

1 **OLENE WALKER HOUSING LOAN FUND AMENDMENTS**

2 2016 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Todd Weiler**

5 House Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions relating to the Olene Walker Housing Loan Fund.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ modifies the membership of the Housing Board;
- 13 ▶ prioritizes certain applications for grants or loans from the Olene Walker Housing
- 14 Loan Fund;
- 15 ▶ addresses the percentage of fund money that the executive director of the
- 16 Department of Workforce Services distributes as grants;
- 17 ▶ modifies the activities for which the executive director of the Department of
- 18 Workforce Services may distribute money from the Olene Walker Housing Loan
- 19 Fund; and
- 20 ▶ makes technical and conforming changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **35A-8-503**, as renumbered and amended by Laws of Utah 2012, Chapter 212



28 **35A-8-504**, as last amended by Laws of Utah 2012, Chapter 347 and renumbered and
29 amended by Laws of Utah 2012, Chapter 212

30 **35A-8-505**, as renumbered and amended by Laws of Utah 2012, Chapter 212

31 **35A-8-507**, as renumbered and amended by Laws of Utah 2012, Chapter 212



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

34 Section 1. Section **35A-8-503** is amended to read:

35 **35A-8-503. Housing loan fund board -- Duties -- Expenses.**

36 (1) There is created the Olene Walker Housing Loan Fund Board.

37 (2) The board is composed of ~~[11]~~ 12 voting members.

38 (a) The governor shall appoint the following members to four-year terms:

39 (i) two members from local governments;

40 (ii) two members from the mortgage lending community;

41 (iii) one member from real estate sales interests;

42 (iv) one member from home builders interests;

43 (v) one member from rental housing interests;

44 (vi) one member from housing advocacy interests;

45 (vii) one member ~~[of the]~~ from manufactured housing ~~[interest, and]~~ interests;

46 (viii) one member from homelessness advocacy interests from a county of the first
47 class; and

48 ~~[(viii)]~~ (ix) two members of the general public.

49 (b) The director or the director's designee serves as the secretary of the board.

50 (c) The members of the board shall annually elect a chair from among the voting
51 membership of the board.

52 (3) (a) Notwithstanding the requirements of Subsection (2), the governor shall, at the
53 time of appointment or reappointment, adjust the length of terms to ensure that the terms of
54 board members are staggered so that approximately half of the board is appointed every two
55 years.

56 (b) When a vacancy occurs in the membership for any reason, the replacement is
57 appointed for the unexpired term.

58 (4) (a) The board shall:

- 59 (i) meet regularly, at least quarterly, on dates fixed by the board;
- 60 (ii) keep minutes of its meetings; and
- 61 (iii) comply with the procedures and requirements of Title 52, Chapter 4, Open and
- 62 Public Meetings Act.

63 (b) [~~Seven~~] Eight members of the board constitute a quorum, and the governor, the

64 chair, or a majority of the board may call a meeting of the board.

65 (5) The board shall:

- 66 (a) review the housing needs in the state;
- 67 (b) determine the relevant operational aspects of any grant, loan, or revenue collection
- 68 program established under the authority of this chapter;
- 69 (c) determine the means to implement the policies and goals of this chapter;
- 70 (d) select specific projects to receive grant or loan money; and
- 71 (e) determine how fund money shall be allocated and distributed.

72 (6) A member may not receive compensation or benefits for the member's service, but

73 may receive per diem and travel expenses in accordance with:

- 74 (a) Section [63A-3-106](#);
- 75 (b) Section [63A-3-107](#); and
- 76 (c) rules made by the Division of Finance pursuant to Sections [63A-3-106](#) and
- 77 [63A-3-107](#).

78 Section 2. Section **35A-8-504** is amended to read:

79 **35A-8-504. Distribution of fund money.**

- 80 (1) The executive director shall:
- 81 (a) make grants and loans from the fund for any of the activities authorized by Section
- 82 [35A-8-505](#), as directed by the board;
- 83 (b) establish the criteria with the approval of the board by which loans and grants will
- 84 be made; and
- 85 (c) determine with the approval of the board the order in which projects will be funded.
- 86 (2) The executive director shall distribute, as directed by the board, any federal money
- 87 contained in the fund according to the procedures, conditions, and restrictions placed upon the
- 88 use of the money by the federal government.

89 (3) (a) The executive director shall distribute, as directed by the board, any funds

90 received under Section 17C-1-412 to pay the costs of providing income targeted housing within
91 the community that created the community development and renewal agency under Title 17C,
92 Limited Purpose Local Government Entities - Community Development and Renewal
93 Agencies Act.

94 (b) As used in Subsection (3)(a):

95 (i) "Community" ~~[has the meaning as]~~ means the same as that term is defined in
96 Section 17C-1-102.

97 (ii) "Income targeted housing" ~~[has the meaning as]~~ means the same as that term is
98 defined in Section 17C-1-102.

99 (4) Except for federal money and money received under Section 17C-1-412, the
100 executive director shall distribute, as directed by the board, money ~~[from]~~ in the fund according
101 to the following requirements:

102 (a) ~~[Not less than]~~ The executive director shall distribute at least 30% of all [fund] the
103 money ~~[shall be distributed]~~ in the fund to rural areas of the state.

