

SECOND REGULAR SESSION

SENATE BILL NO. 588

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CHILDERS.

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2736S.011

TERRY L. SPIELER, Secretary.

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to a rural housing development program.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 135, RSMo, is amended by adding thereto one new section, to be known as section 135.812, to read as follows:

135.812. 1. The department of economic development shall establish six rural housing development revolving loan pilot programs as provided in this section. Any taxpayer may receive a tax credit for funds provided to the department for the establishment of this program but not to exceed a total of three million dollars.

2. Three pilot programs shall be used to provide loans for the construction of single family houses within incorporated communities with a population of five thousand or less in third class counties and three pilot programs shall be used for the same purpose in urban areas.

3. The loans shall be no-interest loans made to nonprofit corporations. The amount of each loan shall be no more than seventy thousand dollars.

4. Any nonprofit corporation desiring to construct single family housing pursuant to this section shall apply to the department for such funds. The application shall include information pertaining to, but not limited to, the following:

- (1) The area in which the housing is intended to be constructed;**
- (2) A statement about the need for single family housing in such area;**
- (3) The time period required for constructing each home and making it available on the market;**
- (4) A list of the officers, with addresses and phone numbers, of the corporation;**
- (5) The assets and experience of the corporation and the individual or agency**

who will advise such corporation in the construction of such housing; and

(6) A statement as to availability and cost of sewage and water lines for such housing.

5. The department shall award loan contracts to qualified nonprofit organizations according to a statement of need and compliance with this section.

6. The department shall set control criteria that could result in the expiration of the loan, may require reasonable reports on the progress of housing construction and may inspect the construction sites and records of the nonprofit corporation.

7. A nonprofit corporation receiving a loan shall place the funds in a revolving account to be used to pay for the costs of construction, buying, selling, and preparing a property. Any interest earned on the account shall be kept in the revolving account and used for the same purposes.

8. Upon the sale of a home, the proceeds shall be placed in the revolving fund and used to fund the construction of another home or to repay a loan. Any deficit on a loan shall be repaid by the nonprofit corporation. Any surplus remaining after repayment of a loan shall remain in the revolving fund to be used for the public benefit in development or rehabilitation of housing.

9. Separate records shall be kept for the costs of each home built by the nonprofit corporation.

10. The construction of homes by nonprofit corporations pursuant to this section shall be done on site at a location where water and sewage services are available. Cities and other political subdivisions may waive the costs of connecting utilities or providing building permits or other services.

11. All homes shall be constructed in accordance with the rural development building standards of the United States Department of Agriculture or in urban areas shall meet the codes in effect in that community, but additional consideration may be given to those entities constructing homes which incorporate basic elements of universal design for elderly and disabled occupants.

12. The nonprofit corporation may contract with other entities for the buying and selling of property and for construction of housing pursuant to this section.

13. Homes constructed by nonprofit corporations pursuant to this section shall be sold at cost plus a two thousand five hundred dollar administration fee. The administration fee may be used to pay an individual or agency with previous experience in housing construction for supervising the purchase of land and construction of each house. Any such agent of the corporation shall ensure that all legal and insurance requirements are met. Any part of the administration fee remaining after paying such costs shall be placed into the revolving fund.

14. The buyer of the home may use any available financing mechanism to make

the purchase, including any other state or federal assistance programs.

15. The nonprofit corporation shall establish priorities for selling the homes constructed to low income or moderate income persons and families, as defined in section 215.010, insofar as such buyers have financing arrangements completed previous to occupancy. The nonprofit corporation shall contact any local housing authority or community housing development organization to ascertain qualified buyers prior to the completion of construction.

16. The sale contract shall contain a clause to prevent speculative purchases. The clause shall require an interest-free second mortgage to be obtained for the difference between the sale price and the appraised price, if any. The interest-free second mortgage shall be payable to the nonprofit organization and shall become due and payable to such organization if the buyer of the home sells the property prior to five years of ownership. The interest-free second mortgage shall be null and void after a period of five years following the closing date of the home purchase if the following requirements are met:

- (1) The home has been the primary home of the purchaser for a period of five years after the closing date; and**
- (2) The property has not been used as rental property for such five-year period.**

Bill ✓

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