

1 _____ BILL NO. _____

2 INTRODUCED BY _____

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO THE HOUSING MONTANA
5 FUND; ALLOWING THE BOARD OF HOUSING TO MAKE GRANTS FROM THE HOUSING MONTANA
6 FUND; PROVIDING ADDITIONAL FUNDING FOR THE HOUSING MONTANA FUND; PROVIDING
7 RULEMAKING AUTHORITY; AMENDING SECTIONS 90-6-132, 90-6-133, 90-6-134, AND 90-6-136, MCA;
8 AND PROVIDING AN EFFECTIVE DATE."

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

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12 **Section 1.** Section 90-6-132, MCA, is amended to read:

13 **"90-6-132. Definitions.** As used in 90-6-131 through 90-6-137, the following definitions apply:

14 (1) "Board" means the board of housing created in 2-15-1814.

15 (2) "Coal tax trust fund" means the trust fund created pursuant to Article IX, section 5, of the
16 Montana constitution.

17 (3) "Fund" means the housing Montana fund created in 90-6-133.

18 (4) "Housing development" has the meaning provided in 90-6-103.

19 (5) "Low-income" means households whose incomes do not exceed 80% of the median income in
20 the area, as determined by the United States department of housing and urban development, with adjustments
21 for smaller or larger families.

22 (6) "Moderate-income" means households whose incomes are between 81% and ~~95%~~ 140% of
23 the median income for the area, as determined by the United States department of housing and urban
24 development, with adjustments for smaller and larger families."

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26 **Section 2.** Section 90-6-133, MCA, is amended to read:

27 **"90-6-133. Housing Montana fund -- administration.** (1) (a) There is a housing Montana fund in the
28 housing authority enterprise fund provided for in 90-6-107. The money in the fund is allocated to the board for

1 the purpose of providing loans and grants to eligible applicants.

2 (b) Money in the housing Montana fund must be disbursed as loans or grants. Twenty percent of
3 the money in the fund must be disbursed to rural areas based on population.

4 (2) Money deposited in the fund, including money transferred to the account pursuant to section 2,
5 Chapter 502, Laws of 2001, must be used for the program authorized in 90-6-134 and may not be used to pay
6 the expenses of any other program or service administered by the board.

7 (3) The board may determine the rate of interest to be charged for any loan made under the
8 provisions of 90-6-131 through 90-6-136.

9 (4) The board may accept contributions, gifts, and grants for deposit into the fund. The money
10 must be used in accordance with the provisions of 90-6-134.

11 (5) The costs incurred by the board in administering the fund may be paid from the fund.

12 (6) Interest and principal on loans from the fund must be repaid to the fund.

13 (7) Interest income generated by investment of the principal of the fund is retained in the fund."
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15 **Section 3.** Section 90-6-134, MCA, is amended to read:

16 **"90-6-134. Housing Montana fund -- loan capital restricted to interest on principal -- eligible**
17 **applicants.** (1) The money in the housing Montana fund must be used to provide financial assistance in the
18 form of direct loans or grants by the board to eligible applicants.

19 (2) After the initial principal is loaned to eligible applicants, the amount of loans made in a fiscal
20 year is contingent on the repayment of loan principal and on the amount of interest income generated by the
21 principal of the fund.

22 (3) Money from the fund must be used to provide:

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

25 (b) bridge financing necessary to make a low-income housing development or a moderate-income
26 housing development financially feasible;

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

- (d) preconstruction technical assistance to eligible recipients in rural areas and small cities and towns; or
- (e) acquisition of land for housing developments, land banking and land trusts, and short-term site-based housing vouchers for needy individuals; or
- (f) grants to eligible participants.
- (4) (a) Technical assistance under subsection (3)(d) may include but is not limited to:
- (i) financial planning and packaging for housing developments and projects;
 - (ii) project design, architectural planning, and siting;
 - (iii) compliance with planning and permitting requirements; or
 - (iv) maximizing local government contributions to project development in the form of land donations, infrastructure improvements, zoning variances, or creative local planning.
- (b) The board may contract with a nonprofit organization to provide this technical assistance.
- (5) Money from the fund may not be used to replace existing or available sources of funding for eligible activities.
- (6) Organizations eligible for loans or grants from the fund are state government or state agencies or programs, local governments, tribal governments, local housing authorities, nonprofit community- or neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-profit housing developers."

Section 4. Section 90-6-136, MCA, is amended to read:

"90-6-136. Administrative rules. The board shall adopt rules to implement 90-6-131 through 90-6-137. The rules must address:

- (1) the development of eligibility criteria for loan and grant applicants;
- (2) the development of an application process for requesting financial assistance;
- (3) the establishment of a procedure for disbursing financial assistance;
- (4) the establishment of the terms and conditions of a loan, including the method and schedule of repayment and the applicable rate of interest;
- (5) the development of a process for awarding technical assistance contracts; and

8 - END -