| NOTICE OF EMERGENCY (120-DAY) RULE | | |
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| **Rule or section Number:** | **R357-100** | **Filing ID: 58489** |

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| **Effective date:** | **11/04/2026** |

**1. Agency Information**

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| **Title catchline:** | Governor, Economic Development |
| **Building:** | World Trade Center |
| **Street address:** | 60 E South Temple, Suite 300 |
| **City, state:** | Salt Lake City, UT |
| **Mailing address:** | 60 E South Temple, Suite 300 |
| **City, state and zip:** | Salt Lake City, UT 84111 |

**2. Contact Persons**

| Name: | Phone: | Email: |
|---|---|---|
| Greg Jeffs | 801-368-1957 | gjeffs@utah.gov |

**Please address questions regarding information on this notice to the persons listed above.**

**3. General Information**

**A. Rule or section catchline:**

R357-100. State Housing Infrastructure Partnership (SHIP) Rule

**B. Purpose of the new rule or reason for the change:**

This rule was created because of the creation of a new law: Title 63N, Chapter 3, Part 18, State Housing Infrastructure Partnership. This was HB 492 that passed in the 2026 General Session.

Specifically, Section 63N-3-1804 states that the State Housing Infrastructure Partnership (SHIP) Board may make rules.

**C. Summary of the new rule or change:**

The SHIP Board rules govern revolving infrastructure loans that provides financing to qualifying political subdivisions for infrastructure improvements that directly enable attainable, owner-occupied housing.

Operating through a two-tiered application process, Tier One evaluates preliminary project concepts, localized definitions of attainable housing, and loan requests to assess eligibility without imposing full underwriting costs, while Tier Two requires detailed engineering estimates, financial disclosures, bonding capacity proofs, and binding enforcement mechanisms to guarantee housing delivery.

Applications are evaluated and prioritized based on project readiness, matching funds, cost per unit enabled, alignment with starter home preferences, and local moderate-income housing plan implementation.

Approved infrastructure loans are managed under formal loan agreements with terms up to 20 years, milestone-based fund distributions, and mandatory periodic reporting on infrastructure completion and housing sales.

**4. Legislative Action Information**

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| **A. Are any changes in this filing because of state legislative action?** | Changes are because of legislative action. |
| **B. If yes, any bill number and session:** | HB 492 (2026 General Session) |

**5. Emergency Rule Information**

**A. The agency finds that regular rulemaking would:**

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| ☐ | cause an imminent peril to the public health, safety, or welfare; |
| ☐ | cause an imminent budget reduction because of budget restraints or federal requirements; or |
| ☒ | place the agency in violation of federal or state law. |

**B. Specific reasons and justifications for this finding:**

A Notice of Substantive Change (New filing) has been submitted with language that is identical to this rule. However, the earliest effective date for that filing is 01/07/2027.

The State Housing Infrastructure Partnership cannot begin operating without this rule being in place, and the partnership needs to begin operating before 01/07/2027. Therefore, in order to comply with state law, this emergency rule is needed until the new rule filing is effective on 01/07/2027.

(EDITOR'S NOTE: The proposed new Rule R357-100 is under ID 58485 in this issue, December 1, 2026, of the Bulletin.)

**6. Fiscal Information**

**Provide an estimate and written explanation of the aggregate anticipated cost or savings to:**

**A. State budget:**

$0. There are no anticipated costs or savings to the state budget because this rule only implements statute. Therefore, all costs and savings associated with this rule are already addressed in the HB 492 (2026) fiscal note.

**B. Local governments:**

$0. There are no anticipated costs or savings to local governments because this rule only implements statute. Therefore, all costs and savings associated with this rule are already addressed in the HB 492 (2026) fiscal note.

The fiscal note states that, "Enactment of this legislation likely will not result in direct, measurable costs for local governments."

**C. Small businesses** ("small business" means a business employing 1-49 persons)**:**

$0. There are no anticipated costs or savings to small businesses because this rule only implements statute. Therefore, all costs and savings associated with this rule are already addressed in the HB 492 (2026) fiscal note.

The fiscal note states that, "Enactment of this legislation likely will not result in direct expenditures from tax or fee changes for Utah residents and businesses."

**D. Persons other than small businesses, state, or local government entities** ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an ***agency***)**:**

$0. There are no anticipated costs or savings to persons other than small businesses, non-small businesses, state, or local government entities because this rule only implements statute. Therefore, all costs and savings associated with this rule are already addressed in the HB 492 (2026) fiscal note.

The fiscal note states that, "Enactment of this legislation likely will not result in direct expenditures from tax or fee changes for Utah residents and businesses."

