

HB649 INTRODUCED



1 HB649
2 JPLDLYF-1
3 By Representative Datcher (N & P)
4 RFD: Jefferson County Legislation
5 First Read: 31-Mar-26



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SYNOPSIS:

Under existing law, the Alabama Affordable Housing Trust Fund, created by the Alabama Affordable Housing Act, does not authorize a Class 1 municipality to create its own housing trust fund.

This bill would authorize a Class 1 municipality to create and administer a housing trust fund and provides for the creation of an advisory board to oversee the administration of the trust fund. This bill would authorize the types of funds the housing trust fund may accept and specifies the types of allowable uses of the funds received.

A BILL
TO BE ENTITLED
AN ACT

Relating to Class 1 municipalities; to authorize a Class 1 municipality to create a housing trust fund; to promote the development of affordable housing; to specify how the housing trust may be funded; to establish an advisory board for the housing trust; and to authorize allowable uses for the housing trust funds.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:



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29 Section 1. The provisions of this act shall apply only
30 to a Class 1 municipality that adopts, by ordinance or
31 resolution, provisions creating a housing trust fund in the
32 municipality.

33 Section 2. The Legislature finds and declares that:

34 (a) There is a shortage of adequate shelter for
35 residents of a Class 1 municipality, including the
36 availability of affordable residences or permanent homes with
37 sufficient privacy, space, physical accessibility, security,
38 structural stability, and durability, as well as proper
39 electrical, plumbing, and heating systems.

40 (b) The lack of affordable housing in a Class 1
41 municipality harms the community's ability to develop and
42 maintain a strong and stable economy. Additionally,
43 displacement of families and individuals from affordable
44 housing, as well as the lack of access to it, leads to
45 increased public spending on crime prevention, public health,
46 safety, fire, accident prevention, and other services and
47 facilities.

48 (c) The public's health, safety, and economic interests
49 are best served by providing permanent affordable housing
50 because such housing, among other things, allows residents of
51 a Class 1 municipality to keep jobs, helps children do well in
52 school, and promotes economic growth and prosperity in the
53 community.

54 (d) The establishment of a housing trust fund in a
55 Class 1 municipality is intended to:

56 (1) Provide funding to address the affordable housing



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57 needs of a Class 1 municipality.

58 (2) Help families attain economic stability.

59 (3) Revitalize blighted and distressed neighborhoods by
60 creating safe, decent, and affordable housing.

61 (4) Contribute to economic growth through increased
62 housing production, employment, and tax revenue, thereby
63 benefiting all residents of a Class 1 municipality.

64 (5) Address shortages in providing safe and affordable
65 housing for residents earning at or below one hundred twenty
66 percent of the median family income, many of whom are
67 individuals with disabilities, elderly, victims of domestic
68 violence, veterans, homeless or at risk of homelessness, and
69 living with chronic conditions.

70 (e) Establishing a housing trust fund in a Class 1
71 municipality under this act is essential for the public
72 interest and serves a public purpose for which public funds
73 can be used and private property can be acquired.

74 (f) The purpose of this act is to authorize a Class 1
75 municipality to create and operate a local housing trust fund
76 to promote the development of affordable housing, as defined
77 in this chapter, and to promote fair housing in neighborhoods
78 throughout the Class 1 municipality.

79 Section 3. As used in this act, the following words and
80 phrases have the following meanings:

81 (1) AFFORDABLE HOUSING. Residential housing for rent or
82 sale that is appropriately priced for rent or sale to a person
83 or family whose income does not exceed one hundred twenty
84 percent of the median income for the local area, with



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85 adjustments for household size, according to the latest
86 figures available from the United States Department of Housing
87 and Urban Development.

88 (2) HOUSING TRUST FUND. A trust fund which is
89 established by the governing body of a Class 1 municipality
90 for the collection and distribution of designated funds for
91 the purpose of increasing the production of housing units,
92 rehabilitating existing housing units, and maintaining such
93 housing so that it can be made affordable to individuals and
94 families whose incomes are at or below 120 percent of the
95 median family income.

