

By: Menendez

H.B. No. 2714

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the operation and functions of the Texas Department of  
3 Housing and Community Affairs.

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

5 SECTION 1. Section 2306.093, Government Code, is amended to  
6 read as follows:

7 Sec. 2306.093. HOUSING ASSISTANCE GOAL. In administering  
8 the programs under this subchapter, the department [~~By action of~~  
9 ~~the board the community affairs division~~] shall have a goal to apply  
10 a minimum of 25 percent of the community affairs division's total  
11 housing-related funds toward housing assistance for individuals  
12 and families of very low income.

13 SECTION 2. Section 2306.111, Government Code, is amended by  
14 amending Subsections (b), (c-2), (d), (e), (f), and (i) and adding  
15 Subsections (c-3) and (d-2) to read as follows:

16 (b) The department [~~housing finance division~~] shall adopt a  
17 goal to apply an aggregate minimum of 25 percent of the housing  
18 finance division's total housing funds toward housing assistance  
19 for individuals and families of extremely low and very low income if  
20 it is possible to obtain the operating subsidies necessary to meet  
21 that goal.

22 (c-2) In allocating set-aside funds under Subsection (c),  
23 the department may not give preference to nonprofit providers of  
24 affordable housing, except as expressly required by federal law.

1        (c-3) The department by rule shall set aside five percent of  
2 the funds available under Subsection (c) for the benefit of  
3 individuals with special needs who live in small cities and rural  
4 areas that do not qualify to receive funds under the  
5 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.  
6 Section 12701 et seq.) directly from the United States Department  
7 of Housing and Urban Development. The department shall annually  
8 use \$10 million of the funds available under Subsection (c) for  
9 multifamily housing development construction or rehabilitation in  
10 an application cycle that is open to all eligible applicants under  
11 Section 2306.202. If the department does not receive a sufficient  
12 number of financially feasible applications for housing for  
13 individuals with special needs or multifamily housing development  
14 construction or rehabilitation within 120 days of the beginning of  
15 the application cycle, the funds shall be made available for other  
16 purposes authorized under the Cranston-Gonzalez National  
17 Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

18        (d) The department shall allocate housing funds provided to  
19 the state under the Cranston-Gonzalez National Affordable Housing  
20 Act (42 U.S.C. Section 12701 et seq.), housing trust funds  
21 administered by the department under Sections 2306.201-2306.206,  
22 and commitments issued under the federal low income housing tax  
23 credit program administered by the department under Subchapter DD  
24 to all urban areas, historically underserved urban [~~urban/exurban~~  
25 areas, as described by Section 2306.1116, and rural areas of each  
26 uniform state service region based on a formula developed by the  
27 department that is based on the need for housing assistance and the

1 availability of housing resources in those urban areas,  
2 historically underserved urban [~~urban/exurban~~] areas, if  
3 applicable, and rural areas, provided that the allocations are  
4 consistent with applicable federal and state requirements and  
5 limitations. The department shall use the information contained in  
6 its annual state low income housing plan and shall use other  
7 appropriate data to develop the formula. For purposes of the  
8 formula, in determining the availability of housing resources with  
9 respect to the department's multifamily housing development  
10 construction or rehabilitation programs, the department shall  
11 consider the dollar amount of multifamily tax exempt bonds, HOME  
12 funds used for multifamily housing development construction or  
13 rehabilitation, and financing provided by or through a governmental  
14 unit for multifamily housing development construction or  
15 rehabilitation but may not include financing involved in the  
16 transfer of ownership of an existing development. If the  
17 department determines under the formula that an insufficient number  
18 of eligible applications for assistance out of funds or credits  
19 allocable under this subsection are submitted to the department  
20 from a particular uniform state service region, the department  
21 shall use the unused funds or credits allocated to that region for  
22 all urban areas, historically underserved urban [~~urban/exurban~~]  
23 areas, if applicable, and rural areas in other uniform state  
24 service regions based on identified need and financial feasibility.

25 (d-2) Notwithstanding Subsection (d), if the department  
26 determines that there is less than \$5 million in housing trust funds  
27 available in a calendar year to allocate according to Sections

1 2306.201-2306.206, the department shall allocate the housing trust  
2 funds among the uniform state service regions without dividing the  
3 funds between urban and rural areas. For each uniform state service  
4 region, the department will make the first award of funds under this  
5 subsection to the applicant with the highest scoring rural  
6 application.

7 (e) The department shall include in its annual low income  
8 housing plan under Section 2306.0721:

9 (1) the formula developed by the department under  
10 Subsection (d); and

11 (2) the allocation targets established under the  
12 formula for the urban areas, historically underserved urban  
13 [urban/exurban] areas, if applicable, and rural areas of each  
14 uniform state service region.

15 (f) The department shall include in its annual low income  
16 housing report under Section 2306.072 the amounts of funds and  
17 credits allocated to the urban areas, historically underserved  
18 urban [urban/exurban] areas, if applicable, and rural areas of each  
19 uniform state service region in the preceding year for each federal  
20 and state program affected by the requirements of Subsection (d).

21 (i) The director shall designate an employee of the  
22 department to act as the information officer and as a liaison with  
23 the public regarding each application seeking an allocation of  
24 housing funds described by this section. The department liaison  
25 shall provide written notice to the state senator and state  
26 representative of the district containing the development that is  
27 the subject of the application. The liaison shall provide to the

1 elected state officials during the application process periodic  
2 status reports containing information relating to department or  
3 board actions on the application.