**E. Compliance costs for affected persons:**

$0. There are no anticipated compliance costs for affected persons because participation in this partnership is optional.

**F. Comments by the department head on the fiscal impact this rule may have on businesses** (Include the name and title of the department head):

The Commissioner of the Governor's Office of Economic Development, Jefferson Moss, has reviewed and approved this regulatory impact analysis.

Commissioner Moss does not anticipate that this rule will have any fiscal impacts on businesses.

**7. Citation Information**

| **Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:** | | |
|---|---|---|
| Section 63N-3-1804 | | |

**9. Agency Authorization Information**

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| **Agency head or designee and title:** | Jefferson Moss, Commissioner | **Date:** | 11/03/2026 |

**R357. Governor, Economic Development.**
**R357-100. State Housing Infrastructure Partnership (SHIP) Rule.**
**R357-100-1. Authority and Purpose.**

(1) This rule is authorized by Section 63N-3-1804 and provides procedures for administering the revolving infrastructure loans described in Section 63N-3-1805.

(2) The State Housing Infrastructure Partnership board provides loans to qualifying political subdivisions for infrastructure improvements that directly support attainable housing developments.

**R357-100-2. Definitions.**

(1) "Attainable housing" means owner-occupied housing that satisfies the objective, locally appropriate attainability measures proposed by a qualifying political subdivision, supported by market evidence, and approved by the board.

(2) "Enforcement mechanism" means a legally binding agreement, restriction, covenant, condition, or other instrument sufficient to ensure that a commitment to produce attainable housing associated with an infrastructure loan is fulfilled.

(3) "Infrastructure loan" means financing awarded through SHIP for eligible infrastructure that directly supports attainable housing.

(4) "Moderate income housing plan" has the meaning described in Section 10-21-201.

(5) "SHIP" means the partnership described in Title 63N, Chapter 3, Part 18, State Housing Infrastructure Partnership.

**R357-100-3. Eligible Applicants.**

(1) Only a qualifying political subdivision may apply for an infrastructure loan.

(2) An applicant may apply individually or in coordination with a developer, landowner, district, housing authority, infrastructure provider, or other project partner, but the applicant remains responsible for the application, repayment, and commitments made to the board.

**R357-100-4. Tier One - Preliminary Application.**

(1) SHIP uses a single, two-tiered application process designed to identify eligible and competitive projects before requiring full underwriting, thereby reducing unnecessary applicant expense. An application may include planning, design, entitlement, and construction activities within a single infrastructure loan request.

(2) An applicant shall provide a preliminary description of the housing project to be supported by the infrastructure loan, including:

(a) a basic project description and map;

(b) the estimated number and type of housing units, including those expected to meet the applicant's proposed definition of attainable housing;

(c) the status of applicable land use approvals;

(d) the project partners, including each person responsible for producing the proposed housing;

(e) a development timeline, including an anticipated housing delivery schedule; and

(f) a reasonable explanation of how the loan accelerates or increases housing production, including the anticipated timing and amount of housing production with and without the requested loan.

(3) As part of the preliminary housing project description, the applicant shall propose a clear and measurable definition of attainable housing appropriate to the local housing market.

(a) The applicant shall explain why the proposed definition represents attainable housing within the applicable geographic area and provide supporting market information.

(b) Attainability may be defined using one or more objective measures, including:

(i) sales price;

(ii) percentage of area median income;

(iii) percentage of regional or municipal median home price;

(iv) housing type;

(v) dwelling size;

(vi) lot size;

(vii) purchaser income;

(viii) purchaser occupancy requirements;

(ix) financing or mortgage qualification criteria; or

(x) other objective measures approved by the board.

(4) An applicant shall provide a preliminary description of the infrastructure project for which an infrastructure loan is requested, including:

(a) the infrastructure barrier affecting housing production;

(b) a description of the proposed infrastructure improvements intended to address the identified barrier;

(c) the preliminary estimated cost of the infrastructure improvements;

(d) anticipated municipal ownership or control of the infrastructure, as applicable; and

(e) a preliminary timeline for completion of the infrastructure improvements.

(5) An applicant shall provide preliminary information regarding the requested loan, including:

(a) the requested loan amount;

(b) the proposed repayment source;

(c) the proposed timing for repayment; and

(d) the amount and source of the expected matching contribution.

(6) The board shall review preliminary applications for completeness, statutory eligibility, and consistency with partnership objectives and may request clarification or correction of incomplete information.

(a) Detailed underwriting information is not required as part of the preliminary application. The preliminary review is intended to evaluate project eligibility and competitiveness without requiring applicants to incur unnecessary costs associated with preparation of a full application.

(b) Following preliminary review, the board may invite applicants with projects that appear eligible and competitive to submit a Tier Two Full Application.

