

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 2063  
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Intergovernmental Relations  
5/1/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Deplorably a number of Texan children have been killed or injured in fires caused by substandard conditions in manufactured homes. In the past six months alone, in different parts of the state, nine children have died and two more have been badly burned in accidents in manufactured homes. The tragedies occurred in the middle of the night without any warning. Thousands of other Texas families live in unsafe manufactured homes with faulty wiring, water damage, and other factors that can cause fires.

C.S.S.B. 2063 addresses this problem by establishing a demonstration program, the Texas Safe Home Program. C.S.S.B. 2063 would help local officials identify homes that are considered life threatening and work through the program to try to repair the homes or help low-income families move into other homes that meet all fire and safety codes. The Texas Department of Housing and Community Affairs will work with Councils of Government (COGs) to administer the program. It is anticipated that the COGs would establish a process that would allow local fire marshals and elected officials prioritize the unsafe, life-threatening homes of low-income families in their community that could potentially receive assistance.

A committee substitute was developed that provides that TDHCA will only be required to implement C.S.S.B. 2063 if the legislature appropriates funds for its implementation.

C.S.S.B. 2063 amends current law relating to the establishment and administration of the Texas Safe Home Demonstration Program.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the governing board of the Texas Department of Housing and Community Affairs in SECTION 3 (Section 2306.10001, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Section 2306.188, Government Code, to read as follows:

Sec. 2306.188. ESTABLISHING HOME OWNERSHIP IN DISASTER AREA OR UNDER TEXAS SAFE HOME DEMONSTRATION PROGRAM.

SECTION 2. Amends Section 2306.188(a), Government Code, as follows:

(a) Authorizes an applicant for federally provided financial assistance administered by the Texas Department of Housing and Community Affairs (TDHCA) to repair or rebuild a home damaged by a natural disaster or an applicant for assistance under the Texas Safe Home Demonstration Program established under Subchapter OO to establish ownership of the home through nontraditional documentation of title. Requires TDHCA to process an application for that assistance as if the applicant is the record title holder of the affected real property if the applicant provides to TDHCA:

(1) Makes no change to this subdivision; and

(2) other documentation, including tax receipts, utility bills, or evidence of insurance for the home, that indicates that the applicant exercised ownership over the property for the period claimed by the applicant, rather than at the time of the natural disaster.

SECTION 3. Amends Chapter 2306, Government Code, by adding Subchapter OO, as follows:

SUBCHAPTER OO. TEXAS SAFE HOME DEMONSTRATION PROGRAM

Sec. 2306.10001. TEXAS SAFE HOME DEMONSTRATION PROGRAM. (a) Requires TDHCA to establish in certain counties designed by TDHCA a demonstration program to provide financial assistance for the repair of or the demolition and replacement of owner-occupied single-family homes that are in a condition that poses a risk to the health and safety of the occupants.

(b) Authorizes financial assistance administered under this subchapter to be provided in the form of a grant, partial grant, loan, or forgivable loan. Provides that money appropriated to the demonstration program is not part of the housing trust fund. Provides that the regional allocation formula described under Section 2306.1115 (Regional Allocation Formula) does not apply to financial assistance administered under this subchapter if the money appropriated for the purpose does not exceed \$3 million for each state fiscal year.

(c) Authorizes the governing board of TDHCA (board) to adopt rules to implement the program described by this section. Requires TDHCA to establish criteria to implement the demonstration program, including:

- (1) a formula that distributes, to each uniform state service region containing a county in which the demonstration program is implemented, appropriated funds after considering publicly available data regarding levels of poverty, levels of substandard housing, and population, including the percentage of population composed of persons with disabilities, elderly persons, and households with children, in each region;
- (2) detailed criteria to be used in determining whether a homeowner is eligible for participation in the demonstration program, including a process for documenting the condition of a home in a written report after a physical inspection of the home;
- (3) requirements for the development and administration of priority waitlists for participation in the demonstration program;
- (4) standards for assessing the real property on which a home is located;
- (5) procedures to ensure compliance with federal national flood insurance program requirements; and
- (6) extended owner occupancy requirements for new or repaired homes;
- (7) criteria for the acceptance of third-party contributions, including volunteer labor or additional loans, grants, or other financial assistance; and
- (8) oversight and monitoring criteria for participating administrators.

Sec. 2306.10002. ADMINISTRATORS. Requires TDHCA, in each uniform state service region containing a county in which the demonstration program is implemented, to attempt to identify a single governmental administrator, including a consortium of councils of government or other governmental entities, or a nonprofit entity to administer the demonstration program in all portions of that region. Provides that the funds, in a

uniform state service region in which no administrator is identified, may be awarded to the council of government in that region pro rata based on population.

Sec. 2306.10003. HOMEOWNER ELIGIBILITY. Provides that, to be eligible for assistance under the demonstration program, a homeowner:

(1) may not have an annual income that, as determined by TDHCA and when combined with the income of all persons who reside with the homeowner, exceeds 50 percent of the greater of the state or local median household income; and

(2) must own and occupy a home, including a manufactured home:

(A) as a primary residence for a period of not less than the 180 days preceding the date of the homeowner's application for financial assistance under this subchapter; and

(B) that has, after an inspection conducted under the demonstration program, been identified as substandard, in need of repair or replacement, and posing a potential risk to the health and safety of the occupants.

Sec. 2306.10004. TEMPORARY RELOCATION. Requires the occupants of the home, if a homeowner is approved for participation in the demonstration program, to be assisted in relocating to temporary housing for a period not to exceed two years pending the repair or replacement of the home. Provides that funds appropriated to the demonstration program may be used to provide assistance under this section. Requires that a priority waitlist assign the highest priority to households receiving temporary housing assistance using demonstration program funds.

Sec. 2306.10005. INSURANCE PROCEEDS. Requires any proceeds from the claim, if a homeowner has filed a claim for insurance proceeds associated with damage to the home, to first be used to pay for any covered repair or replacement costs of the home.

Sec. 2306.10006. ADMINISTRATIVE COSTS. Authorizes TDHCA to reserve for payment of administrative expenses not more than 10 percent of money received for the demonstration program under this subchapter. Requires TDHCA to determine an appropriate allocation of the 10 percent to cover the administrative expenses of any identified administrators.

SECTION 4. Provides that TDHCA is required to implement this Act only if the legislature appropriates money specifically for that purpose. Authorizes TDHCA, if the legislature does not appropriate money specifically for that purpose, to, but does not require, implement this Act using other appropriations available for that purpose.

SECTION 5. Effective date: September 1, 2015.