

1 **AMENDMENTS TO OLENE WALKER HOUSING**

2 **TRUST FUND**

3 1998 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Gerry A. Adair**

6 AN ACT RELATING TO COMMUNITY AND ECONOMIC DEVELOPMENT; REVISING
7 THE DEFINITION OF RURAL AREAS; AUTHORIZING THE USE OF FUND MONEYS
8 TO PRESERVE HISTORIC PROPERTIES; ALTERING THE GUIDELINES FOR
9 DISTRIBUTION OF FUND MONEYS THROUGH LOANS AND GRANTS; AND MAKING
10 TECHNICAL CHANGES.

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

12 AMENDS:

13 **9-4-701**, as last amended by Chapter 10, Laws of Utah 1995

14 **9-4-702**, as last amended by Chapter 10, Laws of Utah 1995

15 **9-4-704**, as last amended by Chapter 150, Laws of Utah 1997

16 **9-4-705**, as last amended by Chapter 265, Laws of Utah 1994

17 **9-4-707**, as renumbered and amended by Chapter 241, Laws of Utah 1992

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

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

20 **9-4-701. Definitions.**

21 As used in this part:

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

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

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

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

2 **9-4-702. Creation and administration.**

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

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

6 (2) There shall be deposited into the fund:

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

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

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

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

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

17 **9-4-704. Distribution of fund moneys.**

18 (1) The executive director shall:

19 (a) make grants and loans from the fund for any of the activities authorized by Section
20 9-4-705, as recommended by the board;

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

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

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

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

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

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

31 (i) (A) Of the fund moneys distributed as loans, at least 50% shall be distributed to benefit

1 persons whose annual income is at or below 50% of the median family income for the state.

2 (B) The remaining loan moneys shall be distributed to benefit persons whose annual
3 income is at or below 80% of the median family income for the state.

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

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

7 (i) [~~Ninety-five percent~~] At least 90% of the fund moneys distributed as grants shall be
8 distributed to benefit persons whose annual income is at or below 50% of the median family
9 income for the state or for the purposes outlined in Subsection 9-4-705(1)(d).

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

14 (4) The executive director may:

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

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

19 Section 4. Section **9-4-705** is amended to read:

20 **9-4-705. Activities authorized to receive fund moneys -- Powers of the executive**
21 **director.**

22 With the recommendation of the board, the executive director may:

23 (1) provide fund moneys to any of the following activities:

24 (a) acquisition, rehabilitation, or new construction of low-income housing units;

25 (b) matching funds for social services projects directly related to providing housing for
26 special-need renters in assisted projects;

27 (c) shelters and transitional housing for the homeless; [~~and~~]

28 (d) support the preservation of historic properties or resources as defined in Section
29 17A-3-1304, or a conservation easement as defined in Section 57-18-2; and

30 [~~(d)~~] (e) other activities that will assist in improving the availability or quality of housing
31 in the state for low-income persons;

1 (2) do any act necessary or convenient to the exercise of the powers granted by this part
2 or reasonably implied therefrom including:

3 (a) making or executing contracts and other instruments necessary or convenient for the
4 performance of the executive director and board's duties and the exercise of the executive director
5 and board's powers and functions under this part, including contracts or agreements for the
6 servicing and originating of mortgage loans;

7 (b) procuring insurance against any loss in connection with property or other assets held
8 by the fund, including mortgage loans, in amounts and from insurers it considers desirable;

9 (c) entering into agreements with any department, agency, or instrumentality of the United
10 States or this state and with mortgagors and mortgage lenders for the purpose of planning and
11 regulating and providing for the financing and refinancing, purchase, construction, reconstruction,
12 rehabilitation, leasing, management, maintenance, operation, sale, or other disposition of any
13 residential housing undertaken with the assistance of the department under this part;

14 (d) proceeding with a foreclosure action, to own, lease, clear, reconstruct, rehabilitate,
15 repair, maintain, manage, operate, assign, encumber, sell, or otherwise dispose of any real or
16 personal property obtained by the fund due to the default on any mortgage loan held by the fund
17 in preparation for disposition of the property, taking assignments of leases and rentals, proceeding
18 with foreclosure actions, and taking other actions necessary or incidental to the performance of its
19 duties; and

20 (e) selling, at a public or private sale, with or without public bidding, any mortgage or
21 other obligation held by the fund.

22 Section 5. Section **9-4-707** is amended to read:

23 **9-4-707. Application process and priorities.**

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

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

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

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

Legislative Review Note
as of 1-12-98 9:40 AM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel