

BILL ANALYSIS

C.S.H.B. 3215
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Employer-assisted housing programs can do more than simply help make housing more affordable for workers; they can also serve as an aid in recruiting new employees. One major stumbling block for Texans trying to acquire a safe, decent, and affordable home is accumulating the money for a down payment and closing costs. Sensitive to the need to ease the initial financial burden of homeownership, the Texas State Affordable Housing Corporation developed a down payment assistance program that offers up to \$4,000 in matching funds for down payment and closing cost assistance, courtesy of the corporation and the participating employer.

C.S.H.B. 3215 mirrors the guidelines already established by the corporation, but requires the corporation to aim this program specifically at low-wealth school districts. A program that helps working professionals secure affordable housing encourages them to build and contribute to the communities in which they work. New residents who have made an investment in their communities may be more likely to remain employed by their school district. They also generate retail sales, improve the value of the housing market, and contribute to the tax base to fund the very schools in which they work.

Loans provided under this section must, with a matching amount not to exceed \$4,000, match each dollar of an eligible professional educator's down payment contribution toward the purchase of a home, with a mandatory contribution from the corporation and an additional optional contribution from the applicable low-wealth school district. Matching assistance is provided to the employee in the form of a deferred forgivable second-lien loan, with the amount forgiven in three equal installments over three years of employment. The employee must have been employed by the school district for at least six months at the time of application, with a minimum commitment of three years of employment at the school for full loan forgiveness. The employee must also complete a home buyer education course and must meet the income, creditworthiness, and purchase price standards established by corporation rule. The employee must also purchase the home in the low-wealth district in which the employee is employed and must occupy the home as the employee's primary residence to be eligible for assistance.

C.S.H.B. 3215 amends the Government Code to require the Texas State Affordable Housing Corporation, in consultation with the commissioner of education and low-wealth school districts, to establish a program to provide eligible professional educators at low-wealth school districts down payment assistance, as funds are available, in the form of deferred forgivable second-lien loans.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas State Affordable Housing Corporation in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 3215 amends the Government Code to require the Texas State Affordable Housing Corporation, in consultation with the commissioner of education and low-wealth school districts, to establish a program providing to eligible professional educators down payment assistance, as funds are available, in the form of deferred forgivable second-lien loans. The bill requires such loans with a total matching amount not to exceed \$4,000 to match each dollar of an eligible professional educator's down payment contribution toward the purchase of a home with a mandatory contribution, not to exceed \$2,000, from the corporation and an additional optional contribution, not to exceed \$2,000, from the applicable low-wealth school district and requires the loans to be forgiven at the rate of one-third of the original balance of the loan for each year that the educator remains employed by the district after the issuance of the loan.

C.S.H.B. 3215 establishes that to be eligible for down payment assistance, a professional educator must:

- be employed by a low-wealth school district for the six-month period preceding the application date;
- have an income that does not exceed the greater of 115 percent of area median family income, adjusted for family size; or the maximum amount permitted by federal law relating to mortgage assistance;
- meet the creditworthiness and purchase price standards established by corporation rule;
- complete a homebuyer education course;
- occupy the purchased home as the educator's primary residence; and
- purchase a home in the low-wealth school district in which the professional educator is employed.

C.S.H.B. 3215 requires a professional educator who receives down payment assistance through a second-lien loan to repay the original balance of the loan if the person ceases to be a professional educator employed by the low-wealth school district in which the home is located or ceases to occupy the home as the educator's primary residence. The bill authorizes the corporation to contract with the State Board for Educator Certification, the Texas Education Agency, or other state agencies or private entities to determine the eligibility of applicants for loan assistance or to otherwise administer the program. The bill authorizes the board of directors of the corporation to set and collect from each applicant any fees the board considers reasonable and necessary for administering the program. The bill requires the board to adopt program guidelines governing the administration of the program; the issuance of down payment assistance under the program; creditworthiness and purchase price standards; and the verification of occupancy of the home as the professional educator's principal residence. The bill requires the corporation to ensure that the down payment assistance is structured in a way that complies with any requirements associated with the source of the funds used for the assistance. The bill authorizes the corporation to solicit and accept funding for the program from low-wealth school districts, gifts and grants, any state or federal programs that provide money that may be used for down payment assistance, and amounts received by the corporation in any repayments of loans.

C.S.H.B. 3215 requires the corporation to adopt the program guidelines governing the program not later than December 1, 2009.

C.S.H.B. 3215 defines "low-wealth school district," "professional educator," and "wealth per student."

EFFECTIVE DATE

September 1, 2009

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 3215 adds a provision not in the original to specify that the Texas State Affordable Housing Corporation is required to establish the professional educators down payment assistance program as funds are available. The substitute differs from the original by providing for a mandatory contribution, not to exceed \$2,000, from the corporation and an additional optional contribution, not to exceed \$2,000, from the applicable low-wealth school district, whereas the original requires equal matching contributions from the corporation and the applicable low-wealth school district. The substitute differs from the original by requiring loans to be forgiven at the rate of one-third of the original balance, rather than of the outstanding balance as in the original, and makes conforming changes.

C.S.H.B. 3215 adds a provision not in the original to require a professional educator to have an income that does not exceed the greater of 115 percent of area median family income, adjusted for family size, or the maximum amount permitted by income requirements of federal law relating to mortgage assistance, and makes a conforming change. The substitute differs from the original by requiring the board of the directors of the corporation to adopt program guidelines, rather than rules as in the original, and makes conforming changes. The substitute adds a provision not in the original to authorize the corporation to solicit and accept funding for the program from low-wealth school districts.