

By: West

S.B. No. 208

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:

17 (A) help stabilize the state economy and local  
18 economies across this state; and

19 (B) reduce the need for other services provided  
20 by this state and political subdivisions of this state;

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

23 (5) the use of the workforce housing capital  
24 investment fund for the purposes of and in the manner described by

1 Subchapter EE, Chapter 2306, Government Code, as added by this Act,  
2 is:

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

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

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

12 SUBCHAPTER EE. WORKFORCE HOUSING CAPITAL INVESTMENT FUND PROGRAM

13 Sec. 2306.701. DEFINITIONS. In this subchapter:

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

16 (2) "Program" means the workforce housing capital  
17 investment fund program established under this subchapter.

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

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

23 Sec. 2306.702. WORKFORCE HOUSING CAPITAL INVESTMENT FUND.

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

26 (b) The fund consists of:

27 (1) gifts, grants, and donations received by this

1 state for the purposes of the fund;

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

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

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

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

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

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

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

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

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

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

25 (5) works with homebuyers who contribute to the  
26 construction of their home or the rehabilitation of another  
27 individual's home, including as a certified nonprofit

1 owner-builder housing program provider under Subchapter FF with not  
2 less than 15 years of experience.

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

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

- 12 (1) planning and design costs;
- 13 (2) land acquisition costs;
- 14 (3) impact fees and permitting costs;
- 15 (4) costs associated with flood mitigation, water  
16 quality, and environmental controls; and
- 17 (5) costs associated with infrastructure, including  
18 roads, sidewalks, utilities, and broadband service.

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

- 21 (1) program staffing and other related costs  
22 associated with administering the program; and
- 23 (2) training programs associated with the purposes of  
24 this subchapter.

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

1        (b) An application must satisfy the requirements prescribed  
2 by the department and demonstrate that the applicant:

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

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

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

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

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

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

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

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

27            (1) information on the program recipients that

1 received a loan under the program during the preceding year;

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

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

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

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

11 (3) other information the department requires.

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

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

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

27 Sec. 2306.708. RULES. The department shall adopt rules to

1 implement the program and carry out this subchapter, including  
2 rules on:

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

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

6 (3) the administration of the fund.

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

11 SECTION 4. This Act takes effect September 1, 2025.