

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 1077  
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International Relations and Trade  
4/24/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, Texas spends millions of dollars in supplying basic infrastructure to colonias. However, colonia residents do not hold title to the colonia property, and can never build home equity because most colonia residents do not qualify for traditional home loans. C.S.S.B. 1077 establishes a down payment assistance program to assist colonia residents in obtaining a home.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 7 (Section 2306.787, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

#### **SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT ASSISTANCE PROGRAMS**

SECTION 2. Amends Section 2306.781, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, Government Code, as follows:

Sec. 2306.781. New heading: DEFINITIONS. Defines “down payment assistance program” and redefines “program” as “model subdivision program.”

SECTION 3. Amends the heading to Section 2306.782, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

SECTION 4. Amends Section 2306.783(a), Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to make a conforming change.

SECTION 5. Amends Section 2306.785, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.785. New heading: MODEL SUBDIVISION PROGRAM LOANS. Makes conforming changes.

SECTION 6. Amends Section 2306.786, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.786. New heading: ADMINISTRATION OF MODEL SUBDIVISION PROGRAM; RULES. Makes conforming changes.

SECTION 7. Amends Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, by adding Section 2306.787, as follows:

Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM. (a) Defines “colonia” and “eligible individuals and families.”

(b) Requires the Texas Department of Housing and Community Affairs (TDHCA) to establish the colonia down payment assistance program to provide down payment assistance to individuals and families of extremely low and very low income who would otherwise remain in substandard colonias. Provides that down payment assistance may be provided in the form of low-interest loans, credit enhancement, or any other appropriate form of loan-related assistance.

(c) Authorizes TDHCA, on application, to provide a loan to eligible individuals and families under this section by using, in an amount not to exceed \$2 million for each state fiscal year, money from federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

(d) Provides that a loan made by TDHCA under the down payment assistance program may bear interest at a reasonable rate set by TDHCA and may not exceed a term of 30 years.

(e) Requires TDHCA, in administering the down payment assistance program, by rule to adopt program guidelines and loan application procedures.

SECTION 8. Requires TDHCA to adopt the rules required by Section 2306.787, Government Code, as added by this Act, not later than December 1, 2003.

SECTION 9. Effective date: September 1, 2003.