

Representative Bruce R. Cutler proposes the following substitute bill:

OLENE WALKER HOUSING LOAN FUND AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd Weiler

House Sponsor: Francis D. Gibson

LONG TITLE

General Description:

This bill modifies provisions relating to the Olene Walker Housing Loan Fund and other housing issues.

Highlighted Provisions:

This bill:

- ▶ prioritizes certain applications for grants or loans from the Olene Walker Housing Loan Fund;
- ▶ addresses how the executive director of the Department of Workforce Services distributes fund money;
- ▶ modifies the activities for which the executive director of the Department of Workforce Services may distribute money from the Olene Walker Housing Loan Fund;
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



26 AMENDS:

27 **35A-8-504**, as last amended by Laws of Utah 2012, Chapter 347 and renumbered and
28 amended by Laws of Utah 2012, Chapter 212

29 **35A-8-505**, as renumbered and amended by Laws of Utah 2012, Chapter 212

30 **35A-8-507**, as renumbered and amended by Laws of Utah 2012, Chapter 212

31

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

33 Section 1. Section **35A-8-504** is amended to read:

34 **35A-8-504. Distribution of fund money.**

35 (1) The executive director shall:

36 (a) make grants and loans from the fund for any of the activities authorized by Section
37 **35A-8-505**, as directed by the board;

38 (b) establish the criteria with the approval of the board by which loans and grants will
39 be made; and

40 (c) determine with the approval of the board the order in which projects will be funded.

41 (2) The executive director shall distribute, as directed by the board, any federal money
42 contained in the fund according to the procedures, conditions, and restrictions placed upon the
43 use of the money by the federal government.

44 (3) (a) The executive director shall distribute, as directed by the board, any funds
45 received under Section **17C-1-412** to pay the costs of providing income targeted housing within
46 the community that created the community development and renewal agency under Title 17C,
47 Limited Purpose Local Government Entities - Community Development and Renewal
48 Agencies Act.

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

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

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

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

57 ~~[(a) Not less than 30% of all fund money shall be distributed to rural areas of the~~
58 ~~state.]~~

59 ~~[(b) At least 50% of the money in the fund shall be distributed as loans to be repaid to~~
60 ~~the fund by the entity receiving them.]~~

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

64 ~~[(B) The remaining loan money shall be distributed to benefit persons whose annual~~
65 ~~income is at or below 80% of the median family income for the state.]~~

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

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

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

71 ~~[(ii) The remaining fund money distributed as grants may be used by the executive~~
72 ~~director to obtain federal matching funds or for other uses consistent with the intent of this part,~~
73 ~~including the payment of reasonable loan servicing costs, but no more than 3% of the revenues~~
74 ~~of the fund may be used to offset other department or board administrative expenses.]~~

75 (a) the executive director shall distribute at least 30% of the money in the fund to rural
76 areas of the state;

77 (b) the executive director shall distribute at least 70% of the money in the fund to
78 benefit persons whose annual income is at or below 50% of the median family income for the
79 state;

80 (c) the executive director may not use more than 3% of the revenues of the fund to
81 offset department or board administrative expenses;

82 (d) the executive director shall distribute any remaining money in the fund to benefit
83 persons whose annual income is at or below 80% of the median family income for the state;
84 and

85 (e) if the executive director or the executive director's designee makes a loan in
86 accordance with this section, the interest rate of the loan shall be based on the borrower's
87 ability to pay.

88 (5) The executive director may, with the approval of the board:

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

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

94 Section 2. Section **35A-8-505** is amended to read:

95 **35A-8-505. Activities authorized to receive fund money -- Powers of the executive**
96 **director.**

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

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

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

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

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

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

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

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

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

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

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

118 (c) entering into agreements with a department, agency, or instrumentality of the

119 United States or this state and with mortgagors and mortgage lenders for the purpose of
120 planning and regulating and providing for the financing and refinancing, purchase,
121 construction, reconstruction, rehabilitation, leasing, management, maintenance, operation, sale,
122 or other disposition of residential housing undertaken with the assistance of the department
123 under this part;

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

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

132 Section 3. Section **35A-8-507** is amended to read:

133 **35A-8-507. Application process and priorities.**

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

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

140 (2) The executive director shall give ~~[first]~~ priority to applications for projects and
141 activities in the following order:

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

143 (b) second, to applications for projects and activities that use existing privately owned
144 housing stock, including privately owned housing stock purchased by a nonprofit public
145 development [~~authorities:] authority; and~~

146 (c) third, to all other applications.

147 (3) ~~[The]~~ Within each level of priority described in Subsection (2), the executive
148 director shall give preference to applications that demonstrate the following:

149 (a) a high degree of leverage with other sources of financing;

150 (b) high recipient contributions to total project costs, including allied contributions
151 from other sources such as professional, craft, and trade services and lender interest rate
152 subsidies;

153 (c) high local government project contributions in the form of infrastructure
154 improvements, or other assistance;

155 (d) projects that encourage ownership, management, and other project-related
156 responsibility opportunities;

157 (e) projects that demonstrate a strong probability of serving the original target group or
158 income level for a period of at least 15 years;

159 (f) projects where the applicant has demonstrated the ability, stability, and resources to
160 complete the project;

161 (g) projects that appear to serve the greatest need;

162 (h) projects that provide housing for persons and families with the lowest income;

163 (i) projects that promote economic development benefits;

164 (j) projects that [~~allow integration into a local government housing plan~~] align with a
165 local government plan to address housing and homeless services; and

166 (k) projects that would mitigate or correct existing health, safety, or welfare problems.

167 (4) The executive director may give consideration to projects that increase the supply
168 of accessible housing.