96 Section 4. A Class 1 municipality is hereby authorized
97 to create and operate a housing trust fund, by ordinance or
98 resolution, for the purposes stated in this act.

99 Section 5. (a) A Class 1 municipality may fund its
100 housing trust fund with any money available to the Class 1
101 municipality, unless expressly prohibited by state law.

102 Sources of these funds include, but are not limited to:

103 (1) Donations;

104 (2) Bond proceeds;

105 (3) Grants and loans from a state, federal, or private
106 source;

107 (4) Appropriations by a Class 1 municipality to the
108 trust fund;

109 (5) Investment earnings of the trust fund;

110 (6) Appropriations from a state housing trust fund; and

111 (7) Dedicated funding sources authorized by the
112 legislature.



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113 (b) This act does not create, grant, or confer a new or
114 additional tax or revenue authority to a Class 1 municipality
115 unless otherwise provided by the law of this state.

116 Section 6. A Class 1 municipality that creates a
117 housing trust fund pursuant to this act shall require an
118 annual independent audit of the housing trust fund to be
119 conducted. The results of the audit will be provided to the
120 mayor and the governing body of the Class 1 municipality

121 Section 7. (a) The governing body of a Class 1
122 municipality creating a housing trust fund shall create a
123 housing trust fund advisory committee for the purpose of
124 advising the Class 1 municipality regarding the operation and
125 administration of the housing trust fund. The housing trust
126 fund advisory committee shall consist of seven members. The
127 members shall be appointed by the governing body of the Class
128 1 municipality. The membership of the housing trust fund
129 advisory committee shall as follows:

130 (1) One member shall be a professional in the finance
131 or banking industry with experience in lending, finance or tax
132 credits for residential and commercial properties and
133 experience in community development and affordable housing
134 finance.

135 (2) One member shall have experience in the fields of
136 housing, community development, municipal planning, social
137 services, or public health.

138 (3) One member shall be a resident of a Class 1
139 municipality who either: (i) rents his or her home and lives
140 in a household that is below 120 percent area median income;



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141 or (2) has received rental assistance, or assistance through
142 an affordable homeownership program.

143 (4) Two members shall be low-income housing or fair
144 housing advocates, social service providers, or nonprofit
145 affordable housing developers.

146 (5) One member shall be from a land bank authority
147 incorporated by the Class 1 municipality pursuant to Chapter 9
148 of Title 24, Code of Alabama 1975.

149 (6) One member shall be appointed by the mayor of the
150 Class 1 municipality.

151 (b) Members of the board shall serve without
152 compensation but shall be allowed travel and per diem expenses
153 at the same rate paid to state employees. These expenses shall
154 to be paid from the funds collected for the administration of
155 this act, subject to the availability of funds. No member
156 shall be an officer or employee of the Class 1 municipality.
157 Members shall be appointed by the governing body of the Class
158 1 municipality.

159 (c) The members of the board shall be appointed for
160 staggered initial terms and subsequent terms shall be for a
161 minimum of four years or until his or her successor has been
162 appointed. No member of the board shall serve more than two
163 consecutive full terms. Vacancies on the board for any reason
164 shall be filled by the original appointing authority for the
165 unexpired term of office. A member originally appointed for
166 less than a full term may serve two consecutive full terms
167 thereafter. A former member may be reappointed after a lapse
168 of one year.



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169 (d) All appointing authorities shall coordinate their
170 appointments so that diversity of gender, race, and
171 geographical areas is reflective of the makeup of the
172 municipality.

173 (e) A majority of the membership of the board shall
174 constitute a quorum at any meeting of the board. Members may
175 participate by telephone, video conference, or by similar
176 communications equipment so that all individuals participating
177 in the meeting may hear each other at the same time.
178 Participating by such means shall constitute presence in
179 person at a meeting for all purposes.

180 Section 8.(a) The housing trust fund advisory committee
181 shall have the following responsibilities:

182 (1) Review and advise staff of the Class 1 municipality
183 on all policies and procedures for operation of the housing
184 trust fund including, but not limited to:

185 (2) Development of a process for making awards from the
186 housing trust fund.

