

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
91st General Assembly  
Regular Session, 2017

# A Bill

HOUSE BILL 2054

By: Representative Hammer

## For An Act To Be Entitled

AN ACT TO REPEAL THE ARKANSAS HOUSING TRUST FUND ACT  
OF 2009; AND FOR OTHER PURPOSES.

### Subtitle

TO REPEAL THE ARKANSAS HOUSING TRUST FUND  
ACT OF 2009.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 15, Chapter 5, Subchapter 17, is repealed.

~~Subchapter 17~~

~~—Arkansas Housing Trust Fund Act of 2009~~

~~15-5-1701. Title.~~

~~This subchapter shall be known and may be cited as the “Arkansas Housing Trust Fund Act of 2009”.~~

~~15-5-1702. Legislative intent.~~

~~The General Assembly finds:~~

~~(1) That current economic conditions, the lack of affordable housing, and declining resources at all levels of government adversely affect the ability of the citizens of Arkansas to obtain safe, decent, and affordable housing;~~

~~(2) That the lack of affordable housing affects the abilities of communities to maintain and develop viable and stable economies; and~~

~~(3) That the establishment of the Arkansas Housing Trust Fund is intended;~~



~~(A) To provide a flexible source of funds for communities to address their affordable housing needs;~~

~~(B) To help families attain economic stability;~~

~~(C) To revitalize distressed neighborhoods and build healthy, vibrant communities by developing high quality affordable housing;~~

~~(D) To leverage additional private investment in Arkansas communities;~~

~~(E) To contribute to economic growth through increased housing production, employment, and tax revenues, thereby benefiting all the citizens of the state;~~

~~(F) To alleviate deficiencies in the supply of safe, accessible, and affordable housing for the citizens of the state most likely, because of low incomes, to suffer from these deficiencies, including without limitation persons who are homeless, disabled, elderly, or victims of domestic violence; and~~

~~(G) To alleviate deficiencies in the supply of safe, accessible, and affordable housing for the citizens of the state living in rural areas.~~

~~15-5-1703. Definitions.~~

~~As used in this subchapter:~~

~~(1) "Advisory committee" means the Housing Trust Fund Advisory Committee created in § 15-5-1706;~~

~~(2) "Authority" means the Arkansas Development Finance Authority;~~

~~(3) "Board" means the Board of Directors of the Arkansas Development Finance Authority;~~

~~(4) "Eligible activities" means activities eligible for funding by the Arkansas Housing Trust Fund, as set forth in this subchapter;~~

~~(5) "Eligible applicants" means persons or entities eligible to receive funds from the fund, as set forth in this subchapter;~~

~~(6) "Housing trust fund" means the fund created in § 15-5-1704; and~~

~~(7) "Median household income" means state or area median household income, as defined and adjusted annually by the United States Department of Housing and Urban Development.~~

~~15-5-1704. Establishment of Arkansas Housing Trust Fund.~~

~~(a) There is established on the books of the Arkansas Development Finance Authority a special restricted fund, to be known as the "Arkansas Housing Trust Fund", which shall be maintained and administered by the authority for the purposes stated in this subchapter.~~

~~(b) All moneys deposited into the fund under this subchapter are cash funds restricted in their use and shall not be deposited into the State Treasury or deemed to be a part of the State Treasury for the purposes of Arkansas Constitution, Article 5, § 29, Arkansas Constitution, Article 16, § 12, or Arkansas Constitution, Amendment 20, or any other constitutional or statutory provisions, but shall be held by the authority and used solely for the purposes stated under this subchapter.~~

~~15-5-1705. Sources and deposits — Administration of Arkansas Housing Trust Fund — Responsibilities of the Arkansas Development Finance Authority.~~

~~(a) The following moneys shall be deposited into the Arkansas Housing Trust Fund:~~

~~(1) Money designated by the General Assembly or by the Governor for the purpose of funding the fund;~~

~~(2) Grants or other moneys from the federal government or federal agencies that can be used for the purpose of funding the fund;~~

~~(3) Any money received by the Arkansas Development Finance Authority or the state from private sources as a contribution, gift, or donation to the fund;~~

~~(4) Repayments of any loans made from the fund under this subchapter;~~

~~(5) Any interest or investment earnings on amounts held in the fund; and~~

~~(6) Any other money legally designated for the fund.~~

~~(b) The fund shall be maintained and administered by the authority. The authority is authorized and directed:~~

~~(1) To invest and reinvest all money held in the fund in investments under the authority's investment policies, pending its use for the purposes described in this subchapter;~~

