

BILL ANALYSIS

Senate Research Center
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H.B. 1247
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Engrossed

DIGEST AND PURPOSE

The Texas State Affordable Housing Corporation (TSAHC) is a nonprofit corporation that was created by the 74th Texas Legislature in 1995 to help meet the housing needs of low-income residents in Texas. TSAHC operates to provide single and multifamily loans to low-income individuals without using state-appropriated general revenue. TSAHC generates income primarily through bond proceeds, grants, fees, and investment revenue. In February 2000, TSAHC redirected its efforts away from acting as a mortgage bank and grant administrator to issuing taxable single and multifamily tax exempt mortgage revenue bonds for the purpose of directing the proceeds of the bonds to low-income households.

Currently, there is not a state program that offers assistance to encourage qualified police officers and firefighters to purchase residential property. Some believe that the creation of such a program could lead to increased retention rates of police officers and firefighters and provide incentives for those workers to purchase homes in the cities where they work. H.B. 1247 requires TSAHC to establish a fire fighter and police officer home loan program. This bill also provides that the program expires September 1, 2014.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of directors of the Texas State Affordable Housing Corporation in SECTION 3 (Section 2306.563, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1372, Government Code, by adding Section 1372.0222, as follows:

Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR FIRE FIGHTER AND POLICE OFFICER HOME LOAN PROGRAM. Requires \$25 million, out of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022, to be allotted each year and made available exclusively to the Texas State Affordable Housing Corporation (TSAHC) for the purpose of issuing qualified mortgage bonds in connection with the fire fighter and police officer home loan program established under Section 2306.563.

SECTION 2. Amends Sections 2306.553(a) and (b), Government Code, as follows:

(a) Provides that the public purpose of TSAHC is to perform activities and services that TSAHC's board of directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income, for teachers under the teachers home loan program as provided by Section 2306.562, and for fire fighters and police officers under the fire fighter and police officer home loan program as provided by Section 2306.563.

(b) Makes a conforming change.

SECTION 3. Amends Subchapter Y, Chapter 2306, Government Code, by adding Section 2306.563, as follows:

Sec. 2306.563. FIRE FIGHTER AND POLICE OFFICER HOME LOAN PROGRAM.

(a) Defines “fire fighter,” “home,” “mortgage lender,” “police officer,” and “program.”

(b) Requires TSAHC to establish a program to provide eligible fire fighters and police officers with low-interest home mortgage loans.

(c) Requires the person, to be eligible for a loan under this section, at the time a person files an application for the loan, to meet certain criteria.

(d) Authorizes TSAHC to contract with other agencies of the state or with private entities to determine whether applicants qualify as fire fighters or police officers under this section or otherwise to administer all or part of this section.

(e) Authorizes the board of directors of TSAHC to set and collect from each applicant any fees the board of directors of TSAHC considers reasonable and necessary to cover the expenses of administering the program.

(f) Requires the board of directors of TSAHC to adopt rules governing certain matters.

(g) Requires TSAHC to ensure that a loan under this section is structured in a way that complies with any requirements associated with the source of the funds used for the loan.

(h) Authorizes TSAHC, in addition to funds set aside for the program under Section 1372.0222, to solicit and accept funding for the program from certain sources.

(i) Provides that this section expires September 1, 2014.

SECTION 4. Requires TSAHC to perform certain acts.

SECTION 5. Requires the fire fighter and police officer home loan program under Section 2306.563, Government Code, as added by this Act, if before January 1, 2005, the legislature finds in a scheduled review of TSAHC by the Sunset Advisory Commission under Section 2306.5521, Government Code, that the corporation should be abolished, to be administered by the Texas Department of Housing and Community Affairs in the manner provided by this Act.

SECTION 6. Effective date: upon passage or September 1, 2003.