(7) The board shall review preliminary applications for completeness, statutory eligibility, and consistency with partnership objectives and may request clarification or correction of incomplete information.

(8) The board may invite projects that appear eligible and competitive to submit a Tier Two Full Application.

(9) The board shall issue its decision and reasoning in a public meeting.

**R357-100-5. Tier Two - Full Application and Underwriting.**

(1) An applicant invited to submit a Tier Two Full Application shall provide a detailed description of the housing project to be supported by the infrastructure loan, including:

(a) any changes to the application from Tier One;

(b) a description and map of the proposed housing development;

(c) the number and type of housing units committed, including the number of attainable housing units;

(d) the anticipated sales price or other applicable attainability measure for the committed attainable housing;

(e) the anticipated schedule and milestones for construction and sale of the housing units;

(f) documentation demonstrating applicable land use approvals or the anticipated schedule for obtaining those approvals;

(g) identification and contact information for the developer or other development partners responsible for producing the committed housing units;

(h) an analysis of the effect of the infrastructure loan on the feasibility and delivery schedule of the housing development; and

(i) a comparison of the number of attainable housing units reasonably expected to be produced with and without the infrastructure loan.

(2) The applicant shall provide a detailed description of the infrastructure project to be financed, including:

(a) a description of the infrastructure barrier currently preventing or limiting housing development;

(b) a description of the infrastructure improvements to be financed;

(c) documentation demonstrating that the proposed infrastructure improvements constitute an eligible system improvement under Section 63N-3-1801;

(d) estimates for engineering and infrastructure costs;

(e) a project budget, including identification of other project funding sources;

(f) an explanation of how the proposed infrastructure improvements directly facilitate the proposed attainable housing; and

(g) the anticipated schedule and milestones for design, entitlement, construction, and completion of the infrastructure improvements.

(3) The applicant shall provide the information necessary for underwriting the requested infrastructure loan, including:

(a) the amount of infrastructure loan requested;

(b) the amount, source, and status of required matching funds;

(c) a statement identifying sources and uses of anticipated funding and expenditures associated with the infrastructure project;

(d) the proposed primary source of loan repayment, timing for repayment, and a description of any other dedicated repayment sources;

(e) documentation of the applicant's current bonding capacity;

(f) proposed security for the loan; and

(g) any additional financial or underwriting information determined necessary by the board to evaluate the applicant's ability to repay the loan.

(4) The applicant shall identify and provide documentation of the enforcement mechanism that ensures fulfillment of the housing production commitment.

(a) The applicant shall describe the remedies available if the committed attainable housing is not produced in accordance with the applicable enforcement mechanism.

(b) The board shall give preference to enforcement mechanisms that ensure production of the committed attainable housing while minimizing unnecessary long-term administrative or monitoring requirements.

(c) Enforcement mechanisms may include:

(i) development agreements;

(ii) zoning approvals or zoning conditions;

(iii) land disposition agreements;

(iv) infrastructure reimbursement agreements;

(v) recorded covenants or restrictions;

(vi) contractual commitments with participating developers;

(vii) phased release of SHIP funding; or

(viii) another enforceable mechanism acceptable to the board.

**R357-100-6. Evaluation.**

(1) The board shall evaluate each infrastructure loan application primarily based on the extent to which the proposed state investment enables substantial additional attainable housing. In evaluating an application, the board shall consider:

(a) the number of attainable housing units expected to be accelerated or enabled by the infrastructure loan;

(b) the amount of infrastructure loan funding requested per attainable housing unit accelerated or enabled;

(c) the extent to which the proposed housing is attainable relative to comparable housing within the local market, including the proposed sales price or other approved attainability measure and, as applicable, proposed lot and dwelling or unit sizes;

(d) the extent to which the applicant demonstrates that the infrastructure loan is necessary to accelerate or increase the production of attainable housing;

(e) the readiness of the housing and infrastructure projects to proceed, including the status of land control, zoning, entitlements, engineering, financing, development partners, and other factors affecting the likelihood and timing of construction;

(f) the strength and practicality of the enforcement mechanisms proposed to ensure delivery of the committed attainable housing;

(g) the amount and status of matching funds and other funding committed to the infrastructure project;

(h) the strength and feasibility of the proposed loan repayment source and repayment schedule;

(i) impacts of the proposed development on existing public facilities and utilities; and

(j) the applicant's documented good-faith implementation of its moderate income housing plan, as applicable.

