

*\*\*ULCT has not yet taken a position on the draft bill. Our Legislative Policy Committee will meet on Dec. 10.\*\**

### ***Background***

Two bills the Legislature passed and ULCT supported in the 2018 session provide the foundation for Commission bill – HB 259 (Moderate Income Housing Amendments) and SB 136 (Transportation Governance Amendments).

HB 259 updated the moderate-income housing (MIH) plan requirements that have been in place for cities since 1996. MIH is defined as housing for households with a gross income of less than 80% of the city's area median income (AMI). A city's general plan must include three elements: transportation, land use, and as of the passage of HB 259, the moderate-income housing plan. In the MIH element, cities must include how they are planning for MIH over the next five years. The city must report on implementation of the plan every 2 years, including analyzing and publishing data on their moderate- and low-income housing stock, deed-restricted units, use of housing set-aside funds, and participation in Utah Housing Corporation, plus how the city is reducing regulatory barriers to housing and coordinating with neighboring jurisdictions and regional plans.

SB 136, which garnered the most attention for changing the governance of UTA, also requires UDOT to create strategic initiatives for state transportation funding that will include local land use and economic development potential. The rulemaking process is just now underway to determine the land use criteria and prioritization process for the Transportation Investment Fund. The objective is to facilitate transportation efficient land use.

### ***What does the draft bill do?***

The Commission bill adds to the foundation of HB 259 and SB 136 in two main ways: (1) adding elements that reinforce transportation-efficient land use into cities' general plans; and (2) providing specific strategies ("menu items") cities must consider adopting in their MIH plans.

#### **(1) New transportation element requirements**

- The bill defines a "major transit investment corridor." This expands the concept of transportation-oriented development (TOD) to include a public transit service that uses public transit ROW, dedicated road ROW (like Bus Rapid Transit), or fixed route bus corridors with an interlocal agreement. It gives local government and property owners some assurance that it can plan certain land uses (like high-density residential) around transit.
  - Note: this will also include rural "main streets" so that areas that don't have access to transit will not be disadvantaged; language is still in development.
- The city must correlate the transportation element with population projections and the proposed land use element of the general plan. It must also consider the regional transportation plan developed by the MPO or the long-range plan by UDOT if the city is not in an MPO area.

## (2) New MIH plan requirements

This table shows the current and proposed strategies to promote planning for population growth and affordability identified in the bill. The intention is to give cities flexibility to incorporate the strategies that work best for their particular circumstances. The current draft requires cities to select two of the following elements. Cities don't build housing, but they hold the keys to planning, zoning, and regulatory barriers.

Items already in state law	Proposed new additional items
Rezone for densities necessary to assure production of MIH	Create/allow/reduce regulations for accessory dwelling units (ADUs)
Facilitate rehabilitation or expansion of infrastructure to encourage construction of MIH	Allow for housing in commercial and mixed-use zones
Encourage rehabilitation of uninhabitable stock into MIH	Encourage higher density or MIH near major transit investment corridors
Consider subsidies to waive construction-related fees	Eliminate or reduce parking requirements in certain areas
Consider state/fed funds and incentives to promote construction of MIH	Allow for Single Resident Occupancy (SRO) developments
Consider UHC, DWS, and AOG programs	Preserve existing MIH
	Consider services provided by a public housing authority
	Employ incentives for a developer to ensure long-term affordability (inclusionary housing/deed-restricted units)
	Other strategies to promote affordability

### *Why will cities comply?*

Cities are already planning for population growth and recognize that they must use the keys they hold – zoning, land use, regulations – to help unlock the door to more residential development. Plus, **cities must be up-to-date on the MIH plan and reporting requirements in order to be eligible for Transportation Investment Fund (TIF) money. The TIF had \$702 million last year, and cities want to be eligible .**

### *What else does the bill do?*

The bill modifies the makeup of the Olene Walker Housing Loan Fund Board by adding one member with expertise in TOD and one member who represents rural interests.

The bill also includes a one-time appropriation of \$20 million and ongoing appropriation of \$4 million to the Olene Walker Low Income Housing Fund. Discussions are ongoing as to how that money will be allocated.

### *What's next? Is this the final bill?*

No. ULCT and other stakeholders are still working on additional details that we hope to include in the bill and we expect to see more drafts. It's also important to note that this bill only addresses the keys local government holds – nothing in the bill at this point addresses keys that the federal or state government, developers, realtors, non-profits, financial institutions, or others might hold. It also does not address the rising costs of land, materials, and labor shortage, all of which are significant factors in increasing housing costs. Cities do not control keys over these market costs.