Comparison of Affordable Housing Funding Tools
Utah League of Cities and Towns
June 2024

	State Treasurer Investment Amendments (HB 572) *Low-interest credit*	Housing and Transit Reinvestment Zone (SB 208) *Tax increment*	First Home Investment Zone (SB 268) *Tax increment*	Home Ownership Promotion Zone (SB 168) *Tax increment*	Infrastructure Financing District (HB 13) *Assessment bonds*
Affordable Housing Definition	"Attainable housing" means new homes not exceeding initial qualifying purchase price of $450,000. The Qualifying purchase price can be adjusted by Utah Housing Corporation.	The definition of "affordable housing" includes two different income thresholds that must be addressed: 1) housing reserved for households earning 80% of gross median income in the statistical area; and, 2) households earning 60% of gross median income in the statistical area.	Rental housing: 80% median gross income for households of the same size. Owner-occupied housing: 80% of the county median home price for homes that are owner occupied.	"Affordable housing" means housing offered for sale at 80% or less of the median county home price for housing of that type.	There is no affordability requirement.
Affordable Housing % requirement	At least 60% of funded homes must be sold at an attainable level.	At least 12% of the total units must be affordable. This includes at least 9% of units available at 80% of gross median income and at least 3% of units at 60% of gross median income. The local government must include an affordable housing plan in the proposal to ensure the affordable housing stays affordable. This plan may include deed restrictions.	For homes inside the FHIZ, at least 25% of the total homes must be affordable. At least 12% of the total owner-occupied homes and 12% of the total rental homes must be affordable. At least 20% of the extraterritorial homes are affordable housing.	60% of homes must be affordable housing.	There is no affordability requirement.
Owner occupancy requirement	Attainable homes must be deed restricted to owner occupancy for a minimum of five years. The local government and builder should establish a plan for managing deed restrictions, which could include an in-house process, a housing authority, or another third party.	One objective of the HTRZ is to promote and encourage owner-occupied housing. HTRZ proposals must address this and other objectives, but there are no specific requirements.	25% of homes within the FHIZ remain owner occupied for at least 25 years from the date of original purchase and 20% of the extraterritorial homes must be owner-occupied for 25 years.	All proposed housing units within the HOPZ must be deed restricted for at least 5 years from the time of the first purchase.	There is no owner-occupancy requirement.
What density is required	The builder and local government should reach an agreement on what density will facilitate the minimum of 60% affordability and five-year ownership requirements.	51% of the developable area within HTRZ must be residential with an average density of 50 dwelling units per acre near fixed rail or 39 dwelling units per acre near BRT stations.	At least 30 units per acre in 51% of the developable area of the FHIZ. Extraterritorial (ET) units can count toward the density requirement. For example, a FHIZ with 500 units/20 acres could meet the density requirement by including 100 ET housing units (600 total housing units/20 acres = 30 units/acre). ET units must be at least 6 units/acre. Up to 49% of the total units can be extraterritorial.	Must increase density from base zone to at least 6 units per acre within the HOPZ. Residential units may be detached or attached.	There is no density requirement.
Zoning sequence	None specifically. To receive the funding, financial institutions must have a qualified project. Qualified project means new construction with 60% attainable units. The bill expects that a local gov't and a builder will have a written agreement confirming the entitlement so that the lender can provide the funding.	1) city submits plan to GOEO. 2) GOEO provides notice to affected taxing entities and contracts with independent entity for gap analysis—city pays. 3) Plan must include existing zoning and proposed zoning changes related to the HTRZ—no requirement to do all zoning changes prior to submission of plan. Note: creating an HTRZ qualifies as a moderate-income housing plan strategy.	1) city submits proposal to GOEO. 2) GOEO provides notice to affected taxing entities and contracts with independent entity for gap analysis and pro forma analysis—city pays. 3) Plan must include existing zoning and proposed zoning changes related to the FHIZ—no requirement to do all zoning changes prior to submission of plan. Note: creating a FHIZ qualifies as a moderate-income housing plan strategy.	Following the recommendation of the planning commission, the Municipality shall designate the HOPZ by resolution of the council. The HOPZ is created on the effective date of the resolution, subject to the approval by the HTRZ committee. Note: creating a HOPZ qualifies as a moderate-income housing plan strategy.	There is no specific zoning sequence for the IFD. Any development within the IFD follows a municipality's normal zoning process.
What is the financing tool?	The program uses a new subfund of the Transportation Investment Fund.	Tax increment financing	Tax increment financing	Tax increment financing	Special Assessment Bond issued by the IFD are the primary funding mechanism. The IFD may levy a small property tax that can only pay for operation and maintenance of infrastructure being financed through the IFD.
What is the duration of the financing tool?	The deadline for new loans to be issued is December 31, 2025. All loans shall be paid back no later than June 30, 2027. The loan terms must be 24 months or shorter.	At commuter rail stations, a max of 80% capture above base year for no more than 25 consecutive years within a 45-year period. At BRT and light rail, up to 80% of each entity's tax increment above base year for no more than 15 consecutive years within a 30-year period.	The FHIZ captures a max of 60% of each taxing entity's increment above base year for a term of no more than 25 consecutive years within a 45-year period subject to approval by the HTRZ committee. The FHIZ cannot have more than three tax increment capture periods or triggers.	Municipalities determine the tax increment time horizons and amounts with a maximum of 60% of each taxing entity's increment and 15 consecutive years of collection.	Debt cannot be issued for terms exceeding 30 years, but refinancing is allowed within the original 30 years. The district is dissolved within 180 days of the debt repayment.

