

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

# A Bill

HOUSE BILL 2054

5 By: Representative Hammer  
6

## For An Act To Be Entitled

8 AN ACT TO REPEAL THE ARKANSAS HOUSING TRUST FUND ACT  
9 OF 2009; AND FOR OTHER PURPOSES.  
10

## Subtitle

11 TO REPEAL THE ARKANSAS HOUSING TRUST FUND  
12 ACT OF 2009.  
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16  
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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19 SECTION 1. Arkansas Code Title 15, Chapter 5, Subchapter 17, is repealed.  
20

~~Subchapter 17~~

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

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22  
23 ~~15-5-1701. Title.~~

24 ~~This subchapter shall be known and may be cited as the “Arkansas~~  
25 ~~Housing Trust Fund Act of 2009”.~~  
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27 ~~15-5-1702. Legislative intent.~~

28 ~~The General Assembly finds:~~

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

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

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



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

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

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

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

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

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

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

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 20           15-5-1703. Definitions.

21           As used in this subchapter:

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

24                   (2) ~~“Authority” means the Arkansas Development Finance~~  
 25 ~~Authority;~~

26                   (3) ~~“Board” means the Board of Directors of the Arkansas~~  
 27 ~~Development Finance Authority;~~

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

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

32                   (6) ~~“Housing trust fund” means the fund created in § 15-5-1704;~~  
 33 ~~and~~

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

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~~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;~~

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

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

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

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

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

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

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

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

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

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 28 ~~15-5-1706. Creation of Arkansas Housing Trust Fund Advisory Committee.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 years;

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

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

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

9 ~~15-5-1707. Roles and responsibilities of the Arkansas Housing Trust~~  
 10 ~~Fund Advisory Committee.~~

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

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

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

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

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

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

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

33 ~~15-5-1708. Purposes and uses of the Arkansas Housing Trust Fund.~~

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

1 subsidies.

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

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

5 ~~(2) Rental assistance;~~

6 ~~(3) Land acquisition;~~

7 ~~(4) Predevelopment costs;~~

8 ~~(5) Infrastructure;~~

9 ~~(6) Transitional housing;~~

10 ~~(7) Down payment assistance;~~

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

12 ~~(9) Technical assistance.~~

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

15 ~~(1) Local governments;~~

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

18 ~~(3) Nonprofit organizations;~~

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

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

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22 ~~15-5-1709. Minimum requirements — Distribution of funds — Application~~  
 23 ~~evaluation guidelines.~~

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

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

28 ~~(2) Housing to be funded must meet the same requirements for~~  
 29 ~~duration of affordability as set forth in the rules of the Arkansas~~

30 ~~Development Finance Authority for its HOME Investment Partnerships Program;~~

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

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

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

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

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

7                   ~~(A) Persons with very low income;~~

8                   ~~(B) Persons living in rural areas;~~

9                   ~~(C) Homeless persons;~~

10                  ~~(D) Persons with disabilities;~~

11                  ~~(E) Elderly persons; and~~

12                  ~~(F) Victims of domestic violence.~~

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

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

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

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

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

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

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

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

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



1 ~~emphasis on displacement;~~

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

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

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

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

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

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

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