

By: Walle, Garcia, Rose, Raney, et al.

H.B. No. 1704

Substitute the following for H.B. No. 1704:

By: Lozano

C.S.H.B. No. 1704

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the establishment of the workforce housing capital  
3 investment fund program to fund the development of workforce  
4 housing in this state; authorizing a fee.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. The legislature finds that:

7 (1) the creation of the workforce housing capital  
8 investment fund and use of the fund under Subchapter [EE](#), Chapter  
9 [2306](#), Government Code, as added by this Act, will substantially  
10 increase the development of workforce housing for households that  
11 earn between 30 and 80 percent of the area median income;

12 (2) the workforce housing capital investment fund will  
13 enable loan recipients to access needed capital to plan for future  
14 growth;

15 (3) the creation of more housing options in this state  
16 will help stabilize the state economy and local economies across  
17 this state and reduce the need for other services provided by this  
18 state and political subdivisions of this state;

19 (4) skilled construction and trade labor shortages  
20 impact the cost of housing at all income levels; and

21 (5) the use of the workforce housing capital  
22 investment fund for the purposes of and in the manner described by  
23 Subchapter [EE](#), Chapter [2306](#), Government Code, as added by this Act,  
24 is:

1 (A) in furtherance of the public purposes of  
2 mitigating housing deficits and providing housing to a critical  
3 segment of this state's population that is not often served by  
4 for-profit housing; and

5 (B) for the benefit of both this state and  
6 political subdivisions of this state that are impacted by a lack of  
7 workforce housing to provide to qualified homebuyers.

8 SECTION 2. Chapter 2306, Government Code, is amended by  
9 adding Subchapter EE to read as follows:

10 SUBCHAPTER EE. WORKFORCE HOUSING CAPITAL INVESTMENT FUND PROGRAM

11 Sec. 2306.701. DEFINITIONS. In this subchapter:

12 (1) "Fund" means the workforce housing capital  
13 investment fund established under this subchapter.

14 (2) "Program" means the workforce housing capital  
15 investment fund program established under this subchapter to  
16 provide zero interest loans to program recipients.

17 (3) "Program administrator" means the nonprofit  
18 housing organization with which the department contracts to  
19 administer the program under Section 2306.703.

20 (4) "Program recipient" means a loan recipient under  
21 the program.

22 Sec. 2306.702. WORKFORCE HOUSING CAPITAL INVESTMENT FUND.

23 (a) The workforce housing capital investment fund is a special fund  
24 in the state treasury outside the general revenue fund.

25 (b) The fund consists of:

26 (1) gifts, grants, and donations received by this  
27 state for the purposes of the fund;

1           (2) legislative appropriations for the purposes of  
2 this subchapter;

3           (3) any fees or other sources of revenue that the  
4 legislature dedicates for deposit to the fund;

5           (4) repayments of loans made from the fund; and

6           (5) interest earned on money deposited to the fund.

7           Sec. 2306.703. PROGRAM ADMINISTRATION. (a) The department  
8 shall contract with a nonprofit housing organization through a  
9 one-time competitive procurement process to administer the program  
10 in accordance with this subchapter.

11           (b) The nonprofit housing organization with which the  
12 department contracts under this section must be a nonprofit  
13 organization designated as a Section 501(c)(3) organization by the  
14 Internal Revenue Service that:

15           (1) has a statewide service area with organizational  
16 affiliates;

17           (2) provides to organizations designated as Section  
18 501(c)(3) organizations training and technical support, resource  
19 development, mortgage services, and disaster preparedness and  
20 response resources;

21           (3) provides financial literacy education to  
22 low-income homebuyers;

23           (4) builds single-family residential homes; and

24           (5) works with homebuyers who contribute to the  
25 construction of their home or the rehabilitation of another  
26 individual's home, including as a certified nonprofit  
27 owner-builder housing program provider under Subchapter FF with not

1 less than 15 years of experience.

