really strong incentive for cities to approve commercial development. Would you agree with that? So, sales tax, you get to keep half the sales tax you generate inside your city. Commercial property pays 100% of property tax instead of 55%.

**Cameron Diehl:**

Sure. So, before I answer yes or no, I think it is important to clarify that with property tax, yes, you get 100% of property tax for commercial property. The city only gets 55% of the property tax for a residential property which is the state property tax code on sales tax. Yes, there's that 50% point-of-sale piece, but then 50% is also allocated by population, and what we found over the last couple of years since the Wayfair decision is that communities that historically were not heavy point-of-sale communities have seen exponential growth in point of sale because it is tied to the point of delivery, which is the residence.

**Senator Fillmore:**

Correct, that's right.

**Cameron Diehl:**

So, you see if you'd asked me a question five years ago, it's a financial structure. The structure favors commercial development share.

**Senator Fillmore:**

Do you think that cities are responding to that incentive?

**Cameron Diehl:**

So, I think a city is trying to plan holistically for a community and so they're responding to the needs of their residents and I'll give you an example of a resident survey that is a fast growing city shared with me recently and those residents in a city that right now you would call a traditional bedroom community, but is on the shoulder of the shoulder of the urban area and is growing really quickly. Those residents are seeing lots of residential development, but those residents were telling the city, we want to see shopping areas nearby, we want to see trails and we want to see these other aspects of a community so that Community is trying to figure out, OK, how do we make sure to plan for those future commercial areas so that we can meet the needs that are that our residents.

**Senator Fillmore:**

That's a very political answer and a good one. I would like to know, and if you could provide me with that data? If not, legislative auditors could probably dig into it, but my guess is if I made a request, it would be a lot simpler for you to say I will work on that, and so publicly, I'd like to say I would love to know the speed at which cities approve commercial development applications versus residential development applications.

**Cameron Diehl:**

So, let me add so I can actually give you several examples of that, because it's important to compare apples to apples, right? So, if you're approving a development that has 1000 residential units, that looks different than if you're approving a small scale commercial development that doesn't have as many new connections. If you're approving an infill development that looks different because of the challenges you may already have in place with infrastructure or demolition, then a Greenfield development or even with a Greenfield development, it looks different if you have infrastructure to the site or if you don't have infrastructure to the site. So, your question is no, I wanted to add that nuance to your question, because I don't think it's as simple as saying commercial versus residential because there are all sorts of other factors of scale and infrastructure that come into this. In fact, at our Policy Committee yesterday we were having a discussion about what's known clinically as the ripcord and the ripcord is a provision in state law that allows a property owner who feels like the city is taking an unreasonable amount of time to process an application to essentially pull it and start a shot clock to get a decision from the city, and we were talking about that, ripcord, and whether or not we ought to look at making potential changes to it, and the feedback that came back from several the city leaders in the room was we can't look at a small development the same way as we look at a large development, there are lots of infrastructure challenges and topography, topography challenges and geological challenges that come with it. So, if you're looking for more of an apples to apples like this size residential, this size commercial, and what does that process look like? Sure, we're happy to have that conversation, but I just wanted to warn that there's a lot of nuance that comes with it.

**Senator Fillmore:**

I can appreciate all that nuance. It would not be at all surprising to me that cities are responding to the financial incentives that the legislature has provided them. But any delays in residential development are ultimately going to hurt our trying to build more affordable housing because we're artificially limited supply through the use of those incentives, and so I'd like to see some data around that and I'd love to be able to get that data from the city. Whatever nuance you'd like. Chris.

**Chris Gamvroulas:**

I can. I've been doing this for almost 30 years, I can tell you that residential development, irrespective of how nuanced it is, is always at the back. It takes a backseat to the commercial. In retail we see applications. We will have a team member at a Planning Commission or City Council meeting on average of three times a week throughout any given year. So, we do this probably more than anybody. A good example is a project that we have been working on for about 30 months, a residential project we finally were able to break ground in July after going through a, not even a general plan amendment, but a rezone preliminary plat approval final plat approval and it was complicated. This is a large piece of property, about 600 acres. So, it was very complicated. We were in about month four, and a commercial developer came in to build a smaller scale Amazon delivery facility, what they call their final mile or their last mile facility. So, it's only 400,000 square feet under roof. It's not a million square feet under roof. Just to give you some perspective, that project had a building permit in four month and I mean a building permit was approved four months from the date of the application and that means that that Community fast tracked a general plan amendment 'cause the property had a general plan designation

of open space. So, they took it out of their parts plan. They changed their general plan. They rezoned. That they did a site plan approval and all the time they were doing that concurrently they had their building department revealing the building for a building permit, which has never happened in a resident. Like if I went into a city today and said, hey, here's my building permits for something I want to build and tell me are your roads done? We will look at them. When your roads are done right, they won't even take the permits. The incentives are real and the reality on the ground is very real and senator from where you are 100% correct that it is those incentives that moves the needle and I've been told over 30 years residential costs of city money. Commercial retail makes money and therefore that's why we prioritize these other projects and I get that I understand as a homeowner myself, I know that I get a haircut on my property tax notice. We all do and you know, we all get that, but that was a policy lever that the legislature decided to pull decades ago. Decades ago to encourage homeownership. Right. I mean it was but, the perverse incentive now is to look at home ownership and residential as a net cost to a city, and not that those homeowners are actually driving to the retail center and spending their money. They're collecting the tax dollars from the same source they're collecting it at a different point that they're not getting it at home. They're getting with the when the homeowner drives to the grocery store or drives to the, you know, the Costco or whatever, that's when they're collecting it. So, I can tell you, I mean that the example I just gave you is the most egregious that I've seen over 30 years, but I can tell you that those applications are absolutely fast-tracked and part of the challenge, one of the things that we're trying to work on with this development standards group is the speed with which we get residential plans returned. That is a real problem. It can take nine, 10-12 months and seven sets of red lines to get a plan approved if you're a residential developer. Would you say as a residential developer seven or eight sets of red lines it's not uncommon.

