

BILL ANALYSIS

Senate Research Center
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S.B. 1341
By: Madla
Government Organization
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

As proposed, S.B. 1341 proposes a number of technical clean-up measures to the governing statute of the Texas Department of Housing and Community Affairs (department) to ensure that the department runs efficiently and effectively.

The bill provides the department more flexibility in posting emergency material on its website 72 hours before a board meeting, instead of the typical seven days; relocates the statute regarding scoring in the department's housing tax credit program into one section; helps reduce fraud, waste, and abuse as directed by the governor's initiative for all state agencies (executive order RP-36); enables the department to provide more integrated housing for persons with disabilities; and exempts a developer from providing notices to local communities, neighborhood associations, local and state elected officials, and local school districts during the application phase for housing tax credits if the developer has already provided such notice during the preapplication phase.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2306.032, Government Code, by amending Subsections (c) and (d) and adding Subsection (d-1), as follows:

(c) Requires all materials in possession of the Texas Department of Housing and Community Affairs (department) that are relevant to an award decision, rather than a matter, proposed for discussion at a meeting of the governing board (board) of the department to be disseminated in certain ways.

(d) Creates an exception, as provided by Subsection (d-1), to the requirement that the materials described by Subsection (c) be made available to the public not later than the seventh day before the date of the meeting. Specifies that material relating to an award decision, rather than material, may not be considered by the board at the meeting if that material has not been made available to the public by the required date.

(d-1) Provides that if the board is unable to meet the requirements of Subsection (d) due to a reasonably unforeseen situation related to an award decision, any additional materials described by Subsection (c) that are associated with the situation must be made available at least 72 hours before the meeting.

SECTION 2. Amends Section 2306.033(a), Government Code, to provide that it is a ground for removal if a board member is indicted for a criminal offense, punishable as a felony, related to a member's official duties or otherwise engages in criminal behavior, rather than if that member engages in criminal behavior. Makes a nonsubstantive change.

SECTION 3. Amends Section 2306.039, Government Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Creates an exception as provided by Subsections (b) and (c), rather than by Subsection (b), to the rule that the department and the Texas State Affordable Housing Corporation are subject to Chapters 551 (Open Meetings) and 552 (Public Information).

(c) Authorizes the board to meet in executive session with the department's internal auditor, fraud prevention coordinator, or ethics advisor to discuss issues related to fraud, waste, or abuse.

SECTION 4. Amends Sections 2306.111(a), (b), (d), (d-1), (e), (f), and (g), Government Code, as follows:

(a) Deletes existing text referring to the housing finance division.

(b) Requires the department, rather than the housing finance division, to adopt a goal to apply a certain amount of funds toward housing assistance for certain individuals and families. Makes a conforming change.

(d) Requires certain funds to be allocated to each uniform state service region, rather than to all urban/exurban areas and rural areas of each uniform state service region, based on a formula developed by the department. Deletes existing text requiring the department to allocate certain housing trust funds administered by the department to certain areas. Requires commitments issued under the federal low income housing tax credit program to be allocated among all urban/exurban areas and rural areas of each uniform state service region. Requires the formula developed by the department to determine the appropriate allocation of funds or credits to be based on the need for housing assistance and the availability of housing resources each uniform state service region and, for credits, in the urban/exurban areas and rural areas of those regions, rather than in those urban/exurban areas and rural areas. Makes conforming and nonsubstantive changes.

(d-1) Provides that funds or credits are not required to be allocated according to a certain regional allocation formula if, among other things, each contract-for-deed allocation or set-aside allocation equals not more than 15, rather than 10, percent of the total allocation of funds or credits for the applicable program.

(e) Makes a conforming change.

(f) Makes conforming and nonsubstantive changes.

(g) Requires the department to establish priorities by which to award tax credits, rather than funding priorities, for certain areas.

SECTION 5. Reenacts and amends Section 2306.111(c), Government Code, as amended by Chapters 1367 and 1448, Acts of the 77th Legislature, Regular Session, 2001, to authorize funds not set aside under this subsection to be used for integrated housing in which at least a portion of the funded units serve persons with disabilities.

SECTION 6. Amends Section 2306.1114(a), Government Code, as follows:

(a) Requires the department to provide written notice within a certain timeframe after the date an application or a proposed application for multifamily housing development funds, rather than housing funds, described by Section 2306.111, has been filed. Requires the department to send notice to certain persons including the presiding officer of the governing body of the county and any municipality, rather than the presiding officer of the governing body of the political subdivision, containing the development described in the application and any neighborhood organizations on record with the state or municipality, rather than state or county, in which the development described in the application is to be located and whose boundaries contain the proposed development site. Makes a conforming change.

