For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS HOUSING TRUST FUND;
TO CREATE A HOUSING TRUST FUND ADVISORY
COMMITTEE; TO PROVIDE FOR THE ADMINISTRATION OF
THE HOUSING TRUST FUND BY THE ARKANSAS
DEVELOPMENT FINANCE AUTHORITY; AND FOR OTHER
PURPOSES.

Subtitle

TO CREATE THE ARKANSAS HOUSING TRUST
FUND.

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

SECTION 1. Arkansas Code Title 15, Chapter 5, is amended to add an
additional subchapter to read as follows:

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:
(a) 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;
(b) That the lack of affordable housing affects the abilities of communities to maintain and develop viable and stable economies; and

(c) That the establishment of the Arkansas Housing Trust Fund is intended:

1. To provide a flexible source of funds for communities to address their affordable housing needs;
2. To help families attain economic stability;
3. To revitalize distressed neighborhoods and build healthy, vibrant communities by developing high-quality affordable housing;
4. To leverage additional private investment in Arkansas communities;
5. To contribute to economic growth through increased housing production, employment, and tax revenues, thereby benefiting all the citizens of the state;
6. 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
7. To alleviate deficiencies in the supply of safe, accessible, and affordable housing for the citizens of the state living in rural areas.

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 housing trust fund, as set forth in this subchapter;
6. “Housing trust fund” means the Arkansas Housing Trust 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 housing trust 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 Article 5, § 29, Article 16, § 12, or Amendment 20 of the Arkansas Constitution 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 housing trust fund;
(2) Grants or other moneys from the federal government or federal agencies that can be used for the purpose of funding the housing trust 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 housing trust fund;
(4) Repayments of any loans made from the housing trust fund under this subchapter;
(5) Any interest or investment earnings on amounts held in the housing trust fund; and
(6) Any other money legally designated for the housing trust fund.
(b) The housing trust 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 housing trust 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 housing trust fund;

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

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

(5) To enter into contracts and agreements in connection with the operation of the housing trust 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 housing trust fund and as needed to implement this subchapter; and

(7) To engage in ongoing efforts to increase funding sources for the housing trust 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 housing trust fund and the programs administered under this subchapter.

(d)(1) To reimburse the authority for its services in administering the housing trust fund, the authority shall be periodically paid a reasonable fee from amounts deposited to the housing trust 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 housing trust fund or the average outstanding balance of the assets of the housing trust fund, whichever is greater.


(a)(1) There is created the Arkansas Housing Trust Fund Advisory Committee for the purpose of advising the Board of Directors and staff 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 housing trust 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 Senate President Pro Tempore, 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 Senate President Pro Tempore; and

(11) An advocate for public housing, appointed by the Senate President Pro Tempore.
(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 members will have an initial term of one (1) year;

(B) Three members will have an initial term of two (2) years;

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

(D) Three 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 housing trust fund and the programs funded by the housing trust fund, which rules and policies will be referred by the advisory committee to the authority for its review and approval;

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

(3) Review data on the use and impact of the housing trust fund compiled by the staff of the authority which shall be provided to the advisory 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 of directors of the authority for final approval; and
(5) Prepare an annual performance report for the housing trust fund, including information about the housing trust fund's success in meeting its intended purposes, which shall be provided to the Governor, the Speaker of the House of Representatives and the Senate President Pro Tempore.

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 housing trust 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 Partnership Program;  
(3) Housing to be funded must adhere to the universal design 
criteria set forth in the rules and regulations of the authority; and  
(4) Housing to be funded must meet all building and maintenance 
standards set forth in the rules of the authority.  
(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 housing trust fund moneys are used to leverage additional funding, and the extent to which housing trust 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 persons who are elderly, disabled, mentally ill, 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.

/s/ Elliott

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