

## **BILL ANALYSIS**

C.S.H.B. 3552  
By: Orr  
Financial Institutions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently the Local Housing Finance Corporations must document the amount of single family origination from their previous program when applying for a new program. The process creates a lag time of many months between when the program expends its funds to lend and when the Trustee can issue a certificate that the loans have been pooled and sell it.

C.S.H.B. 3552 amends Chapter 1372 of the Government Code to improve on the efficiency of the Private Activity Bond Allocation Program, especially in the area of housing. The bill amends the signature requirements on an application for carry-forward to be the same as those on a regular program application, allowing applicants to respond more quickly if carry-forward becomes available late in the year. This change would be for all categories of applicants. C.S.H.B. 3552 will encourage small, rural rental developments; mixed income developments; and the rehabilitation of older properties in the regions which include Dallas & Houston. Certain rollover dates are being moved up to ensure maximum usage of the allocation.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3552 amends Chapter 1372 of the Government Code to allow scattered site multifamily developments in one application as long as 51% of the units are in small or low-income counties. C.S.H.B. 3552 clarifies that multiple sites are only allowed for residential rental developments under the definition of "project." The collapse date for regional set-aside for multi-family development is moved forward one month to May 1. C.S.H.B. 3552 clarifies that documentation of the program's utilization percentage can be submitted at an earlier time, based on mortgage loan closings, resulting in less lag time for the local first-time homebuyer programs.

C.S.H.B. 3552 removes the Austin Region from a particular set-aside program designed to ensure projects go to non-metro areas in large regions and reduces the amount of time that the set-aside is in effect. C.S.H.B. 3552 clarifies that within a rural set aside for Region 3 and Region 6, the allocation can be used for new construction residential developments outside the MSA or a rehab development inside or outside the MSA. C.S.H.B. 3552 allows certain multi-family projects to have as much as 20% of the units non-income restricted to encourage more mixed income developments. C.S.H.B. 3552 change the signature requirements for a traditional carry-forward application to clarify that if an issuer has, from a previous year, a Carryforward Designation under Section 1372.061(b), the Bond Review Board may issue a reservation for the issuer's next application in line as soon as the Board receives notice that the initial project application has either withdrawn or the reservation time has expired.

### **EFFECTIVE DATE**

September 1, 2007.

### **COMPARISON OF SUBSTITUTE TO ORIGINAL**

C.S.H.B. 3552 clarifies that multiple sites are only allowed for residential rental developments under the definition of "project" by stating an eligible facility that is proposed to be financed, in

C.S.H.B. 3552 80(R)

whole or in part, by an issue of bonds other than bonds described by Subdivision (1) or (2). C.S.H.B. 3552 deletes a group of eligible facilities. The substitute language clarifies that within a rural set aside for Region 3 and Region 6, the allocation can be used for new construction residential developments outside the MSA or a rehab development inside or outside the MSA. C.S.H.B. 3552 amends the original on page 2, line 24, by deleting "and" and replace with "or".

C.S.H.B. 3552 clarifies that documentation of the program's utilization percentage can be submitted at an earlier time, based on mortgage loan closings, resulting in less lag time for the local first-time homebuyer programs. C.S.H.B. 3552 amends the original to state: A housing finance corporation's utilization percentage for an allocation of the state ceiling is the quotient of: (1) the amount of the state ceiling: (A) with respect to which mortgage loans have been originated, considering only the original principal balance of those loans; (B) that is used to purchase mortgages or mortgage-backed securities; or (C) that is used to issue mortgage credit certificates; divided by (2) the amount of the state ceiling allocated, minus any amounts of the state ceiling required for debt service reserve funds.

C.S.H.B. 3552 amends the original by deleting the language "the date of expiration of the period specified by Section 1372.042(a-1) and substituting the language: (2) if the amount of the carryforward is sufficient to satisfy fully the issuer's next available application, the date of expiration of the period specified by Section 1372.042(a-1). The substitute language clarifies that if an issuer has, from a previous year, a Carryforward Designation under Section 1372.061(b) of the Act, the Bond Review Board may issue a reservation for the issuer's next application in line as soon as the Board receives notice that the initial project application has either withdrawn or the reservation time has expired. C.S.H.B. 3552 amends the original to remove the deletion of the requirement for governor's signature for certain carryforwards.