SECTION 7. Amends Section 2306.185(a), Government Code, to delete existing text requiring the department to adopt policies to ensure that the owner of a multifamily residential housing

development funded through loans grants or tax credits under this chapter must otherwise comply with the requirements of Section 2306.186 (Mandatory Deposits to Fund Necessary Repairs).

SECTION 8. Amends Section 2306.186(a), Government Code, by adding Subdivision (5) to define "multifamily rental housing development."

SECTION 9. Amends Sections 2306.186(b) and (1), Government Code, as follows:

(b) Makes a conforming change.

(1) Provides that neither the physical needs assessment requirements nor the reserve account requirements of this section apply, rather than that this section does not apply, to certain developments.

SECTION 10. Transfers Section 2306.256, Government Code, from Subchapter K, Chapter 2306, Government Code, to Subchapter HH, Chapter 2306, Government Code, by redesignating it as Section 2306.8015, Government Code.

SECTION 11. Amends Section 2306.359(a), Government Code, to require the department, in evaluating an application for an issuance of private activity bonds, to score and rank the application using a system based on certain criteria, including criteria regarding the degree of commitment of development funding from the county and, if applicable, the municipality containing the development, rather than the commitment of development funding by the local political subdivisions, that enables additional units for individuals and families of very low income.

SECTION 12. Amends Section 2306.6015, Government Code, to delete existing text authorizing the division director to remove staff only subject to the applicable personnel policies and regulations. Makes nonsubstantive changes.

SECTION 13. Amends Sections 2306.6704(b) and (b-1), Government Code, to delete existing text of Subsection (b) and redesignate Subsection (b-1) as Subsection (b).

SECTION 14. Amends Section 2306.6705, Government Code, to require an application to include evidence that the applicant has notified certain entities with respect to the filing of the application, unless the applicant has already provided the notice required by Section 2306.6704 (Preapplication Process).

SECTION 15. Amends Section 2306.6710, Government Code, by amending Subsections (b) and (e) and adding Subsections (h), (i), and (j), as follows:

(b) Requires the department to score and rank certain applications using a point system that, among other things, is based on certain criteria adopted by the department that are consistent with the department's housing goals. Makes a nonsubstantive change.

(e) Deletes existing text relating to third party funding sources.

(h) Requires the department to award an appropriate number of points as an incentive for participation in the preapplication process.

(i) Requires the department to provide appropriate incentives to reward applicants who agree to certain terms.

(j) Requires the department, for each scoring criterion, to use a range of points to evaluate the degree to which a proposed project satisfies the criterion. Prohibits the department from awarding a number of points for a scoring criterion that is disproportionate to the degree to which the proposed project complies with the criterion.

SECTION 16. Amends Section 2306.6711, Government Code, by adding Subsection (g), to require the board, on awarding tax credit allocations, to document the reasons for each project's selection.

SECTION 17. Amends Section 2306.805(a), Government Code, to delete existing text referring to the department's housing preservation incentives program providing incentives through loan guarantees. Makes a nonsubstantive change.

SECTION 18. Amends Subchapter I, Chapter 487, Government Code, by adding Section 487.354, as follows:

Sec. 487.354. FUNDING OF COLONIA SELF-HELP CENTERS. Requires the Office of Rural Community Affairs to enter into a memorandum of understanding with the department to permit the department to receive and administer the portion of the federal community development block grant money specifically allocated to fund the operation of the colonia self-help centers. Sets forth the requirements for the specific provisions of the memorandum.

SECTION 19. Amends Section 66060(d), Water Code, to delete existing text requiring the Texas Water Development Board and the department at their meeting to receive an update and recommendations from the Colonia Initiatives Advisory Committee.

SECTION 20. Repealer: Sections 2306.079 (Regional Development Coordinator), 2306.080 (Database Information Specialist), 2306.2561 (Affordable Housing Preservation Program; Loans and Grants), 2306.590 (Colonia Initiatives Advisory Committee), 2306.6725 (Scoring of Applications), 2306.805(c) (Housing Preservation Incentives Program), and 2306.806 (Approval of Office of Rural Community Affairs), Government Code.

SECTION 21. Makes application of the changes of law made by this Act relating to the awarding of financial assistance by the department prospective.

SECTION 22. Effective date: September 1, 2005.