

SENATE BILL NO. 243
INTRODUCED BY M. WHEAT

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE NAME OF THE AFFORDABLE HOUSING REVOLVING LOAN FUND AND MOVING IT FROM THE STATE SPECIAL REVENUE FUND TO THE HOUSING AUTHORITY ENTERPRISE FUND; AMENDING SECTIONS 90-6-131, 90-6-133, AND 90-6-134, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 90-6-131, MCA, is amended to read:

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

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

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

Section 2. Section 90-6-133, MCA, is amended to read:

"90-6-133. Revolving loan account -- administration. (1) There is an affordable housing revolving loan account in the ~~state special revenue fund in the state treasury~~ housing authority enterprise fund provided for in 90-6-107. The money in the loan account is allocated to the board for the purpose of providing loans to eligible applicants.

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

(b) Money transferred to the account pursuant to section 2, Chapter 502, Laws of 2001, may be used only for the purposes authorized by the temporary assistance for needy families block grant pursuant to Title IV

of the Social Security Act, 42 U.S.C. 601, et seq.

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

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

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

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

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

Section 3. Section 90-6-134, MCA, is amended to read:

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

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

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

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

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

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

(d) preconstruction technical assistance to eligible recipients in rural areas and small cities and towns.

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

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

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

(iii) compliance with planning and permitting requirements; or

(iv) maximizing local government contributions to project development in the form of land donations,

infrastructure improvements, zoning variances, or creative local planning.

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

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

(6) Organizations eligible for loans from the loan ~~fund~~ account are local governments, tribal governments, local housing authorities, nonprofit community- or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers."

NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2003.

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