

## 1 SENATE BILL NO. 491

2 INTRODUCED BY L. MOSS

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ~~REQUIRING THAT THE HOUSING MONTANA FUND BE~~  
 5 ~~DISBURSED AS GRANTS OR LOANS~~; CHANGING THE NAME OF THE AFFORDABLE HOUSING  
 6 REVOLVING LOAN ACCOUNT TO THE HOUSING MONTANA FUND; PROVIDING THAT MONEY IN THE  
 7 HOUSING MONTANA FUND MAY BE USED FOR ACQUISITION OF LAND FOR HOUSING DEVELOPMENTS,  
 8 LAND BANKING AND LAND TRUSTS, AND SHORT-TERM SITE-BASED HOUSING VOUCHERS FOR NEEDY  
 9 INDIVIDUALS; ADDING STATE GOVERNMENT OR STATE AGENCIES AND PROGRAMS TO THE LIST OF  
 10 ORGANIZATIONS ELIGIBLE FOR LOANS; AND AMENDING SECTIONS 90-6-107, 90-6-131, 90-6-132,  
 11 90-6-133, AND 90-6-134, MCA."

12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14

15 **Section 1.** Section 90-6-107, MCA, is amended to read:

16 **"90-6-107. Deposit and expenditure of funds.** (1) There is a housing authority enterprise fund in the  
 17 proprietary fund type as provided for in 17-2-102(2). All funds from the proceeds of bonds issued under this part,  
 18 fees, and other money received by the board, money appropriated by the legislature for the use of the board in  
 19 carrying out this part, and money made available from any other source for the use of the board must be  
 20 deposited in the housing authority enterprise fund ~~except as otherwise provided by law~~. All funds deposited in  
 21 the housing authority enterprise fund, except funds appropriated by the legislature for use of the board in payment  
 22 of expenses incurred in carrying out this part, are continuously appropriated to and may be expended by the  
 23 board for the purposes authorized in this part.

24 (2) There is a capital reserve account in the housing authority enterprise fund provided for in subsection  
 25 (1). The capital reserve account consists of the aggregate money retained by the board under existing  
 26 agreements with bondholders as the minimum capital reserve requirement described in 90-6-119 for each bond  
 27 issue sold by the board.

28 (3) Funds appropriated by the legislature for use of the board in payment of expenses incurred in  
 29 carrying out this part must be deposited in the housing authority enterprise fund. Funds expended by the board  
 30 under this subsection must be repaid by the board from the fees and charges collected under this part and from

1 any other money available for repayment in accordance with this part."

2

3 **Section 2.** Section 90-6-131, MCA, is amended to read:

4 **"90-6-131. Legislative declaration.** (1) The legislature finds that escalating land costs, current  
5 economic conditions, federal housing policies, and declining resources at the federal, state, and local levels  
6 adversely affect the ability of low-income and moderate-income persons to obtain safe, decent, accessible, and  
7 affordable housing.

8 (2) The legislature further finds that the state will lose substantial sums allocated to it by the federal  
9 government for affordable housing for low-income and moderate-income households unless matching funds are  
10 provided.

11 (3) The legislature declares that it is in the public interest to establish a continuously renewable financial  
12 resource known as ~~an affordable housing revolving loan account~~ the housing Montana fund to assist low- and  
13 moderate-income citizens in meeting their basic housing needs. Long-term affordability is the goal."

14

15 **Section 3.** Section 90-6-132, MCA, is amended to read:

16 **"90-6-132. Definitions.** ~~(1)~~ As used in 90-6-131 through 90-6-136, the following definitions apply:

17 (1) "Board" means the board of housing created in 2-15-1814.

18 ~~(2)~~ "Fund" means the housing Montana fund created in 90-6-133.

19 ~~(2)(3)~~ "Housing development" means the same as in 90-6-103.

20 ~~(3)~~ "Loan account" means the affordable housing revolving loan account created in 90-6-133.

21 (4) "Low-income" means households whose incomes do not exceed 80% of the median income in the  
22 area, as determined by the United States department of housing and urban development, with adjustments for  
23 smaller or larger families.

24 (5) "Moderate-income" means households whose incomes are between 81% and 95% of the median  
25 income for the area, as determined by the United States department of housing and urban development, with  
26 adjustments for smaller and larger families."