2 Sec. 2306.704. USE OF FUND. (a) The department shall  
3 provide money from the fund to the program administrator to make and  
4 disburse zero interest loans to program recipients in accordance  
5 with this subchapter.

6 (b) Money provided from the fund to program recipients may  
7 be used only to pay the costs associated with the development and  
8 construction of workforce, single-family housing projects  
9 primarily for households that earn between 30 and 80 percent of the  
10 area median income, including:

11 (1) planning and design costs;  
12 (2) land acquisition costs;  
13 (3) impact fees and permitting costs;  
14 (4) costs associated with flood mitigation, water  
15 quality, and environmental controls; and

16 (5) costs associated with infrastructure, including  
17 roads, sidewalks, utilities, and broadband service.

18 (c) Interest earned on money deposited to the fund may be  
19 used by the program administrator for:

20 (1) program staffing and other related costs  
21 associated with administering the program; and

22 (2) training programs associated with the purposes of  
23 this subchapter.

24 Sec. 2306.705. APPLICATION REQUIREMENTS; PROGRAM RECIPIENT  
25 SELECTION. (a) The department shall prescribe the form and manner  
26 for an applicant to apply for a loan under the program.

27 (b) An application must satisfy the requirements prescribed

1 by the department and demonstrate that the applicant:

2 (1) is incorporated under this state's laws as a  
3 nonprofit organization;

4 (2) is organized for the purpose of building  
5 owner-occupied residential homes for households that earn between  
6 30 and 80 percent of the area median income and has carried out that  
7 purpose for not less than 15 years; and

8 (3) has experience in providing training and technical  
9 support, resource development, mortgage services, and disaster  
10 preparedness and response resources that expand the applicant's  
11 capacity to serve communities in this state.

12 (c) The program administrator shall review applications and  
13 select applicants to provide loans to under the program. In  
14 selecting applicants, the program administrator:

15 (1) shall consider the quality of the application and  
16 the applicant's ability to carry out the purposes of this  
17 subchapter; and

18 (2) may give priority to applicants that partner with  
19 organizations that provide training opportunities to construction  
20 trade workforce members.

21 (d) The program administrator may require an applicant to  
22 pay an origination fee on a loan application.

23 Sec. 2306.706. ANNUAL REPORT; INTERNET POSTING. (a) The  
24 program administrator shall prepare and submit to the department an  
25 annual report on the program. The report must include:

26 (1) information on the program recipients that  
27 received a loan under the program during the preceding year;

1           (2) a description of each workforce housing project  
2 funded by a loan under the program, including:

3                   (A) the project's expected completion date and  
4 information on the progress made during the preceding year toward  
5 completing the project;

6                   (B) the number of families the project is  
7 expected to serve; and

8                   (C) the total amount and repayment status of the  
9 loan; and

10           (3) other information the department requires.

11           (b) The department shall post on the department's Internet  
12 website the information submitted to the department under this  
13 section.

14           Sec. 2306.707. INDEPENDENT FINANCIAL AUDIT. (a) The  
15 program administrator shall annually commission from a certified  
16 public accounting firm an independent financial audit of the  
17 program administrator's financial activities in relation to the  
18 program and the use of money in the fund. The program administrator  
19 shall provide the results of the audit to the department for the  
20 department's review and evaluation.

21           (b) In the event the department determines from the results  
22 of the audit that money from the fund has not been used in  
23 accordance with the purposes of this subchapter, the department may  
24 require repayment of the money over a period and in the manner the  
25 department requires.

26           Sec. 2306.708. RULES. The department shall adopt rules to  
27 implement the program and carry out this subchapter, including

1 rules on:

2 (1) application procedures and requirements for an  
3 applicant to receive a loan under the program;

4 (2) the investment of money in the fund; and

5 (3) the administration of the fund.

6 SECTION 3. As soon as practicable after the effective date  
7 of this Act, the Texas Department of Housing and Community Affairs  
8 shall adopt rules to implement Subchapter [EE](#), Chapter [2306](#),  
9 Government Code, as added by this Act.

10 SECTION 4. This Act takes effect September 1, 2023.