

By: Shapleigh

S.B. No. 1077

A BILL TO BE ENTITLED

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AN ACT

relating to the provision of assistance to colonias and colonia residents in certain areas of the state.

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

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

SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT ASSISTANCE PROGRAMS [~~PROGRAM~~]

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

Sec. 2306.781. DEFINITIONS [~~DEFINITION~~]. In this subchapter:

(1) "Down payment assistance program" means the colonia down payment program established under this subchapter.

(2) [~~7~~] "Model subdivision program" means the colonia model subdivision program established under this subchapter.

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

Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

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

1 2001, is amended to read as follows:

2 (a) The department shall establish a colonia model
3 subdivision revolving loan fund in the department. Money in the
4 fund may be used only for purposes of the model subdivision program.

5 SECTION 5. Section 2306.785, Government Code, as added by
6 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,
7 is amended to read as follows:

8 Sec. 2306.785. MODEL SUBDIVISION PROGRAM LOANS. (a) The
9 department may make loans under the model subdivision program only
10 to:

11 (1) colonia self-help centers established under
12 Subchapter Z; and

13 (2) community housing development organizations
14 certified by the department.

15 (b) A loan made under the model subdivision program may be
16 used only for the payment of:

17 (1) costs associated with the purchase of real
18 property;

19 (2) costs of surveying, platting, and subdividing or
20 resubdividing real property;

21 (3) fees, insurance costs, or recording costs
22 associated with the development of the subdivision;

23 (4) costs of providing proper infrastructure
24 necessary to support residential uses;

25 (5) real estate commissions and marketing fees; and

26 (6) any other costs as the department by rule
27 determines to be reasonable and prudent to advance the purposes of

1 this subchapter.

2 (c) A loan made by the department under the model
3 subdivision program may not bear interest and may not exceed a term
4 of 36 months.

5 (d) The department may offer a borrower under the model
6 subdivision program one loan renewal for each subdivision.

7 SECTION 6. Section 2306.786, Government Code, as added by
8 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,
9 is amended to read as follows:

10 Sec. 2306.786. ADMINISTRATION OF MODEL SUBDIVISION
11 PROGRAM; RULES. (a) In administering the model subdivision
12 program, the department by rule shall adopt:

13 (1) any subdivision standards in excess of local
14 standards the department considers necessary;

15 (2) loan application procedures;

16 (3) program guidelines; and

17 (4) contract award procedures.

18 (b) The department shall adopt rules to:

19 (1) ensure that a borrower under the model subdivision
20 program sells real property under the program only to an individual
21 borrower, nonprofit housing developer, or for-profit housing
22 developer for the purposes of constructing residential dwelling
23 units; and

24 (2) require a borrower under the model subdivision
25 program to convey real property under the program at a cost that is
26 affordable to:

27 (A) individuals and families of extremely low

1 income; or

2 (B) individuals and families of very low income.

3 SECTION 7. Subchapter GG, Chapter 2306, Government Code, as
4 added by Chapter 1367, Acts of the 77th Legislature, Regular
5 Session, 2001, is amended by adding Section 2306.787 to read as
6 follows:

7 Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM.

8 (a) In this section:

9 (1) "Colonia" means a geographic area that:

10 (A) is an economically distressed area as defined
11 by Section 17.921, Water Code; and

12 (B) is located in a county any part of which is
13 within 50 miles of an international border.

14 (2) "Eligible individuals and families" means
15 individuals and families of extremely low and very low income who
16 reside in a colonia.

17 (b) The department shall establish the colonia down payment
18 assistance program to provide down payment assistance to
19 individuals and families of extremely low and very low income who
20 would otherwise remain in substandard colonias.

21 (c) On application, the department may provide a loan to
22 eligible individuals and families under this section by using money
23 from the portion of community development block grants that is set
24 aside under federal law to provide financial assistance to
25 colonias. In a state fiscal year, the department may not provide
26 loans under this section using more than \$2 million from the
27 set-aside for colonias.

1 (d) A loan made by the department under the down payment
2 assistance program may bear interest at a reasonable rate set by the
3 department and may not exceed a term of 30 years.

4 (e) In administering the down payment assistance program,
5 the department by rule shall adopt program guidelines and loan
6 application procedures.

7 SECTION 8. Section 2306.586(b), Government Code, is amended
8 to read as follows:

9 (b) A self-help center shall set a goal to improve the
10 living conditions of residents in the colonias designated under
11 Section 2306.583(b) [~~2306.583(a)(2)~~] within a one-year [~~two-year~~]
12 period after a contract is awarded under this subchapter.

13 SECTION 9. Section 15.951(2), Water Code, as added by
14 Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001,
15 is amended to read as follows:

16 (2) "Colonia" means a geographic area that:

17 (A) has a majority population composed of
18 individuals and families of low income and very low income, based on
19 the federal Office of Management and Budget poverty index, and
20 meets the qualifications of [is] an economically distressed area
21 under [as defined by] Section 17.921; or [and]

22 (B) has the physical and economic
23 characteristics of a colonia, as determined by the department [is
24 located in a county any part of which is within 50 miles of an
25 international border].

26 SECTION 10. Section 2306.255(g), Government Code, is
27 repealed.

1 SECTION 11. (a) The Texas Department of Housing and
2 Community Affairs shall adopt the rules required by Section
3 2306.787, Government Code, as added by this Act, not later than
4 December 1, 2003.

5 (b) The changes in law made by Sections 8 and 9 of this Act
6 apply only to an application for assistance that is filed or a
7 contract that is awarded on or after the effective date of this Act.

8 SECTION 12. This Act takes effect September 1, 2003.