

By: Davis of Dallas

H.B. No. 2296

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the administration of certain housing funds by the
3 Texas Department of Housing and Community Affairs.

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

5 SECTION 1. Section 2306.201, Government Code, is amended by
6 amending Subsection (b) and adding Subsection (c) to read as
7 follows:

8 (b) The fund consists of:

- 9 (1) appropriations or transfers made to the fund;
10 (2) unencumbered fund balances;
11 (3) public or private gifts, ~~or~~ grants, or
12 donations;
13 (4) investment income, including all interest,
14 dividends, capital gains, or other income from the investment of
15 any portion of the fund;
16 (5) repayments received on loans made from the fund;
17 and
18 (6) funds from any other source.

19 (c) The department may accept gifts, grants, or donations
20 for the housing trust fund. All funds received for the housing
21 trust fund under Subsection (b) shall be deposited or transferred
22 into the Texas Treasury Safekeeping Trust Company.

23 SECTION 2. Section 2306.202(a), Government Code, is amended
24 to read as follows:

1 (a) The department, through the housing finance division,
2 shall use the housing trust fund to provide loans, grants, or other
3 comparable forms of assistance to local units of government, public
4 housing authorities, nonprofit organizations, and income-eligible
5 individuals, families, and households to finance, acquire,
6 rehabilitate, and develop decent, safe, and sanitary housing. In
7 each biennium the first \$2.6 million available through the housing
8 trust fund for loans, grants, or other comparable forms of
9 assistance shall be set aside and made available exclusively for
10 local units of government, public housing authorities, and
11 nonprofit organizations. Any additional funds may also be made
12 available to for-profit organizations provided that ~~[so long as]~~ at
13 least 45 percent of available funds, as determined on September 1 of
14 each state fiscal year, in excess of the first \$2.6 million shall be
15 made available to nonprofit organizations for the purpose of
16 acquiring, rehabilitating, and developing decent, safe, and
17 sanitary housing. The remaining portion shall be distributed to
18 ~~[competed for by]~~ nonprofit organizations, for-profit
19 organizations, and other eligible entities. Notwithstanding any
20 other section of this chapter, but subject to the limitations in
21 Section 2306.251(c), the department may also use the fund to
22 acquire property to endow the fund.

23 SECTION 3. Section 2306.203, Government Code, is amended to
24 read as follows:

25 Sec. 2306.203. RULES REGARDING ADMINISTRATION OF HOUSING
26 TRUST FUND. The board shall adopt rules to administer the housing
27 trust fund, including rules providing:

1 (1) that the division give priority to programs that
2 maximize federal resources;

3 (2) for a process to set priorities for use of the
4 fund, including the distribution of fund resources in accordance
5 with a plan that is [~~under a request for a proposal process~~]
6 developed and approved by the board and included in the
7 department's annual report regarding the housing trust fund as
8 described in the General Appropriations Act;

9 (3) that the criteria used to evaluate a proposed
10 activity [~~rank proposals~~] will include the:

11 (A) leveraging of [~~federal~~] resources;

12 (B) cost-effectiveness of the [~~a~~] proposed
13 activity [~~development~~]; and

14 (C) extent to which individuals and families of
15 very low income are served by the proposed activity [~~development~~];

16 (4) that funds may not be made available for a proposed
17 activity [~~to a development~~] that permanently and involuntarily
18 displaces individuals and families of low income;

19 (5) that the board attempt to allocate funds to
20 achieve a broad geographical distribution with:

21 (A) special emphasis on equitably serving rural
22 and nonmetropolitan areas; and

23 (B) consideration of the number and percentage of
24 income-qualified families in different geographical areas; and

25 (6) that multifamily housing developed or
26 rehabilitated through the fund remain affordable to
27 income-qualified households for at least 20 years.

1 SECTION 4. Sections 2306.753(b) and (d), Government Code,
2 are amended to read as follows:

3 (b) To be eligible for a loan under this subchapter, an
4 owner-builder:

5 (1) may not have an annual income that exceeds 60
6 percent, as determined by the department, of the greater of the
7 state or local median family income, when combined with the income
8 of any person who resides with the owner-builder;

9 (2) must have resided in this state for the preceding
10 six months;

11 (3) must have successfully completed an owner-builder
12 education class under Section 2306.756; and

13 (4) must agree to:

14 (A) provide through personal labor at least 65
15 [~~60~~] percent of the labor necessary to build the proposed housing by
16 working through a state-certified owner-builder housing program;
17 [~~or~~]

18 (B) provide an amount of personal labor
19 equivalent to the amount required under Paragraph (A) in connection
20 with building housing for others through a state-certified
21 nonprofit owner-builder housing program; or

22 (C) if approved by the department, provide
23 through noncontract labor of friends, family, or volunteers at
24 least 65 percent of the labor necessary to build the proposed
25 housing by working through a state-certified owner-builder housing
26 program.

