

By: J. Davis of Harris, Dutton

H.B. No. 2660

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the functions of the Texas Department of Housing and  
3 Community Affairs and transferring certain department functions to  
4 the Texas State Affordable Housing Corporation.

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

6 SECTION 1. Subchapter K, Chapter 2306, Government Code, is  
7 amended by adding Section 2306.2585 to read as follows:

8 Sec. 2306.2585. HOMELESS HOUSING AND SERVICES PROGRAM. (a)  
9 The department may administer a homeless housing and services  
10 program in each municipality in this state with a population of  
11 285,500 or more to:

12 (1) provide for the construction, development, or  
13 procurement of housing for homeless persons; and

14 (2) provide local programs to prevent and eliminate  
15 homelessness.

16 (b) If the department implements the homeless housing and  
17 services program under Subsection (a), the department shall adopt  
18 rules to govern the program, including rules that:

19 (1) provide for the allocation of any available  
20 funding; and

21 (2) provide detailed guidelines as to the scope of the  
22 local programs in the municipalities described by Subsection (a).

23 (c) The department may use any available revenue, including  
24 legislative appropriations, and shall solicit and accept gifts and

1 grants for the purposes of this section. The department shall use  
2 gifts and grants received for the purposes of this section before  
3 using any other revenue.

4 SECTION 2. Section 1372.0221, Government Code, is amended  
5 to read as follows:

6 Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR  
7 PROFESSIONAL EDUCATORS HOME LOAN PROGRAM. Until August 7, out of  
8 that portion of the state ceiling that is available exclusively for  
9 reservations by the Texas State Affordable Housing Corporation  
10 under Section 1372.0223, 20 [~~54.5~~] percent shall be allotted each  
11 year and made available to the corporation for the purpose of  
12 issuing qualified mortgage bonds in connection with the  
13 professional educators home loan program established under Section  
14 2306.562.

15 SECTION 3. Section 1372.0222, Government Code, is amended  
16 to read as follows:

17 Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR  
18 FIRE FIGHTER, LAW ENFORCEMENT OR SECURITY OFFICER, AND EMERGENCY  
19 MEDICAL SERVICES PERSONNEL HOME LOAN PROGRAM. Until August 7, out  
20 of that portion of the state ceiling that is available exclusively  
21 for reservations by the Texas State Affordable Housing Corporation  
22 under Section 1372.0223, 10 [~~45.5~~] percent shall be allotted each  
23 year and made available to the corporation for the purpose of  
24 issuing qualified mortgage bonds in connection with the fire  
25 fighter, law enforcement or security officer, and emergency medical  
26 services personnel home loan program established under Section  
27 2306.5621.

1 SECTION 4. Subchapter B, Chapter 1372, Government Code, is  
2 amended by adding Section 1372.02221 to read as follows:

3 Sec. 1372.02221. DEDICATION OF PORTION OF STATE CEILING FOR  
4 PROGRAMS ADMINISTERED BY TEXAS STATE AFFORDABLE HOUSING  
5 CORPORATION. Until August 7, out of that portion of the state  
6 ceiling that is available exclusively for reservations by the Texas  
7 State Affordable Housing Corporation under Section 1372.0223, 70  
8 percent shall be allotted each year and made available to the  
9 corporation for the purpose of issuing qualified mortgage bonds in  
10 connection with the programs established under Sections 2306.562  
11 and 2306.5621 or any other home loan program administered by the  
12 corporation.

13 SECTION 5. Section 1372.0223, Government Code, is amended  
14 to read as follows:

15 Sec. 1372.0223. DEDICATION OF PORTION OF STATE CEILING TO  
16 [~~CERTAIN~~] ISSUERS OF QUALIFIED MORTGAGE BONDS. Until August 7, out  
17 of that portion of the state ceiling that is available exclusively  
18 for reservations by issuers of qualified mortgage bonds under  
19 Section 1372.022:

20 (1) 40 [~~10~~] percent is available exclusively to the  
21 Texas State Affordable Housing Corporation for the purpose of  
22 issuing qualified mortgage bonds; and

23 (2) 60 [~~56.66~~] percent is available exclusively to  
24 housing finance corporations for the purpose of issuing qualified  
25 mortgage bonds.