**Beth Holbrook:**

Thank you, Mr. Chair. I wanted to kind of talk about this and I have been and it's fascinating that Cameron came up when he did because I had been thinking about this even prior and one of the elements of 462, for those of you who are not aware of 462 is a station area planning. Just to articulate that. One of the other elements is the referendum piece and I think that if you wanted to have some type of an element that addresses that piece of it, in other words, 462 took a lot of lift from everybody. Certainly UTA worked really hard on this, the league representative, Waldrip, and I know I'm missing somebody, but that's one element that I think could address several of these issues. I think that I know Chris has been in many city councils and I was in my previous iteration and a lot of times you would literally hear residents having random challenges with particular either master plans or some type of a development going into their city and I think that all of the work that we've done certainly on 462 has that baseline to create because obviously it's only applicable to station areas, which Utah is very excited about by the way. But we can also take and incorporate some of those elements. Specific to the referendum that could maybe be translated into a statewide element and no one has heard me say this before, so I'm throwing everybody off. But I do think that if there is an opportunity to maximize, again, we really are all focusing on the housing that really is the critical element, and I've had people stand in front of me and tell me. Well, why are you going to vote on this? This is a horrible decision. Why are you going to put this apartment building here and then literally in the next breath "Oh my kids can't afford to live here. I want him to live here by me." Who has not heard that? To me it would make sense then to be if we're focused on housing and we're really trying to move the needle, then let's look at a process that could allow us to really forward a development. Irregardless of location, right? and allow that development to go in because it is addressing a critical need for every community in the state of Utah and that would be the referendum piece and that language was in 462 and I think if there is a way to utilize that, that could have some real long term value. So that's fine. Two cents.

**Wayne Niederhauser:**

OK. Thank you. I'm just going to talk maybe broadly and so what has been presented by Chris Gamvroulas today is how long we've been talking about these things, Chris? Yeah, I've been in meetings for 15 years talking about these. We've addressed the low hanging fruit and thankfully we've made progress. But we're bumping up against these huge issues and they're not that they're complex, it's that there's not agreement on them and so we're in a policy status quo without making some hard decisions. Now I can tell you. That every city in this state have people in their city that end up homeless. When I meet people on the street, I ask him where they went to high school and where they are from. They are from all over the place. But there's only a few cities that are addressing homelessness in their city with density and support for that housing. Math is just presented what we face everywhere we go. When we want to do density or so-called low income housing we don't want that here. We don't want those people here, and so that's the difficulty that we face in this state. But they don't realize that there are people in their community to end up homeless and what are they doing about it in their community? And so we're faced with questions like this today. If we could develop property and housing at a market rate at a lower cost we wouldn't be talking about \$15 million here or \$155 million one time here. We might need to have this discussion about deeply affordable housing. I'm a real estate developer that's turned social worker and homelessness and so I've been on now both sides of the fence, and I can see even more today. What the problems are and not easy solves or complex and so I just want to emphasize the more we can lower the cost of housing in a market way, the less discussions we're going to have to have about subsidizing housing somewhere, but until we do, we have to subsidize it or we're going to have people on the streets, living in tents or in shelter. That's the facts. I'm open to debate on that, but that's the way that my experience now. That's what tells us that. That's what we have to deal with.

**Senator Fillmore:**

Will have that debate at a later time. But thank you for that perspective and as we reach our three o'clock time we've happily made it through our agenda with one other discussion item that I'm just going to turn into a lecture. Not just a quick request, so I want to thank the Chairs and Co chairs and all the members of all our subgroups. We did good. I'm happy to have these recommendations, and even the ones that caused me when I first saw them to be like, I understand a lot better today, so thank you. Could I ask the chairs of each subgroup to help your kind friendly neighborhood co-chairs here before we go before the tribunal in this room in a couple of weeks to just give us some nice summarized list that we can be able to present to this group maybe in 10 minutes total so just with four or five bullet points, the the truth is like the rural subgroup and the the low income subgroup kind of already are kind of in those bullet points and so for the attainable group, if you could? It's really nice to have this policy language, but I'd love to have you guys work together. I know you have some other meetings coming up with some bullet points that both would encompass where you agree, where you find consensus, as well as you know the place. So, like we're still working on what the specific details of this might be that would be fine anyway, if we could get that to Christina by next week so that we can have it nicely formatted for your Co-chairs, so that we're not embarrassed in front of the entire leadership of the state, we would really appreciate that, alright? We have a motion to adjourn is there. A second, Beth SEC and all in favor, say aye, aye. We are adjourned.

**VII. ADJOURN**

**Senator Fillmore:**

Meeting adjourned @ 2:57 p.m.