187 (3) Development of policies and rules for operating the
188 housing trust fund including priorities for making awards and
189 criteria for evaluating applications, and all compliance and
190 reporting responsibilities of fund recipients.

191 (4) Review and advise staff of the Class 1 municipality
192 on collecting and presenting data on the use and impact of the
193 housing trust fund, along with preparing an annual performance
194 report. This report shall be provided to the mayor and the
195 governing body of the Class 1 municipality, detailing how the
196 housing trust fund monies are used, including, but not limited



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197 to, the fund's success in meeting its intended purposes. The
198 Class 1 municipality shall post this report on its public
199 website and make it available to the public upon request.

200 (5) Pursue additional sources of funding for the
201 housing trust fund in addition to those sources detailed by
202 this act.

203 (6) Ensure that the resources help address the
204 affordable housing crisis in a Class 1 municipality by
205 assisting individuals and families with incomes at or below 60
206 percent of the median family income.

207 (7) Collaborate with the staff of the Class 1
208 municipality to prepare an annual review of the rules,
209 compliance responsibilities, set-asides, funding priorities,
210 policies, funding recommendations, and decisions, including
211 any suggested changes to the operation of the housing trust
212 fund.

213 (b) The advisory committee shall elect a chair, vice
214 chair, and secretary from among its members. The committee
215 shall adopt rules to govern its proceedings. A majority of the
216 appointed members shall constitute a quorum for all meetings.

217 (c) The advisory committee shall meet no later than 30
218 days after a majority of its initial members is appointed and
219 shall hold regular meetings thereafter. Members may
220 participate by telephone, video conference, or by similar
221 communications equipment so that all individuals participating
222 in the meeting may hear each other at the same time.
223 Participating by such means shall constitute presence in
224 person at a meeting for all purposes Notice of board meetings



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225 and the conduct of meetings shall comply with the Alabama Open
226 Meetings Act. Minutes of each meeting, noting the members
227 present and the business conducted, shall be signed and kept
228 by the secretary or an assistant secretary appointed by the
229 committee, who may be a staff member of the Class 1
230 municipality.

231 Section 9. Money in a housing trust fund created under
232 this act may be used for the following purposes:

233 (1) To provide assistance, by loan, grant, rental
234 subsidy, or otherwise, for the development, rehabilitation, or
235 financing of affordable housing, including inclusionary
236 housing.

237 (2) Predevelopment activities for the acquisition,
238 development, new construction, rehabilitation, or restoration
239 of affordable housing including, but not limited to, fees and
240 expenses for architectural services, engineering services,
241 attorney fees, appraisals, title reports and housing
242 counseling.

243 (3) On-site construction activities involving the
244 building, altering, repairing, improving, or demolishing of
245 any structure or building on real property.

246 (4) Matching other funds from federal, state, or
247 private resources for affordable housing projects.

248 (5) To provide down payment assistance, rental
249 assistance, and home-buyer counseling services to individuals
250 and families whose incomes are at or below one hundred twenty
251 percent of the median family income.

252 (6) Provide technical assistance to nonprofit



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253 developers of affordable housing.

254 (7) Provide funding for existing housing programs which
255 have been established to assist low income households.

256 (8) Offer capital and operating assistance for the
257 creation of community land trusts that will develop, own, or
258 operate permanently affordable rental housing and help
259 low-income residents achieve homeownership.

260 (9) Offer affordable and fair housing-related services
261 to low-income households to help them find and stay in stable
262 housing, provided that such uses do not exceed 30 percent of
263 the funds allocated to the housing trust fund in a given
264 fiscal year.

265 (10) Cover administrative and planning costs for the
266 operation of the housing trust fund, with such costs not
267 exceeding five percent of the funds allocated in a given
268 fiscal year.

269 (11) Fund development projects that produce or preserve
270 affordable housing units.

271 (12) Providing grants to nonprofit corporations that
272 provide housing assistance such as homeless outreach,
273 re-housing services, case management, and critical home
274 repair.

275 Section 10. This act shall become effective June 1,
276 2026.

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