(2) The board may give preference to projects that:

(a) advance owner-occupied housing, attainable housing, or the statutory preference for detached, single-family, owner-occupied starter homes;

(b) contribute to geographic diversity in the allocation of the SHIP Fund;

(c) are located in proximity to existing public facilities, services, employment opportunities, or other resources that support the proposed housing;

(d) coordinate or leverage other state housing, infrastructure, or land programs if such coordination increases project feasibility, housing production, or public benefit; and

(e) demonstrate other characteristics that materially increase the housing or public benefit achieved through the state investment.

(3) The board retains discretion in considering the unique characteristics and circumstances of each project.

(4) The board shall consider the application evaluation, and underwriting and repayment considerations, in determining the interest rate offered within the range authorized by Subsection 63N-3-1805(4)(c)(ii).

(5) The board is not required to approve an application solely because the project satisfies minimum eligibility requirements.

(6) The board shall issue its decision and reasoning in a public meeting.

**R357-100-7. Management of Funds.**

(1) The board shall underwrite infrastructure loans to protect the revolving nature of the fund and evaluate the applicant's ability to repay the loan.

(a) While underwriting a proposed infrastructure loan, the board may consider repayment sources, security, matching funds, loan terms, disbursement conditions, reporting requirements, remedies, and other factors relevant to the financial viability and repayment of the loan.

(b) Underwriting requirements may account for differences in the financial capacity of qualifying political subdivisions and the characteristics, risks, and circumstances of individual projects.

(c) An infrastructure loan shall have a term not exceeding 20 years and bear an interest rate established by the board within the range authorized by Section 63N-3-1805, based on underwriting considerations and the board's evaluation of the application.

(2) Before infrastructure loan proceeds are distributed, the board and applicant shall execute a loan agreement incorporating the applicable terms and commitments included in the approved application and determined appropriate by the board.

(a) The loan agreement shall include:

(i) the approved infrastructure project;

(ii) the loan amount, interest rate, repayment terms and schedule, and other applicable financing requirements;

(iii) the number of committed attainable housing units;

(iv) the approved definition or measure of attainability;

(v) the person responsible for producing the committed attainable housing;

(vi) the approved enforcement mechanism;

(vii) the anticipated schedule and applicable milestones for completion of the infrastructure project and production of the committed attainable housing;

(viii) reporting and documentation requirements;

(ix) applicable conditions for disbursement of loan proceeds; and

(x) remedies or corrective actions applicable if material terms or commitments are not fulfilled.

(b) The loan agreement may include procedures for addressing:

(i) project delays;

(ii) modifications;

(iii) changes in developers or project partners;

(iv) substitution of equivalent commitments;

(v) corrective actions;

(vi) failure to produce committed attainable housing; or

(vii) other circumstances determined appropriate by the board.

(3) Infrastructure loan proceeds may be distributed in one or more installments in accordance with the loan agreement. The board may withhold, delay, or modify a distribution if applicable conditions have not been satisfied or if necessary to address a material change in project circumstances or compliance with the loan agreement. The board may condition distribution of loan proceeds upon documented satisfaction of applicable requirements, including:

(a) completion of identified infrastructure milestones;

(b) construction progress;

(c) documentation of required matching contributions;

(d) continued project readiness;

(e) satisfaction of applicable loan or underwriting conditions; or

(f) other conditions established in the loan agreement.

(4) A participating applicant shall provide periodic reports in the form and frequency established by the board or loan agreement. Reports shall include:

(a) infrastructure loan proceeds expended;

(b) infrastructure improvements completed;

(c) residential lots or housing units enabled by the infrastructure;

(d) building permits issued;

(e) committed attainable housing under construction;

(f) committed attainable housing completed;

(g) committed attainable housing sold;

(h) actual sales prices or other approved measures of attainability;

(i) progress toward applicable infrastructure and housing production milestones; and

(j) other information reasonably necessary to monitor compliance with the loan agreement or evaluate partnership performance.

(5) The board shall monitor infrastructure loan and overall partnership performance using measurable outcomes that may be used to refine future application requirements, evaluation criteria and priorities, underwriting standards, loan terms, reporting requirements, and other partnership requirements. Performance measures may include:

(a) total infrastructure loan funds distributed;

(b) total infrastructure investment leveraged;

(c) total housing units facilitated;
(d) total attainable owner-occupied housing units produced;
(e) additional attainable housing attributable to infrastructure loan financing;
(f) infrastructure loan funds distributed per attainable housing unit;
(g) time from loan approval to infrastructure completion;
(h) time from loan approval to delivery of attainable housing;
(i) loan repayment performance; and
(j) the effectiveness of enforcement mechanisms in securing production of committed attainable housing.

**KEY: housing, infrastructure loans, attainable housing**
**Date of Last Change: November 4, 2026**
**Authorizing, and Implemented or Interpreted Law: 63N-3-1804**

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