

## **BILL ANALYSIS**

C.S.S.B. 1002  
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Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Created in 1995, the Texas State Affordable Housing Corporation (Corporation) is a self-sustaining nonprofit corporation that helps Texans obtain affordable housing. To achieve its mission, the Corporation issues bonds to help teachers, firefighters, police officers, and low-income families purchase homes; issues bonds to finance multifamily rental properties; provides loans to affordable housing developers; and seeks private funds to help support affordable housing. The Corporation also administers the Texas Foundations Fund, financed through private donations, grants, and Corporation revenues. Through the Fund, the Corporation provides grants to nonprofits and rural governmental entities for construction, rehabilitation, or repair of single family homes, and repair of low-income multifamily rental complexes. The Corporation self-funds its operations and receives no state-appropriated funding.

The Corporation is subject to the Sunset Act and will be abolished on September 1, 2009, unless continued by the Legislature. C.S.S.B. 1002 abolishes the Corporation and transfers its powers, duties, and programs to the Texas Department of Housing and Community Affairs.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the executive director of the Texas Department of Housing and Community Affairs (TDHCA) in SECTIONS 1 and 4 of this bill.

### **ANALYSIS**

C.S.S.B. 1002 amends the Government Code to transfer the powers and duties of the Texas State Affordable Housing Corporation to the Texas Department of Housing and Community Affairs (TDHCA). The bill requires the Corporation to transfer to TDHCA all assets owned or distributed by the Corporation, including any real or personal property owned by the Corporation and any bond revenue distributed by the Corporation, as well as all records related to the operation of any home loan programs and any applications pending with the Corporation on the date the Corporation is dissolved by the board of the Corporation. The bill requires the board of the Corporation to take all necessary actions to dissolve the Corporation and, at the request of the executive director, to assist the director in formulating the transition plan. The bill specifies that a reference in law to the Corporation is a reference to TDHCA.

C.S.S.B. 1002 requires the executive director of TDHCA by rule to adopt a transition plan for TDHCA's assumption of the former powers and duties of the Corporation. The bill requires the plan to include a timetable with specific steps and deadlines needed to fully complete the transfer and ensure that the transfer is fully implemented not later than January 1, 2010. The bill authorizes the director to adopt rules necessary to improve the efficiency or effectiveness of any program that is transferred to TDHCA as a result of its assumption of the former powers and duties of the Corporation, including rules that provide for consolidating the operation of programs already administered by TDHCA and a program or programs that are transferred to TDHCA from the Corporation.

C.S.S.B. 1002 abolishes the Corporation on January 1, 2010, and requires all powers, duties, obligations, rights, contracts, funds, unspent appropriations, records, and real or personal property of the Corporation to be transferred to TDHCA not later than that date. The bill includes

other transition provisions. The bill requires the executive director of TDHCA to adopt rules relating to the transfer of the programs assigned to TDHCA not later than October 1, 2009.

C.S.S.B. 1002 repeals Sections 2306.255(g) and 2306.552, Government Code, as conforming changes.

### **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

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

C.S.S.B. 1002 differs from the engrossed version by transferring the powers and duties of the Corporation to the Texas Department of Housing and Community Affairs (TDHCA) and abolishing the Corporation. The engrossed bill continues the Corporation and updates its sunset review date to 2015 to provide for a six-year review.

As such, C.S.S.B. 1002 includes provisions not in the engrossed bill abolishing the Corporation and transferring the powers and duties of the Corporation to TDHCA, including requiring a transition plan and authorizing rules necessary to improve the efficiency or effectiveness of transferred programs. C.S.S.B. 1002, unlike the engrossed bill, also contains language establishing dates by which transition items must occur and makes conforming changes.

C.S.S.B. 1002, accordingly, does not contain provisions in the engrossed version making changes to the Corporation's structure and operations. The engrossed bill increases the size of the Corporation's Board of Directors from five to seven members by adding one member to represent the interests of families served by the Corporation's single family programs and one member to represent nonprofit housing organizations. C.S.S.B. 1002 does not contain this provision.

The engrossed bill requires the Corporation to include a range of enforcement options in bond-financed multifamily compliance contracts, including financial penalties for non-compliance with contracts and Corporation policies; withdrawal of reserve funds to make needed repairs and replacements to a property; replacement of a property manager with one acceptable to the Corporation; and appointment of the Corporation as receiver to protect and operate the property. C.S.S.B. 1002 does not contain these requirements.

The engrossed version requires the Corporation to report annually to the Legislature on: the number, amount, and use of private grants, donations, or other funds applied for and received by the Corporation; the number, amount, and purpose of loans and grants provided to affordable housing developers; and total revenues generated annually beyond expenditures to support the Corporation's operations. The substitute does not require such reporting.

The engrossed bill requires the Corporation to maintain a single family lending website that allows a person to obtain information on available interest rates and home loan programs, and includes information on different types of home mortgages and predatory lending practices. The substitute does not include this requirement.

The engrossed version adds standard Sunset language requiring the Corporation to make effective use of technology in its delivery of services and provision of information to the public. The bill also updates standard Sunset language prohibiting a person from serving as a member of the Board of Directors or high-level agency employee if the person, or their spouse, is an officer, employee, or paid consultant of a Texas trade association in a related field; requiring members of the Board of Directors to complete training before assuming their duties; requiring the Corporation to maintain information on all complaints and notify the parties about policies for and status of complaints; and language giving the Governor authority to designate the Board of Director's presiding officer. C.S.S.B. 1002 does not add to or update these provisions.

The engrossed bill has an effective date of September 1, 2009. The substitute has an effective date of on passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.