27

28 **Section 4.** Section 90-6-133, MCA, is amended to read:

29 **"90-6-133. Revolving loan account Housing Montana fund -- administration.** (1) ~~(a)~~ There is ~~an~~  
30 ~~affordable housing revolving loan account~~ a housing Montana fund in the housing authority enterprise fund

1 provided for in 90-6-107. The money in the ~~loan account fund~~ is allocated to the board for the purpose of  
 2 providing loans ~~and grants~~ to eligible applicants.

3 (b) Money in the housing Montana fund must be disbursed as loans, grants, or a combination of loans  
 4 and grants. Twenty percent of the money in the fund must be disbursed to rural areas based on population and  
 5 50% must be disbursed to assist people living on incomes of not more than 50% of the local median family  
 6 income.

7 (2) (a) Except as provided in subsection (2)(b), ~~funds money~~ deposited in the ~~loan account fund~~ must  
 8 be used for the program authorized in 90-6-134 and may not be used to pay the expenses of any other program  
 9 or service administered by the board.

10 (b) Money transferred to the account pursuant to section 2, Chapter 502, Laws of 2001, may be used  
 11 only for the purposes authorized by the temporary assistance for needy families block grant pursuant to Title IV  
 12 of the Social Security Act, 42 U.S.C. 601, et seq.

13 (3) The board may determine the rate of interest to be charged for any loan made under the provisions  
 14 of 90-6-131 through 90-6-136.

15 (4) The board may accept contributions, gifts, and grants for deposit into the ~~loan account fund~~. The  
 16 money must be used in accordance with the provisions of 90-6-134.

17 (5) The costs incurred by the board in administering the ~~loan account must fund~~ may be paid from the  
 18 ~~loan account fund~~.

19 (6) Interest and principal on loans from the ~~loan account fund~~ must be repaid to the ~~loan account fund~~.

20 (7) Interest income generated by investment of the principal of the ~~loan account fund~~ is retained in the  
 21 ~~loan account fund~~."

22

23 **Section 5.** Section 90-6-134, MCA, is amended to read:

24 **"90-6-134. Housing ~~loan program~~ Montana fund -- loan capital restricted to interest on principal**  
 25 **-- eligible applicants.** (1) The money in the ~~loan account housing Montana fund~~ must be used to provide financial  
 26 assistance in the form of direct loans ~~or grants~~ by the board to eligible applicants.

27 (2) After the initial principal is loaned ~~or the initial amount is granted~~ to eligible applicants, the amount  
 28 of loans ~~or grants~~ made in a fiscal year is contingent on the repayment of loan principal and on the amount of  
 29 interest income generated by the principal of the ~~loan account fund~~.

30 (3) Money from the ~~loan account fund~~ must be used to provide:

1 (a) matching funds for public or private money available from other sources for the development of  
2 low-income and moderate-income housing;

3 (b) bridge financing necessary to make a low-income housing development or a moderate-income  
4 housing development financially feasible;

5 (c) acquisition of existing housing for the purpose of preservation of or conversion to low-income or  
6 moderate-income housing; ~~or~~

7 (d) preconstruction technical assistance to eligible recipients in rural areas and small cities and towns;  
8 or

9 (e) acquisition of land for housing developments, land banking and land trusts, and short-term site-based  
10 housing vouchers for needy individuals.

11 (4) (a) Technical assistance under subsection (3)(d) may include but is not limited to:

12 (i) financial planning and packaging for housing developments and projects;

13 (ii) project design, architectural planning, and siting;

14 (iii) compliance with planning and permitting requirements; or

15 (iv) maximizing local government contributions to project development in the form of land donations,  
16 infrastructure improvements, zoning variances, or creative local planning.

17 (b) The board may contract with a nonprofit organization to provide this technical assistance.

18 (5) Money from the ~~loan account fund~~ may not be used to replace existing or available sources of funding  
19 for eligible activities.

20 (6) Organizations eligible for loans ~~or grants~~ from the ~~loan account fund~~ are state government or state  
21 agencies or programs, local governments, tribal governments, local housing authorities, nonprofit community-  
22 or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or  
23 for-profit housing developers."

24 - END -