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Prepared by: Krista Dauenhauer
 Reviewed by: Michelle Deister
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Measure Description:

Establishes Affordable Housing Land Acquisition Revolving Loan Fund Program within Housing and Community Services Department to make loans to eligible organizations to purchase land for affordable housing development and to provide supportive services to residents and low income households.

Government Unit(s) Affected:

Housing and Community Services Department

Summary of Expenditure Impact:

Other Funds	2017-19 Biennium	2019-21 Biennium
Personal Services	195,277	
Services/Supplies	102,000	
Special Payments	-297,277	
Total Funds	\$0	\$0
Positions	2	
FTE	1.00	

Analysis:

As amended by the -1 amendment, the bill establishes the Affordable Housing Land Acquisition Revolving Loan Program within the Housing and Community Services Department (OHCS). OHCS may contract with a nonprofit to serve as administrator for the program, which will provide loans to organizations to purchase land that will be developed to build facilities intended to provide support services to low income households. The bill prioritizes that 40% of the loans should go to organizations that operate home ownership programs for low income households; however, if that goal is not attainable then those funds may be loaned to all other eligible organizations. Within five years of receipt of a loan, the loan recipients must present the OHCS with updated development plans which must include designs, a list of additional financial resources, and a development schedule that indicates completion within eight years of receipt of the loan.

Loan recipients that develop affordable housing must place the housing into service within eight years of receiving a loan and preserve the property as affordable housing for a minimum of 30 years.

Loan recipients who are in non-compliance with the program rules must pay back the principal amount and interest at the market rate which was agreed upon at the time of closing of the loan. The OHCS must develop guidelines for the period in which this repayment must take place and include the period in the original loan agreement entered into with the loan recipient. All other loan recipients who are in compliance with the program will have interest rates capped at 1%.

Beginning December 1, 2018, the OHCS must report annually to the interim committees of the Legislative Assembly on performance measures related to the program which are specified in Section 1. (13) of the bill. Costs associated with administration of the loan program are directed to be agreed upon in a memorandum between OHCS and the contracted administrator.

OHCS will re-purpose \$3.0 million in existing Other Funds (OF) to establish the program and to pay for administrative costs. This amount is already included in the OHCS budget (HB 5012) as Other Funds Special Payments limitation. OHCS will require two limited-duration half-time positions in the 2017-19 biennium to administer the program by shifting limitation from \$195,277 in Special Payments to Personal Services to fund the positions, and shifting \$102,000 in Special Payments to Services and Services for a resulting total funds shift of \$297,277 in the 2017-19 biennium.