104 (b) (i) The executive director shall distribute at least 50% of the money in the fund as
105 grants.

106 (ii) The executive director shall distribute at least 90% of the money described in
107 Subsection (4)(b)(i) to benefit persons whose annual income is at or below 30% of the median
108 family income for the state.

109 ~~[(b) At least 50% of the]~~

110 (c) The executive director shall distribute any remaining money in the fund [shall be
111 distributed] as loans ~~[to be repaid to the fund by the entity receiving them].~~

112 (i) (A) ~~[Of the fund money distributed as loans;]~~ The executive director shall distribute
113 at least 50% ~~[shall be distributed]~~ of the money described in this Subsection (4)(c) to benefit
114 persons whose annual income is at or below 50% of the median family income for the state.

115 (B) ~~[The remaining loan money shall be distributed]~~ The executive director shall
116 distribute any remaining money described in this Subsection (4)(c) to benefit persons whose
117 annual income is at or below 80% of the median family income for the state.

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

120 ~~[(c) Any fund money not distributed as loans shall be distributed as grants.]~~

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

123 ~~[(ii) The remaining fund money distributed as grants may be used by the executive~~
 124 ~~director to obtain federal matching funds or for other uses consistent with the intent of this part,~~
 125 ~~including the payment of reasonable loan servicing costs, but no more]~~

126 (5) The executive director may not use more than 3% of the revenues of the fund ~~[may~~
 127 ~~be used]~~ to offset other department or board administrative expenses.

128 ~~[(5)]~~ (6) The executive director may with the approval of the board:

129 (a) enact rules to establish procedures for the grant and loan process by following the
 130 procedures and requirements of Title 63G, Chapter 3, Utah Administrative Rulemaking Act;
 131 and

132 (b) service or contract, under Title 63G, Chapter 6a, Utah Procurement Code, for the
 133 servicing of loans made by the fund.

134 Section 3. Section **35A-8-505** is amended to read:

135 **35A-8-505. Activities authorized to receive fund money -- Powers of the executive**
 136 **director.**

137 At the direction of the board, the executive director may:

138 (1) provide fund money to any of the following activities:

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

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

142 (c) the development and construction of accessible housing designed for low-income
 143 persons;

144 ~~[(d) shelters and transitional housing for the homeless; and]~~

145 (d) the construction or improvement of a shelter or transitional housing facility that
 146 provides services intended to prevent or minimize homelessness among members of a specific
 147 homeless subpopulation; and

148 (e) other activities that will assist in minimizing homelessness or improving the
 149 availability or quality of housing in the state for low-income persons;

150 (2) do any act necessary or convenient to the exercise of the powers granted by this part
 151 or reasonably implied from those granted powers, including:

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

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

158 (c) entering into agreements with a department, agency, or instrumentality of the
159 United States or this state and with mortgagors and mortgage lenders for the purpose of
160 planning and regulating and providing for the financing and refinancing, purchase,
161 construction, reconstruction, rehabilitation, leasing, management, maintenance, operation, sale,
162 or other disposition of residential housing undertaken with the assistance of the department
163 under this part;

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

170 (e) selling, at a public or private sale, with public bidding, a mortgage or other
171 obligation held by the fund.

172 Section 4. Section **35A-8-507** is amended to read:

173 **35A-8-507. Application process and priorities.**

174 (1) (a) In each calendar year that money is available from the fund for distribution by
175 the executive director under the direction of the board, the executive director shall, at least
176 once in that year, announce a grant and loan application period by sending notice to interested
177 persons.

178 (b) The executive director shall accept applications that are received in a timely
179 manner.

180 (2) The executive director shall give ~~first~~ priority to applications for projects and
181 activities in the following order:

182 (a) first, to applications for projects and activities intended to minimize homelessness;

- 183 **(b) second, to applications for projects and activities** that use existing privately owned
184 housing stock, including privately owned housing stock purchased by a nonprofit public
185 development [~~authorities.~~] authority; and
- 186 **(c) third, to all other applications.**
- 187 (3) [~~The~~] Within each level of priority described in Subsection (2), the executive
188 director shall give preference to applications that demonstrate the following:
- 189 (a) a high degree of leverage with other sources of financing;
- 190 (b) high recipient contributions to total project costs, including allied contributions
191 from other sources such as professional, craft, and trade services and lender interest rate
192 subsidies;
- 193 (c) high local government project contributions in the form of infrastructure
194 improvements, or other assistance;
- 195 (d) projects that encourage ownership, management, and other project-related
196 responsibility opportunities;
- 197 (e) projects that demonstrate a strong probability of serving the original target group or
198 income level for a period of at least 15 years;
- 199 (f) projects where the applicant has demonstrated the ability, stability, and resources to
200 complete the project;
- 201 (g) projects that appear to serve the greatest need;
- 202 (h) projects that provide housing for persons and families with the lowest income;
- 203 (i) projects that promote economic development benefits;
- 204 (j) projects that [~~allow integration into a local government housing plan~~] align with a
205 local government plan to address housing and homeless services; and
- 206 (k) projects that would mitigate or correct existing health, safety, or welfare problems.
- 207 (4) The executive director may give consideration to projects that increase the supply
208 of accessible housing.