~~(2) To keep books and records relating to the investment;~~

~~interest earnings, and uses of moneys deposited into the fund;~~

~~(3) To establish procedures for the withdrawal, allocation, and use of the moneys held in the fund for the purposes described in this subchapter;~~

~~(4) To cause to be prepared an annual independent audit of the fund;~~

~~(5) To enter into contracts and agreements in connection with the operation of the fund, including contracts and agreements with federal agencies, local governmental entities, community developers, and other persons, to implement this subchapter;~~

~~(6) To develop rules for the competitive evaluation of projects seeking to receive moneys from the fund and as needed to implement this subchapter; and~~

~~(7) To engage in ongoing efforts to increase funding sources for the fund, including any additional ongoing state-dedicated funding source.~~

~~(c) The authority shall seek the input of the Arkansas Housing Trust Fund Advisory Committee created by § 15-5-1706, but the Board of Directors of the Arkansas Development Finance Authority shall have the final decision-making authority on all matters relating to the fund and the programs administered under this subchapter.~~

~~(d)(1) To reimburse the authority for its services in administering the fund, the authority shall be periodically paid a reasonable fee from amounts deposited to the fund.~~

~~(2) On an annual basis, the authority shall not be paid in excess of six percent (6%) of the total annual deposits to the fund or the average outstanding balance of the assets of the fund, whichever is greater.~~

~~15-5-1706. Creation of Arkansas Housing Trust Fund Advisory Committee.~~

~~(a)(1) There is created the Arkansas Housing Trust Fund Advisory Committee for the purpose of advising the staff and the Board of Directors of the Arkansas Development Finance Authority with respect to the Arkansas Housing Trust Fund.~~

~~(2) The members of the advisory committee shall be residents of the state and should, to the extent possible, reflect the demographics of the state with respect to geography, race, gender, and urban-rural mix.~~

~~(3) The members of the advisory committee shall be entitled to~~

~~expense reimbursement under § 25-16-902 from amounts deposited into the fund.~~

~~(4) Each member of the advisory committee should have a demonstrated interest in the housing needs of individuals and families with low or moderate incomes and the revitalization of distressed neighborhoods.~~

~~(b) The advisory committee shall consist of eleven (11) members with the qualifications under § 15-5-1705 to be appointed by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate, as follows:~~

~~(1) A representative of the financial industry, appointed by the Governor;~~

~~(2) A beneficiary of assistance in rental housing or home ownership, appointed by the Governor;~~

~~(3) An advocate for the homeless, appointed by the Governor;~~

~~(4) A representative of the real estate industry, appointed by the Governor;~~

~~(5) A representative from the economic development field, appointed by the Governor;~~

~~(6) A developer of affordable housing, appointed by the Governor;~~

~~(7) A citizen, appointed by the Governor;~~

~~(8) A consumer advocate with experience as a fair housing advocate, housing counselor, or affordable housing advocate, appointed by the Speaker of the House of Representatives;~~

~~(9) A housing advocate representing the needs of rural interests, appointed by the Speaker of the House of Representatives;~~

~~(10) A special needs housing advocate appointed by the President Pro Tempore of the Senate; and~~

~~(11) An advocate for public housing, appointed by the President Pro Tempore of the Senate.~~

~~(c)(1) A member of the advisory committee shall serve a term of four (4) years.~~

~~(2) In order to stagger the terms of the members, the initial members of the advisory committee shall draw lots as follows:~~

~~(A) Two (2) members will have an initial term of one (1) year;~~

~~(B) Three (3) members will have an initial term of two (2)~~

~~years;~~

~~(C) Three (3) members will have an initial term of three (3) years; and~~

~~(D) Three (3) members will have an initial term of four (4) years.~~

~~(3) Members of the advisory committee may serve successive terms.~~

~~15-5-1707. Roles and responsibilities of the Arkansas Housing Trust Fund Advisory Committee.~~

~~(a) The Arkansas Housing Trust Fund Advisory Committee will operate within the structure of the Arkansas Development Finance Authority and will advise the Board of Directors of the Arkansas Development Finance Authority on matters relating to the Arkansas Housing Trust Fund and its programs.~~

~~(b) The responsibilities of the advisory committee shall be to:~~

~~(1) Collaborate with the staff of the authority in drafting rules, compliance responsibilities, set-asides, and funding priorities for the fund and the programs funded by the fund, which rules and policies will be referred by the committee to the authority for its review and approval;~~

~~(2) Review and advise the authority on fund marketing efforts;~~

~~(3) Review data on the use and impact of the fund compiled by the staff of the authority, which shall be provided to the committee not less frequently than one (1) time a year;~~

