

1-1 By: Shapleigh S.B. No. 1077
1-2 (In the Senate - Filed March 10, 2003; March 17, 2003, read
1-3 first time and referred to Committee on International Relations and
1-4 Trade; April 28, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 April 28, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1077 By: Shapleigh

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the provision of assistance to colonias and colonia
1-11 residents in certain areas of the state.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. The heading to Subchapter GG, Chapter 2306,
1-14 Government Code, as added by Chapter 1367, Acts of the 77th
1-15 Legislature, Regular Session, 2001, is amended to read as follows:

1-16 SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT
1-17 ASSISTANCE PROGRAMS [~~PROGRAM~~]

1-18 SECTION 2. Section 2306.781, Government Code, as added by
1-19 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,
1-20 is amended to read as follows:

1-21 Sec. 2306.781. DEFINITIONS [~~DEFINITION~~]. In this
1-22 subchapter:

1-23 (1) "Down payment assistance program" means the
1-24 colonia down payment program established under this subchapter.

1-25 (2) [~~7~~] "Model subdivision program" means the colonia
1-26 model subdivision program established under this subchapter.

1-27 SECTION 3. The heading to Section 2306.782, Government
1-28 Code, as added by Chapter 1367, Acts of the 77th Legislature,
1-29 Regular Session, 2001, is amended to read as follows:

1-30 Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

1-31 SECTION 4. Subsection (a), Section 2306.783, Government
1-32 Code, as added by Chapter 1367, Acts of the 77th Legislature,
1-33 Regular Session, 2001, is amended to read as follows:

1-34 (a) The department shall establish a colonia model
1-35 subdivision revolving loan fund in the department. Money in the
1-36 fund may be used only for purposes of the model subdivision program.

1-37 SECTION 5. Section 2306.785, Government Code, as added by
1-38 Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001,
1-39 is amended to read as follows:

1-40 Sec. 2306.785. MODEL SUBDIVISION PROGRAM LOANS. (a) The
1-41 department may make loans under the model subdivision program only
1-42 to:

1-43 (1) colonia self-help centers established under
1-44 Subchapter Z; and

1-45 (2) community housing development organizations
1-46 certified by the department.

1-47 (b) A loan made under the model subdivision program may be
1-48 used only for the payment of:

1-49 (1) costs associated with the purchase of real
1-50 property;

1-51 (2) costs of surveying, platting, and subdividing or
1-52 resubdividing real property;

1-53 (3) fees, insurance costs, or recording costs
1-54 associated with the development of the subdivision;

1-55 (4) costs of providing proper infrastructure
1-56 necessary to support residential uses;

1-57 (5) real estate commissions and marketing fees; and

1-58 (6) any other costs as the department by rule
1-59 determines to be reasonable and prudent to advance the purposes of
1-60 this subchapter.

1-61 (c) A loan made by the department under the model
1-62 subdivision program may not bear interest and may not exceed a term
1-63 of 36 months.

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

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

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

- (1) any subdivision standards in excess of local standards the department considers necessary;
- (2) loan application procedures;
- (3) program guidelines; and
- (4) contract award procedures.

(b) The department shall adopt rules to:

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

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

(A) individuals and families of extremely low income; or

(B) individuals and families of very low income.

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

Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM.

(a) In this section:

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

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

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

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

(b) The department shall 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. 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) On application, the department may 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) A loan made by the department under the down payment assistance program may bear interest at a reasonable rate set by the department and may not exceed a term of 30 years.

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

SECTION 8. The Texas Department of Housing and Community Affairs shall adopt the rules required by Section 2306.787, Government Code, as added by this Act, not later than December 1, 2003.

SECTION 9. This Act takes effect September 1, 2003.

* * * * *