26 SECTION 6. Section 1372.023, Government Code, is amended by  
27 adding Subsection (d) to read as follows:

1        (d) The Texas Department of Housing and Community Affairs  
2 may not issue qualified mortgage bonds after September 1, 2011,  
3 except as necessary to complete its activity under the New Issue  
4 Bond Program.

5        SECTION 7. Section 1372.025(b), Government Code, is amended  
6 to read as follows:

7        (b) Subsection (a) does not apply to:

8            (1) [qualified mortgage bonds or] qualified  
9 residential rental project bonds made available exclusively to the  
10 Texas Department of Housing and Community Affairs under Section  
11 1372.023; or

12            (2) qualified mortgage bonds made available  
13 exclusively to the Texas State Affordable Housing Corporation under  
14 Sections 1372.0221, ~~and~~ 1372.0222, and 1372.02221.

15        SECTION 8. Section 1372.037(a), Government Code, is amended  
16 to read as follows:

17        (a) Except as provided by Subsection (b), before August 15  
18 the board may not grant for any single project a reservation for  
19 that year that is greater than:

20            (1) \$40 million, if the issuer is an issuer of  
21 qualified mortgage bonds, other than the [~~Texas Department of~~  
22 ~~Housing and Community Affairs or the~~] Texas State Affordable  
23 Housing Corporation;

24            (2) \$50 million, if the issuer is an issuer of a  
25 state-voted issue, other than the Texas Higher Education  
26 Coordinating Board, or \$75 million, if the issuer is the Texas  
27 Higher Education Coordinating Board;

1 (3) the amount to which the Internal Revenue Code  
2 limits issuers of qualified small issue bonds and enterprise zone  
3 facility bonds, if the issuer is an issuer of those bonds;

4 (4) the lesser of \$20 million or 15 percent of the  
5 amount set aside for reservation by issuers of qualified  
6 residential rental project bonds, if the issuer is an issuer of  
7 those bonds;

8 (5) the amount as prescribed in Sections 1372.033(d),  
9 (e), and (f), if the issuer is an issuer authorized by Section  
10 53B.47, Education Code, to issue qualified student loan bonds; or

11 (6) \$50 million, if the issuer is any other issuer of  
12 bonds that require an allocation.

13 SECTION 9. Section 1372.040, Government Code, is amended to  
14 read as follows:

15 Sec. 1372.040. RESERVATION BY CERTAIN ISSUERS OF QUALIFIED  
16 MORTGAGE BONDS OF MONEY FOR MORTGAGES FOR CERTAIN PERSONS. An  
17 issuer of qualified mortgage bonds, other than the [~~Texas~~  
18 ~~Department of Housing and Community Affairs or the~~] Texas State  
19 Affordable Housing Corporation, shall reserve for six months 50  
20 percent of the funds available for loans outside the federally  
21 designated target areas to provide mortgages to individuals and  
22 families with incomes below 80 percent of the applicable median  
23 family income, as defined by Section 143(f)(4), Internal Revenue  
24 Code (26 U.S.C. Section 143(f)(4)).

25 SECTION 10. Subchapter Y, Chapter 2306, Government Code, is  
26 amended by adding Section 2306.5622 to read as follows:

27 Sec. 2306.5622. TEXAS FIRST-TIME HOMEBUYER PROGRAM. (a)

1 In this section:

2 (1) "First-time homebuyer" means a person who has not  
3 owned a home during the three years preceding the date on which an  
4 application under this section is filed.

5 (2) "Home" means a dwelling in this state in which a  
6 first-time homebuyer intends to reside as the homebuyer's principal  
7 residence.

8 (3) "Program" means the Texas First-Time Homebuyer  
9 Program.

10 (b) The Texas First-Time Homebuyer Program shall facilitate  
11 the origination of single-family mortgage loans for eligible  
12 first-time homebuyers.

13 (c) The program may include down payment and closing cost  
14 assistance.

15 (d) The corporation shall administer the program.

