

By: Lucio

S.B. No. 1976

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and administration of a program designed to increase the availability of affordable housing.

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

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

SUBCHAPTER OO. TEXAS CASA LOAN PROGRAM

Sec. 2306.10001. DEFINITION. In this subchapter, "program" means the community affordable safe assistance loan program.

Sec. 2306.10002. TEXAS CASA LOAN PROGRAM. The department shall establish the community affordable safe assistance loan program to provide individuals and families of low and very low income, first-time homebuyers, minorities, credit-challenged residents, and other homebuyers in this state the opportunity to purchase affordable housing in a manner that encourages long-term value, improves general living conditions for homebuyers, expands the local tax base, and increases the use of and investment in local properties held under any existing neighborhood stabilization program for the area.

Sec. 2306.10003. ADMINISTRATION OF PROGRAM; RULES. (a) The department shall administer the program as a partnership of the department with nonprofit lenders, community development financial institutions, private lenders, and the applicable federal home loan banks for the affected areas.

1       (b) The board, in consultation with participating nonprofit  
2 lenders, community development financial institutions, and private  
3 lenders and with the applicable federal home loan banks, shall  
4 adopt rules governing the administration of the program, including:

5           (1) eligibility criteria for receiving a loan under  
6 the program;

7           (2) criteria for participation in the program by  
8 nonprofit lenders, community development financial institutions,  
9 and private lenders;

10          (3) the involvement of third-party lending  
11 institutions;

12          (4) criteria for determining what properties may be  
13 eligible for inclusion in the program, which must include  
14 properties held under the neighborhood stabilization program, if  
15 any;

16          (5) requirements relating to loans made for properties  
17 held under the neighborhood stabilization program;

18          (6) requirements ensuring that a loan issued under  
19 this subchapter is structured in a way that complies with any  
20 requirements associated with the source of the funds used for the  
21 loan; and

22          (7) provisions implementing and enforcing eligibility  
23 requirements under Section 2306.10004.

24       (c) The department may enter into a memorandum of  
25 understanding with a state agency or may contract with a private  
26 entity to administer all or a portion of the activities required  
27 under this subchapter.

1       (d) The department may reserve for payment of  
2 administrative expenses of the department, participating nonprofit  
3 lenders, community development financial institutions, and private  
4 lenders, and the applicable federal home loan banks, not more than  
5 five percent of money received for the program under this  
6 subchapter.

7       Sec. 2306.10004. HOMEBUYER ELIGIBILITY. To be eligible for  
8 a loan issued under the program, a homebuyer must:

9           (1) have an annual income, adjusted for family size,  
10 of not more than:

11                   (A) 80 percent of the area median income if the  
12 homebuyer lives in a rural area; or

13                   (B) 60 percent of the area median income if the  
14 homebuyer lives in an urban area;

15           (2) intend to occupy the purchased home as the  
16 homebuyer's primary residence for a period established by  
17 department rule; and

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

20       Sec. 2306.10005. ALLOCATION OF LOANS. The department shall  
21 issue not less than 50 percent of all loans under this subchapter to  
22 homebuyers whose incomes do not exceed 60 percent of the area median  
23 family income, adjusted for family size.

24       Sec. 2306.10006. LOAN TERMS; RECOVERY OF PRINCIPAL. The  
25 department shall establish reasonable interest rates for mortgage  
26 loans issued under this subchapter and shall design the program to  
27 maximize the likelihood of recovering full repayment of those loans

1 by homebuyers, including principal and interest.

2 Sec. 2306.10007. FUNDING. (a) The department may fund the  
3 program with:

4 (1) money appropriated to the department for that  
5 purpose;

6 (2) money set aside for the department under Section  
7 1372.023;

8 (3) proceeds from the sale of loans under Subsection  
9 (b); and

10 (4) any other available money, including gifts and  
11 grants made for the purposes of this subchapter.

12 (b) The department may package, securitize, and sell the  
13 loans issued under this subchapter.

14 (c) As part of the program, the department may participate  
15 in loan pools that enable the department to leverage private funds  
16 with nonprofit lenders, community development financial  
17 institutions, private lenders, and federal home loan banks to  
18 better serve individuals and families of low and very low income,  
19 first-time homebuyers, minorities, credit-challenged residents,  
20 and other homebuyers in this state.

21 Sec. 2306.10008. APPLICABILITY OF OTHER LAW. To the extent  
22 that a requirement of this subchapter conflicts with a requirement  
23 provided by another law, the more restrictive requirement prevails.

24 SECTION 2. (a) The Texas Department of Housing and  
25 Community Affairs shall adopt the rules required by Subchapter OO,  
26 Chapter 2306, Government Code, as added by this Act, not later than  
27 December 31, 2015.

1           (b) Not later than March 1, 2016, the Texas Department of  
2 Housing and Community Affairs shall begin making the funds  
3 available through the program established by Subchapter OO, Chapter  
4 2306, Government Code, as added by this Act.

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