

BILL ANALYSIS

C.S.H.B. 3608
By: Guillen
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties explain that the HOME program, administered by the Texas Department of Housing and Community Affairs (TDHCA), provides grants to implement local housing strategies designed to increase home ownership and affordable housing opportunities for Americans of low and very low income. Interested parties are concerned that one of the barriers to the development of housing projects is the lack of adequate funding for the predevelopment phase of these projects. Furthermore, these parties contend that the environmental reviews required for grant applicants are convoluted and are sometimes returned by TDHCA without sufficient time for the applicant to make necessary corrections before the application submission deadline. C.S.H.B. 3608 seeks to remedy these issues with project-specific predevelopment financial assistance and by improving the procedures regarding completion of an environmental review.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 3608 amends the Government Code to require the Texas Department of Housing and Community Affairs (TDHCA), in order to enable an applicant to complete in a prompt and compliant manner an environmental review required for an award of financial assistance under the terms of the federal HOME Investment Partnerships Program, to review any substantially complete application for that assistance not later than the 90th day after the date of receipt of the application and to provide to the applicant any necessary technical assistance.

C.S.H.B. 3608 authorizes TDHCA, provided the activity is identified by TDHCA as a planned activity in the state's consolidated plan that governs certain federal funds received by the state from the U.S. Department of Housing and Urban Development, to issue to a community housing development organization certified by TDHCA a project-specific predevelopment loan to facilitate an activity necessary to develop a project that, if considered feasible, will receive an award of financial assistance under the terms of the federal HOME Investment Partnerships Program. The bill prohibits the predevelopment loan from being used to pay project costs that exceed customary and reasonable project preparation costs or administrative expenses of a community housing development organization.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3608 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter J, Chapter 2306, Government Code, is amended by adding Section 2306.233 to read as follows:

Sec. 2306.233. **PREDEVELOPMENT GRANTS.** (a)

The department may issue to a non-profit community housing development organization certified by the department a project-specific predevelopment loan to facilitate the development of a project that, if considered feasible, will receive an award of financial assistance under the terms of the federal HOME Investment Partnerships Program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

- (b) A predevelopment loan issued under this section may not be used to pay:
 - (1) project costs that exceed customary and reasonable project preparation costs; or
 - (2) administrative expenses of a community housing development organization.

SECTION 2. Subchapter F, Chapter 2306, Government Code, is amended by adding Section 2306.11141 to read as follows:

Sec. 2306.11141. **NOTICE OF COMPLETION OF ENVIRONMENTAL REVIEW.** Not later than the 90th day after the date of completion of an environmental review required for an award of financial assistance under the terms of the federal HOME Investment Partnerships Program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall provide notice of the completion and results of that review to the applicant for the financial assistance and provide technical assistance to the applicant, as may be necessary, to satisfy any

HOUSE COMMITTEE SUBSTITUTE

SECTION 2. Subchapter J, Chapter 2306, Government Code, is amended by adding Section 2306.233 to read as follows:

Sec. 2306.233. **PREDEVELOPMENT LOANS.** (a) Provided the activity is identified by the department as a planned activity in the consolidated plan, the department may issue to a community housing development organization certified by the department a project-specific predevelopment loan to facilitate an activity necessary to develop a project that, if considered feasible, will receive an award of financial assistance under the terms of the federal HOME Investment Partnerships Program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

- (b) A predevelopment loan issued under this section may not be used to pay:
 - (1) project costs that exceed customary and reasonable project preparation costs; or
 - (2) administrative expenses of a community housing development organization.

SECTION 1. Subchapter F, Chapter 2306, Government Code, is amended by adding Section 2306.11141 to read as follows:

Sec. 2306.11141. **PROMPT REVIEW OF CERTAIN APPLICATIONS; TECHNICAL ASSISTANCE.** To enable an applicant to complete in a prompt and compliant manner an environmental review required for an award of financial assistance under the terms of the federal HOME Investment Partnerships Program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall:

- (1) not later than the 90th day after the date of receipt of the application, review any substantially complete application for that assistance; and

deficiency as may be noted during the review process.

SECTION 3. This Act takes effect September 1, 2015.

(2) provide to the applicant any necessary technical assistance.

SECTION 3. Same as introduced version.