27 (d) At least two-thirds of the dollar amount of loans made

1 under this subchapter in each fiscal year must be made to borrowers
2 whose property is located in a county that is in a census tract that
3 has a median household income that is not greater than 75 percent of
4 the median state household income for the most recent year for which
5 statistics are available [~~eligible to receive financial assistance~~
6 ~~under Subchapter K, Chapter 17, Water Code~~].

7 SECTION 5. Sections 2306.754(a), (b), and (c), Government
8 Code, are amended to read as follows:

9 (a) The department may establish the minimum amount of a
10 loan under this subchapter, but a loan made by the department may
11 not exceed \$45,000 [~~\$30,000~~].

12 (b) If it is not possible for an owner-builder to purchase
13 necessary real property and build adequate housing for \$45,000
14 [~~\$30,000~~], the owner-builder must obtain the amount necessary that
15 exceeds \$45,000 [~~\$30,000~~] from one or more local governmental
16 entities, nonprofit organizations, or private lenders or from
17 grants awarded by the department for the purposes of this
18 subchapter. The total amount of amortized, repayable loans made by
19 the department and other entities to an owner-builder under this
20 subchapter may not exceed \$90,000 [~~\$60,000~~].

21 (c) A loan made by the department under this subchapter:

22 (1) may not exceed a term of 30 years;

23 (2) may bear interest at a fixed rate of not more than
24 three percent or bear interest in the following manner:

25 (A) no interest for the first two years of the
26 loan;

27 (B) beginning with the second anniversary of the

1 date the loan was made, interest at the rate of one percent a year;

2 (C) beginning on the third anniversary of the
3 date the loan was made and ending on the sixth anniversary of the
4 date the loan was made, interest at a rate that is one percent
5 greater than the rate borne in the preceding year; and

6 (D) beginning on the sixth anniversary of the
7 date the loan was made and continuing through the remainder of the
8 loan term, interest at the rate of five percent; and

9 (3) shall ~~may~~ be secured by a lien by the department
10 on the real property, including a lien that is subordinate to a lien
11 that secures a loan made under Subsection (b), regardless of
12 whether the other lien ~~and that~~ is greater than, equal to, or less
13 than the department's lien.

14 SECTION 6. Section 2306.758(c), Government Code, is amended
15 to read as follows:

16 (c) In a state fiscal year, the department may use not more
17 than 10 percent of the revenue available for purposes of this
18 subchapter to enhance the ability of tax-exempt organizations
19 described by Section 2306.755(a) to implement the purposes of this
20 chapter and to enhance the number of such organizations that are
21 able to implement those purposes. The department shall use that
22 available revenue to provide financial assistance, technical
23 training, and management support for the purposes of this
24 subsection.

25 SECTION 7. Section 2306.7581(a-1), Government Code, is
26 amended to read as follows:

27 (a-1) Each state fiscal year the department shall transfer

1 an amount equal to the greater of \$6 million or an amount of funds
2 that is based on the annual volume of demand for the owner-builder
3 loan program, as determined using the total amount of loan
4 originations made under the program in the preceding state fiscal
5 year, [at least \$3 million] to the owner-builder revolving fund
6 from money received under the federal HOME Investment Partnerships
7 program established under Title II of the Cranston-Gonzalez
8 National Affordable Housing Act (42 U.S.C. Section 12701 et seq.),
9 from money in the housing trust fund, or from money appropriated by
10 the legislature to the department. This subsection expires August
11 31, 2020 [~~2010~~].

12 SECTION 8. (a) The change in law made by this Act in
13 amending Sections 2306.202, 2306.203, 2306.758, and 2306.7581,
14 Government Code, applies beginning with the state fiscal year that
15 begins September 1, 2009.

16 (b) The change in law made by this Act in amending Sections
17 2306.753 and 2306.754, Government Code, applies only to
18 owner-builder loans granted by the department on or after the
19 effective date of this Act. An owner-builder loan granted before
20 the effective date of this Act is governed by the law in effect at
21 the time the loan was granted, and the former law is continued in
22 effect for that purpose.

23 SECTION 9. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2009.