~~(4) Prepare, working with the staff of the authority, an annual review of the rules, compliance responsibilities, set-asides, funding priorities, and funding decisions, including any recommended changes, which review shall be presented to the board for final approval; and~~

~~(5) Prepare an annual performance report for the fund, including information about the fund's success in meeting its intended purposes, which shall be provided to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate.~~

~~15-5-1708. Purposes and uses of the Arkansas Housing Trust Fund.~~

~~(a) Money held in the Arkansas Housing Trust Fund shall be used to provide assistance for eligible activities proposed by eligible applicants, including without limitation grants, loans, loan guarantees, and loan~~

~~subsidies.~~

~~(b) Eligible activities may include without limitation the following:~~

~~(1) New construction, reconstruction, or rehabilitation of rental housing or housing designed for owner occupancy;~~

~~(2) Rental assistance;~~

~~(3) Land acquisition;~~

~~(4) Predevelopment costs;~~

~~(5) Infrastructure;~~

~~(6) Transitional housing;~~

~~(7) Down payment assistance;~~

~~(8) Housing and foreclosure counseling; and~~

~~(9) Technical assistance.~~

~~(c) Eligible applicants of assistance from the fund shall include without limitation:~~

~~(1) Local governments;~~

~~(2) Public housing authorities, public housing agencies, and public housing facilities boards;~~

~~(3) Nonprofit organizations;~~

~~(4) Nonprofit housing developers; and~~

~~(5) For-profit housing developers.~~

~~15-5-1709. Minimum requirements — Distribution of funds — Application evaluation guidelines.~~

~~(a) In order for a proposal to be an activity eligible for support, the following minimum requirements must be present:~~

~~(1) Beneficiaries of the activity must have household incomes equal to or less than eighty percent (80%) of the median household income;~~

~~(2) Housing to be funded must meet the same requirements for duration of affordability as set forth in the rules of the Arkansas Development Finance Authority for its HOME Investment Partnerships Program;~~

~~(3) Housing to be funded must adhere to the universal design criteria set forth in the rules and regulations of the authority;~~

~~(4) Housing to be funded must meet all building and maintenance standards set forth in the rules of the authority; and~~

~~(5) No more than ten percent (10%) of the project budget may be spent on administrative costs.~~

~~(b)(1) Activities to be funded by the Arkansas Housing Trust Fund shall be selected through a competitive process under rules to be promulgated by the authority.~~

~~(2) The rules of the authority shall include incentives, set-asides, or inducements for the development of housing, including without limitation for the following:~~

- ~~(A) Persons with very low income;~~
- ~~(B) Persons living in rural areas;~~
- ~~(C) Homeless persons;~~
- ~~(D) Persons with disabilities;~~
- ~~(E) Elderly persons; and~~
- ~~(F) Victims of domestic violence.~~

~~(3) The rules of the authority shall also set forth evaluation criteria, which shall include without limitation the following:~~

~~(A) The experience of the entity making the proposal, determined through consideration of the proposer's past history in completing activities of a similar scale and nature;~~

~~(B) If rental housing is being proposed, an evaluation of the property management history of the developer and management agent;~~

~~(C) The timeliness with which units will be developed or the activity implemented;~~

~~(D) The number of years a development shall maintain units at affordable rental or sales prices and the strength of enforcement mechanisms to ensure long-term affordability;~~

~~(E) The number of affordable units being made available to households with household incomes at or below thirty percent (30%) of area median household income;~~

~~(F) The degree to which fund moneys are used to leverage additional funding and the extent to which fund moneys will be returned through repayment;~~

~~(G) The extent to which the activity will leverage or augment local community affordable housing goals or locally adopted affordable housing plans such as revitalization areas or other geographic areas targeted for investment;~~

~~(H) The extent to which the activity will minimize negative impacts on existing tenants and community members, with particular~~

~~emphasis on displacement;~~

~~(I) The extent to which housing produced will be part of a mixed income development or neighborhood;~~

~~(J) The extent to which the activity serves households with special needs, including individuals with disabilities, individuals with mental illness, or persons who are elderly, homeless, or victims of domestic violence;~~

~~(K) The extent to which the activity adheres to energy efficiency and other environmental and sustainability standards;~~

~~(L) The extent to which housing will be located near transit, shopping, community services, and other amenities;~~

~~(M) The extent to which financial and home ownership counseling is provided to households served by the activity; and~~

~~(N) The amount of the activity budget spent on administrative costs.~~