16 (e) The board of directors of the corporation shall adopt  
17 rules governing:

18 (1) the administration of the program;

19 (2) the making of loans under the program;

20 (3) the criteria for approving participating mortgage  
21 lenders;

22 (4) the use of insurance on the loans and the homes  
23 financed under the program, as considered appropriate by the  
24 corporation's board to provide additional security for the loans;

25 (5) the verification of occupancy of the home by the  
26 homebuyer as the homebuyer's principal residence; and

27 (6) the terms of any contract made with any mortgage

1 lender for processing, originating, servicing, or administering  
2 the loans.

3 (f) To be eligible for a mortgage loan under this section, a  
4 homebuyer must:

5 (1) qualify as a first-time homebuyer under this  
6 section;

7 (2) have an income of not more than 115 percent of area  
8 median family income or 140 percent of area median family income in  
9 targeted areas; and

10 (3) meet any additional requirements or limitations  
11 prescribed by the corporation.

12 (g) To be eligible for a loan under this section to assist a  
13 homebuyer with down payment and closing costs, a homebuyer must:

14 (1) qualify as a first-time homebuyer under this  
15 section;

16 (2) have an income of not more than 80 percent of area  
17 median family income; and

18 (3) meet any additional requirements or limitations  
19 prescribed by the corporation.

20 (h) The corporation may contract with other agencies of the  
21 state or with private entities to determine whether applicants  
22 qualify as first-time homebuyers under this section or otherwise to  
23 administer all or part of this section.

24 (i) The board of directors of the corporation may set and  
25 collect from each applicant any fees that board considers  
26 reasonable and necessary to cover the expenses of administering the  
27 program.

1        (j) The corporation shall ensure that a loan under this  
2 section is structured in a way that complies with any requirements  
3 associated with the source of the funds used for the loan.

4        (k) In addition to funds set aside for the program under  
5 Section 1372.0223(1), the corporation may solicit and accept  
6 funding for the program from gifts and grants for the purposes of  
7 this section.

8        SECTION 11. Section 2306.253, Government Code, is  
9 transferred to Subchapter Y, Chapter 2306, Government Code,  
10 redesignated as Section 2306.570, Government Code, and amended to  
11 read as follows:

12        Sec. 2306.570 [~~2306.253~~]. HOMEBUYER EDUCATION PROGRAM.

13        (a) The corporation [~~department~~] shall develop and implement a  
14 statewide homebuyer education program designed to provide  
15 information and counseling to prospective homebuyers about the home  
16 buying process.

17        (b) The corporation [~~department~~] shall develop the program  
18 in cooperation with the Texas AgriLife [~~Agricultural~~] Extension  
19 Service, the Health and [~~Texas Department of~~] Human Services  
20 Commission, the Real Estate [~~Research~~] Center at Texas A&M  
21 University, the Texas Workforce Commission, experienced homebuyer  
22 education providers, community-based organizations, and advocates  
23 of affordable housing. When feasible, the corporation [~~The~~  
24 ~~department~~] shall implement the program through the self-help  
25 centers established under Subchapter Z [~~when feasible~~].

26        (c) The corporation [~~department~~] shall make full use of  
27 existing training and informational materials available from



1 sources such as the United States Department of Housing and Urban  
2 Development, the cooperative extension system, the Neighborhood  
3 Reinvestment Corporation, and existing homebuyer education  
4 providers.

5 (d) In order to implement this section, the corporation  
6 ~~[department]~~ may use money available to the corporation  
7 ~~[department]~~ for housing purposes that the corporation  
8 ~~[department]~~ is not prohibited from spending on the homebuyer  
9 education program, including:

10 (1) the amount of administrative or service fees the  
11 corporation ~~[department]~~ receives from the issuance or refunding of  
12 bonds that exceeds the amount the corporation ~~[department]~~ needs to  
13 pay its overhead costs in administering its bond programs; and

14 (2) money the corporation ~~[department]~~ receives from  
15 other entities by gift or grant under a contract.

16 SECTION 12. Section 2306.591(b), Government Code, is  
17 amended to read as follows:

18 (b) An owner of a manufactured home is not eligible to  
19 participate in a grant loan program offered by the department~~[~~  
20 ~~including the single-family mortgage revenue bond program under~~  
21 ~~Section 2306.142,~~] unless the owner complies with Subsection (a).

