

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

INTRODUCED BY *House BILL NO. 596*  
*Christaena Luro* *Gregory Nash*  
*Joe* *Jim Bestett* *Water*

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A HOUSING TRUST FUND; APPROPRIATING MONEY TO THE BOARD OF HOUSING FOR THE HOUSING TRUST FUND; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 6] gives rulemaking authority to the board of housing for the administration of a housing trust fund. At a minimum, the rules must address:

- (1) the design of an application form, establishment of an application timeline, and development of criteria for evaluating applications;
- (2) the establishment of a rate of interest and a repayment schedule for loans;
- (3) the establishment of loan underwriting criteria to protect the assets of the trust fund; and
- (4) the development of performance standards, award criteria, and contractor requirements in awarding contracts for the provision of technical services.

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

**NEW SECTION. Section 1. 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 of money allocated to the state 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 resource, known as the housing trust fund, to assist low-income and moderate-income citizens in meeting their basic housing needs.

**NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 6], the following definitions



*HB 596*  
INTRODUCED BILL

1 apply:

2 (1) "Low income" means a household whose income does not exceed 80% of the median income  
3 for the area, as determined by the department of housing and urban development, with adjustments for  
4 smaller or larger families.

5 (2) "Moderate income" means a household whose income is between 81% and 95% of the median  
6 income for the area, as determined by the department of housing and urban development, with adjustments  
7 for smaller and larger families.

8 (3) "Trust fund" means the housing trust fund created in [section 3].

9

10 **NEW SECTION. Section 3. Housing trust fund -- administration.** (1) There is a nonexpendable  
11 trust fund for the purpose of increasing the supply of decent, affordable housing for low-income and  
12 moderate-income residents of the state. The assets of the trust fund must be invested by the board of  
13 investments as provided by statute. If not used as provided in [section 4] the interest and earnings must  
14 be returned to the trust fund, provided that the board may use up to 10% of the interest for the  
15 administration of the fund. At the end of each fiscal year, the unexpended account balance must carry  
16 forward to the next fiscal year and may not revert to the state general fund. The board shall expend the  
17 earnings of the trust fund in accordance with the provisions of [section 4].

18 (2) The board may accept donations, grants, or gifts for deposit in the trust fund. The money  
19 received from the donations, grants, or gifts must be used in accordance with the provisions of [section  
20 4].

21

22

23 **NEW SECTION. Section 4. Uses of trust fund -- eligible applicants.** (1) The money in the trust  
24 fund must be used to provide financial assistance in the form of loans to eligible applicants. The amount  
25 of loans made in a fiscal year may not exceed the amount of income generated by the principal of the trust  
26 fund.

27 (2) Money from the trust fund must be used to provide:

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

30 (b) bridge financing necessary to make a low-income or moderate-income housing project financially

1 feasible;

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

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

6 (i) Technical assistance under this subsection (2)(d) may include but is not limited to:

7 (A) financial planning and packaging for housing projects;

8 (B) project design, architectural planning, and siting;

9 (C) compliance with planning and permitting requirements; or

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

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

13 (3) Money from the trust fund may not be used to replace existing or available sources of funding  
14 for eligible activities.

15 (4) Organizations eligible for loans from the trust fund are local governments, tribal governments,  
16 local housing authorities, nonprofit community- or neighborhood-based organizations, regional or statewide  
17 nonprofit housing assistance organizations, or for-profit housing developers.

18

19 **NEW SECTION. Section 5. Coordination with other programs.** The board shall ensure that all  
20 housing assistance programs supported through the trust fund are coordinated with other housing  
21 assistance programs administered by the board, the federal government, state agencies, tribal governments,  
22 local public housing authorities, and local governments.

23

24 **NEW SECTION. Section 6. Rulemaking.** The board shall adopt rules to implement [sections 1  
25 through 6]. The rules must include the following:

26 (1) the development of eligibility criteria for applicants;

27 (2) the development of an application process for requesting financial assistance;

28 (3) the establishment of a procedure for disbursing financial assistance;

29 (4) the establishment of the terms and conditions of a loan;

30 (5) the development of a process for awarding technical assistance contracts; and

1 (6) other matters necessary for the administration of [sections 1 through 6].

2

3 **NEW SECTION. Section 7. Appropriation.** (1) There is appropriated to the board of housing from  
4 the local impact account provided for in 90-6-202 \$1 million for the biennium beginning July 1, 1995.

5 (2) The appropriation in subsection (1) must be deposited in the housing trust fund created in  
6 [section 3] and must be used to increase the supply of decent, affordable housing for low-income and  
7 moderate-income residents of the state.

8

9 **NEW SECTION. Section 8. Notification of tribal governments.** The secretary of state shall send  
10 a copy of [this act] to the tribal chairperson of each of the seven Montana reservations and to the tribal  
11 chairperson of the Little Shell tribe.

12

13 **NEW SECTION. Section 9. Codification instruction.** [Sections 1 through 6] are intended to be  
14 codified as an integral part of Title 90, chapter 6, part 1, and the provisions of Title 90, chapter 6, part 1,  
15 apply to [sections 1 through 6].

16

17 **NEW SECTION. Section 10. Effective date.** [This act] is effective July 1, 1995.

18

-END-