

**AMENDMENTS TO OLENE WALKER HOUSING TRUST FUND**

1998 GENERAL SESSION

STATE OF UTAH

**Sponsor: Gerry A. Adair**

AN ACT RELATING TO COMMUNITY AND ECONOMIC DEVELOPMENT; REVISING THE DEFINITION OF RURAL AREAS; ALTERING THE GUIDELINES FOR DISTRIBUTION OF FUND MONEYS THROUGH LOANS AND GRANTS; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**9-4-701**, as last amended by Chapter 10, Laws of Utah 1995

**9-4-702**, as last amended by Chapter 10, Laws of Utah 1995

**9-4-704**, as last amended by Chapter 150, Laws of Utah 1997

**9-4-707**, as renumbered and amended by Chapter 241, Laws of Utah 1992

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **9-4-701** is amended to read:

**9-4-701. Definitions.**

As used in this part:

(1) "Board" means the Housing Board created by this part.

(2) "Fund" means the Olene Walker Housing Trust Fund in the General Fund created by this part.

(3) "Rural" means any ~~[area in the state that is eligible for funding through Title V of the United States Housing Act of 1949, 42 U.S.C. Section 1490, as administered by the Farmer's Home Administration]~~ county in the state other than Utah, Salt Lake, Davis, or Weber.

Section 2. Section **9-4-702** is amended to read:

**9-4-702. Creation and administration.**

(1) (a) There is created a restricted account in the General Fund known as the Olene Walker Housing Trust Fund, administered by the executive director or his designee.

(b) The department shall be the trustee of the fund.

(2) There shall be deposited into the fund:

(a) grants, paybacks, bonuses, entitlements, and other moneys received by the department from the federal government to preserve, rehabilitate, build, restore, or renew housing or other activities authorized by the fund;

(b) [~~contributions received by the department~~] transfers, grants, gifts, bequests, or any money made available from any source to implement this part; and

(c) moneys appropriated to the fund by the Legislature.

(3) The moneys in the fund shall be invested by the state treasurer according to the procedures and requirements of Title 51, Chapter 7, except that all interest or other earnings derived from the fund moneys shall be deposited in the fund.

Section 3. Section **9-4-704** is amended to read:

**9-4-704. Distribution of fund moneys.**

(1) The executive director shall:

(a) make grants and loans from the fund for any of the activities authorized by Section 9-4-705, as recommended by the board;

(b) establish the criteria by which loans and grants will be made; and

(c) determine the order in which projects will be funded.

(2) The executive director shall distribute any federal moneys contained in the fund according to the procedures, conditions, and restrictions placed upon the use of those moneys by the federal government.

(3) The executive director shall distribute all other moneys from the fund according to the following requirements:

(a) Not less than 30% of all fund moneys shall be distributed to rural areas of the state.

(b) At least 50% of the moneys in the fund shall be distributed as loans to be repaid to the fund by the entity receiving them.

(i) (A) Of the fund moneys distributed as loans, at least 50% shall be distributed to benefit persons whose annual income is at or below 50% of the median family income for the state.

(B) The remaining loan moneys shall be distributed to benefit persons whose annual income

is at or below 80% of the median family income for the state.

(ii) The executive director or his designee shall lend moneys in accordance with this Subsection (3) at a rate based upon the borrower's ability to pay.

(c) Any fund moneys not distributed as loans shall be distributed as grants.

(i) ~~[Ninety-five percent]~~ At least 90% of the fund moneys distributed as grants shall be distributed to benefit persons whose annual income is at or below 50% of the median family income for the state.

(ii) The remaining ~~[5% of the]~~ fund moneys distributed as grants may be used by the executive director to obtain federal matching funds or for other uses consistent with the intent of this part, including the payment of reasonable loan processing fees, but may not be used to offset department or board administrative expenses.

(4) The executive director may:

(a) enact rules to establish procedures for the grant and loan process by following the procedures and requirements of Title 63, Chapter 46a, Utah Administrative Rulemaking Act; and

(b) service or contract, pursuant to Title 63, Chapter 56, Utah Procurement Code, for the servicing of loans made by the fund.

Section 4. Section **9-4-707** is amended to read:

**9-4-707. Application process and priorities.**

(1) (a) In each calendar year that moneys are available from the fund for use by the executive director, the director shall, at least once in that year, announce a grant and loan application period by sending notice to interested persons.

(b) The executive director shall accept applications ~~[for at least 60 days]~~ which are received in a timely manner.

(2) The executive director shall give first priority to applications for projects and activities that use existing privately-owned housing stock, including privately-owned housing stock purchased by nonprofit public development authorities.

(3) The executive director shall give preference to applications that demonstrate the following:

- (a) a high degree of leverage with other sources of financing;
- (b) high recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;
- (c) high local government project contributions in the form of infrastructure improvements, or other assistance;
- (d) projects that encourage ownership, management, and other project-related responsibility opportunities;
- (e) projects that demonstrate a strong probability of serving the original target group or income level for a period of at least 15 years;
- (f) projects where the applicant has demonstrated the ability, stability, and resources to complete the project;
- (g) projects that appear to serve the greatest need;
- (h) projects that provide housing for persons and families with the lowest income;
- (i) projects that promote economic development benefits;
- (j) projects that allow integration into a local government housing plan; and
- (k) projects that would mitigate or correct existing health, safety, or welfare problems.