22 SECTION 13. The following provisions of the Government Code  
23 are repealed:

24 (1) Section 1372.023(a);

25 (2) Sections 2306.142 and 2306.143; and

26 (3) Subchapter MM, Chapter 2306.

27 SECTION 14. The change in law made by this Act in amending

1 Chapter 1372, Government Code, applies only to a reservation of  
2 state ceiling granted on or after January 1, 2012.

3 SECTION 15. (a) As soon as practicable after the effective  
4 date of this Act, the Texas Department of Housing and Community  
5 Affairs and the Texas State Affordable Housing Corporation shall  
6 develop a transition plan for transferring the functions performed  
7 by the department under Subchapter MM, Chapter 2306, Government  
8 Code, to the corporation. The transition plan must include a  
9 timetable with specific steps and deadlines needed to complete the  
10 transfer.

11 (b) In accordance with the transition plan developed by the  
12 Texas Department of Housing and Community Affairs and the Texas  
13 State Affordable Housing Corporation under Subsection (a) of this  
14 section, on November 1, 2011:

15 (1) all functions and activities relating to  
16 Subchapter MM, Chapter 2306, Government Code, performed by the  
17 Texas Department of Housing and Community Affairs immediately  
18 before that date are transferred to the Texas State Affordable  
19 Housing Corporation under Section 2306.5622, Government Code, as  
20 added by this Act;

21 (2) a rule or form adopted by the executive director of  
22 the Texas Department of Housing and Community Affairs that relates  
23 to Subchapter MM, Chapter 2306, Government Code, is a rule or form  
24 of the Texas State Affordable Housing Corporation and remains in  
25 effect until amended or replaced by the corporation;

26 (3) a reference in law to or an administrative rule of  
27 the Texas Department of Housing and Community Affairs that relates

1 to Subchapter MM, Chapter 2306, Government Code, means the Texas  
2 State Affordable Housing Corporation;

3 (4) a loan issued by the Texas Department of Housing  
4 and Community Affairs under Subchapter MM, Chapter 2306, Government  
5 Code, or an application for a loan under that subchapter pending  
6 before the department on the effective date of this Act is  
7 transferred without change in status to the Texas State Affordable  
8 Housing Corporation, and the corporation assumes, as appropriate  
9 and without a change in status, the position of the department in  
10 relation to that loan or application;

11 (5) any employee of the Texas Department of Housing  
12 and Community Affairs who is primarily involved in administering  
13 Subchapter MM, Chapter 2306, Government Code, becomes an employee  
14 of the Texas State Affordable Housing Corporation;

15 (6) all money, contracts, leases, property, and  
16 obligations of the Texas Department of Housing and Community  
17 Affairs that are related to Subchapter MM, Chapter 2306, Government  
18 Code, are transferred to the Texas State Affordable Housing  
19 Corporation;

20 (7) all property that is in the custody of the Texas  
21 Department of Housing and Community Affairs and related to  
22 Subchapter MM, Chapter 2306, Government Code, is transferred to the  
23 Texas State Affordable Housing Corporation; and

24 (8) the unexpended and unobligated balance of any  
25 money that is appropriated by the legislature for the Texas  
26 Department of Housing and Community Affairs and related to  
27 Subchapter MM, Chapter 2306, Government Code, is transferred to the

1 Texas State Affordable Housing Corporation.

2 (c) Before November 1, 2011, the Texas Department of Housing  
3 and Community Affairs may agree with the Texas State Affordable  
4 Housing Corporation to transfer any property of the department to  
5 the corporation to implement the transfer required by this Act.

6 (d) In the period beginning on the effective date of this  
7 Act and ending on November 1, 2011, the Texas Department of Housing  
8 and Community Affairs shall continue to perform functions and  
9 activities under Subchapter MM, Chapter 2306, Government Code, as  
10 if that subchapter had not been repealed by this Act, and the former  
11 law is continued in effect for that purpose.

12 SECTION 16. This Act takes effect September 1, 2011.