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Who receives the financing tool?	Lender (financial institution) applies for program and issues loans to builder.	Municipality or public transit county, who my pass along to a participant through development agreement.	Local governments may pass on to agency (community reinvestment agency) or participant.	Local governments	Developers/property owners
How to use the funds?	Financial institutions access program funds at a below-market interest rate and in turn lend to builders who use the money for installing infrastructure and construction costs. Builders must dedicate at least 60% of the homes in the project area to be attainable and owner-occupied. Program loans cannot be 100% of project financing or exceed $60m for any single project.	Funds may be used for: Income targeted housing costs; structured parking within HTRZ; property acquisition costs; costs to administer program not to exceed 2%; enhanced development costs which include costs with parking, costs incurred due to increased height, "horizontal construction" and "vertical construction" including utility work, transportation infrastructure; and costs associated with construction above four stories to achieve development in HTRZ.	Local governments shall use the FHIZ funds on system and project improvements to promote home ownership and housing affordability and other community planning objectives (water conservation, air quality, childcare, employment, etc.). Funds may be spent within the FHIZ and extra territorial areas or outside of the boundaries if the improvements directly benefit those areas. Less than 2% of funds may be used to administer the FHIZ and complete gap analysis.	Funds may be used for project improvement costs, system improvement costs. Up to 3% of funds may be used for administration of the home ownership promotion zone. Improvements must be in the HOPZ or directly benefit the HOPZ.	Funds are used for infrastructure improvements, facilities, or buildings that benefit the public, or are maintained by a public entity. These include public facilities that provide sewer, storm drains, electricity, telecommunications, streets, roads, curb, gutter, sidewalk, solid waste, parking, public transportation, parks, green space, trails, and more. Public infrastructure specifically excludes any privately owned facilities.
Participation of other taxing entities	$300m State Transportation Investment Fund Subfund Dollars.	HTRZ committee approves and compels participation by other property taxing entities. Other taxing entities are represented on the HTRZ committee. Notice must be sent to the State Tax Commission, state auditor, county auditor, GOEO and each affected taxing entity. School districts now have two representatives.	HTRZ committee approves and compels participation by other property taxing entities. Other entities are represented on the HTRZ committee. Notice is provided to affected taxing entities, including the State Tax Commission, municipalities, counties, school districts, and others. School districts now have two representatives.	Once a HOPZ is created, all property taxing entities are compelled to participate. The City must issue a Class A public notice and provide specific notice to either a taxing entity committee (if applicable) or other taxing entities.	Other taxing entities are unaffected.

Contact ULCT staff for more information on any of these tools:

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