

HOUSING FINANCE AGENCY



Housing incentive fund - Senate Bill No. 2210 (2011) creates a special revolving housing incentive fund and provides a continuing appropriation to the Housing Finance Agency for disbursements from the fund. After a public hearing, the Housing Finance Agency is to create an annual allocation plan for the distribution of money in the fund. At least 25 percent of the fund must be used to assist developing communities with a population of not more than 10,000 individuals to address an unmet housing need or alleviate a housing shortage. At least 50 percent of the money in the fund must be used to benefit households with incomes at not more than 50 percent of the area median income. The housing incentive fund is effective through June 30, 2013.

Senate Bill No. 2210 (2011) limited the aggregate amount of credits to all contributors to \$4 million for the biennium. Senate Bill No. 2371 (2011) approved during the November 2011 special legislative session increased the aggregate amount of tax credits allowed to all contributors to \$15 million for the 2011-13 biennium only.

Senate Bill No. 2210 (2011) also provides individual income tax, corporate income tax, and financial institutions tax credits for contributions to a housing incentive fund. The November 2011 special legislative session increased the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and increased the maximum allowable credits from \$4 million per biennium to \$15 million for the 2011-13 biennium only.

The Housing Finance Agency developed an allocation plan for the housing incentive fund. At least 25 percent of the money in the fund must be used to assist developing communities with a population of not more than 10,000, address an unmet housing need, or alleviate a housing shortage. At least 50 percent of the money in the fund must be used to benefit households with incomes of not more than 50 percent of the area median income. Ninety percent of the fund, or \$13.5 million, is set aside for new construction or substantial rehabilitation projects located in a federally declared disaster area with individual assistance or in any of the 18 oil and gas impacted counties. Funding is provided on a reimbursement basis. A project may qualify for any or all of the categories identified above.

Through April 2012, the Housing Finance Agency has received \$6.5 million in contributions to the housing incentive fund. The agency has awarded \$7.77 million, which includes \$4.3 million of donated funds and \$3.4 million in funds raised by award recipients and will result in 428 new housing units. Of the \$4.3 million, \$240,000 has been requested for reimbursement.

At the time of this report, information was not available from the Tax Department on the total anticipated reduction in general fund revenue from contributions to a housing incentive fund. Through April 2012, the Housing Finance Agency has received \$6.5 million in contributions to the housing incentive fund.