4 SECTION 3. Section 2306.111(c), Government Code, as amended  
5 by Chapters 1367 and 1448, Acts of the 77th Legislature, Regular  
6 Session, 2001, is reenacted and amended to read as follows:

7 (c) Except as provided by Subsection (c-3), in [In]  
8 administering federal housing funds provided to the state under the  
9 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.  
10 Section 12701 et seq.), the department shall expend 100 [~~at least~~  
11 ~~95~~] percent of these funds for:

12 (1) the benefit of non-participating small cities and  
13 rural areas that do not qualify to receive funds under the  
14 Cranston-Gonzalez National Affordable Housing Act directly from  
15 the United States Department of Housing and Urban Development; or

16 (2) the preservation of existing affordable housing  
17 that receives financing from the United States Department of  
18 Agriculture. [~~All funds not set aside under this subsection shall~~  
19 ~~be used for the benefit of persons with disabilities who live in~~  
20 ~~areas other than small cities and rural areas.~~]

21 SECTION 4. Section 2306.1111(a), Government Code, is  
22 amended to read as follows:

23 (a) Notwithstanding any other state law and to the extent  
24 consistent with federal law, the department shall establish a  
25 uniform application and funding cycle for all single-family and  
26 multifamily housing programs administered by the department under  
27 this chapter, including a uniform application and funding cycle for

1 housing sponsors of multifamily housing developments applying for  
2 funding under the housing funds provided to the state under the  
3 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.  
4 Section 12701 et seq.), housing trust funds administered by the  
5 department under Sections 2306.201-2306.206, and commitments  
6 issued under the federal low income housing tax credit program  
7 administered by the department under Subchapter DD. If the  
8 department does not receive a sufficient number of financially  
9 feasible applications during the uniform application and funding  
10 cycle under this subsection, the department may consider additional  
11 applications for housing funds, except that the department may not  
12 consider any applications submitted after the 120th day before the  
13 beginning of the uniform application and funding cycle.

14 SECTION 5. Subchapter F, Chapter 2306, Government Code, is  
15 amended by adding Section 2306.1116 to read as follows:

16 Sec. 2306.1116. HISTORICALLY UNDERSERVED URBAN AREAS. (a)  
17 In this subchapter, a historically underserved urban area is a  
18 community that:

19 (1) in uniform state service region three:

20 (A) is located in Collin, Dallas, Denton, Ellis,  
21 Hood, Hunt, Kaufman, Johnson, Parker, Rockwall, or Tarrant County;

22 (B) is not located within the municipal  
23 boundaries of Arlington, Dallas, or Fort Worth; and

24 (C) does not meet the definition of a rural area;

25 (2) in uniform state service region six:

26 (A) is located in Chambers, Fort Bend, Harris,  
27 Liberty, Montgomery, or Waller County;

1           (B) is not located within the municipal  
2 boundaries of Houston; and

3           (C) does not meet the definition of a rural area;

4           (3) in uniform state service region seven:

5           (A) is located in Bastrop, Caldwell, Hays,  
6 Travis, or Williamson County;

7           (B) is not located within the municipal  
8 boundaries of Austin; and

9           (C) does not meet the definition of a rural area;

10 or

11           (4) in uniform state service region nine:

12           (A) is located in Atascosa, Bexar, Comal,  
13 Guadalupe, or Wilson County;

14           (B) is not located within the municipal  
15 boundaries of San Antonio; and

16           (C) does not meet the definition of a rural area.

17           (b) The identification of the counties described by  
18 Subsection (a) shall be periodically adjusted as necessary to  
19 conform with the definition or identification of metropolitan  
20 statistical areas for uniform state service regions three, six,  
21 seven, and nine.

22           (c) In administering the federal low income housing tax  
23 credit program, the department shall further subdivide the urban  
24 allocation in any uniform state service region containing a  
25 historically underserved urban area, based on the ratio in  
26 population between the total number of historically underserved  
27 urban areas within an urban area and the population of the urban

1 area as a whole.

2 (d) Notwithstanding this section and Section 2306.111,  
3 before the application of the regional allocation formula for  
4 calendar years 2006 and 2007, the department shall allocate an  
5 additional \$2 million per year to uniform state service region  
6 nine, an additional \$1 million per year to uniform state service  
7 region 13, and an additional \$750,000 per year to uniform state  
8 service region 11 to alleviate the underfunding for those uniform  
9 state service regions in prior years.

10 (e) The department shall use forward financial commitments  
11 in 2005 or 2006 to satisfy the provisions of Subsection (d).

12 (f) In allocating federal low income housing tax credit  
13 commitments under Subchapter DD, the department shall use five  
14 percent of each uniform state service region's allocation to  
15 developments financed through the Texas Rural Development Office of  
16 the United States Department of Agriculture that:

17 (1) do not exceed 48 units if the development requires  
18 new construction; or

19 (2) are any size if rehabilitation is involved.

20 (g) Any funds allocated to developments that satisfy the  
21 requirements of this section and that involve rehabilitation must  
22 come from the funds set aside for at-risk developments under  
23 Section 2306.6714.

24 SECTION 6. Section 2306.111(g), Government Code, is  
25 repealed.

26 SECTION 7. The changes in law made by this Act relating to  
27 the evaluation of applications for financial assistance



1 administered by the Texas Department of Housing and Community  
2 Affairs apply only to an application submitted on or after the  
3 effective date of this Act. An application submitted before the  
4 effective date of this Act is governed by the law in effect when the  
5 application was submitted, and the former law is continued in  
6 effect for that purpose.

7 SECTION 8. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2005.