

By: Bell of Montgomery, Buckley, Cole,  
et al.

H.B. No. 4505

Substitute the following for H.B. No. 4505:

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C.S.H.B. No. 4505

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of the workforce housing capital  
3 investment fund program to fund the development of workforce  
4 housing in this state; authorizing a fee.

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

6 SECTION 1. The legislature finds that:

7 (1) the creation of the workforce housing capital  
8 investment fund and use of the fund under Subchapter EE, Chapter  
9 2306, Government Code, as added by this Act, will substantially  
10 increase the development of workforce housing for households that  
11 earn between 30 and 80 percent of the area median income;

12 (2) the workforce housing capital investment fund will  
13 enable loan recipients to access needed capital to plan for future  
14 growth;

15 (3) the creation of more housing options in this state  
16 will:

17 (A) help stabilize the state economy and local  
18 economies across this state; and

19 (B) reduce the need for other services provided  
20 by this state and political subdivisions of this state;

21 (4) skilled construction and trade labor shortages  
22 impact the cost of housing at all income levels; and

23 (5) the use of the workforce housing capital  
24 investment fund for the purposes of and in the manner described by

1 Subchapter EE, Chapter [2306](#), Government Code, as added by this Act,  
2 is:

3 (A) in furtherance of the public purposes of  
4 mitigating housing deficits and providing housing to a critical  
5 segment of this state's population that is not often served by  
6 for-profit housing; and

7 (B) for the benefit of both this state and  
8 political subdivisions of this state that are impacted by a lack of  
9 workforce housing to provide to qualified homebuyers.

10 SECTION 2. Chapter [2306](#), Government Code, is amended by  
11 adding Subchapter EE to read as follows:

12 SUBCHAPTER EE. WORKFORCE HOUSING CAPITAL INVESTMENT FUND PROGRAM

13 Sec. 2306.701. DEFINITIONS. In this subchapter:

14 (1) "Fund" means the workforce housing capital  
15 investment fund established under this subchapter.

16 (2) "Program" means the workforce housing capital  
17 investment fund program established under this subchapter.

18 (3) "Program administrator" means the nonprofit  
19 housing organization with which the department contracts to  
20 administer the program under Section 2306.703.

21 (4) "Program recipient" means a loan recipient under  
22 the program.

23 Sec. 2306.702. WORKFORCE HOUSING CAPITAL INVESTMENT FUND.

24 (a) The workforce housing capital investment fund is a special fund  
25 in the state treasury outside the general revenue fund.

26 (b) The fund consists of:

27 (1) gifts, grants, and donations received by this

1 state for the purposes of the fund;

2                   (2) legislative appropriations for the purposes of  
3 this subchapter;

4                   (3) any fees or other sources of revenue that the  
5 legislature dedicates for deposit to the fund;

6                   (4) repayments of loans made from the fund; and

7                   (5) interest earned on money deposited to the fund.

8                   Sec. 2306.703. PROGRAM ADMINISTRATION. (a) The department  
9 shall contract with a nonprofit housing organization through a  
10 one-time competitive procurement process to administer the program  
11 in accordance with this subchapter.

12                   (b) The nonprofit housing organization with which the  
13 department contracts under this section must be a nonprofit  
14 organization designated as a Section 501(c)(3) organization by the  
15 Internal Revenue Service that:

16                   (1) has a statewide service area with organizational  
17 affiliates;

18                   (2) provides to organizations designated as Section  
19 501(c)(3) organizations training and technical support, resource  
20 development, mortgage services, and disaster preparedness and  
21 response resources;

22                   (3) provides financial literacy education to  
23 low-income homebuyers;

24                   (4) builds single-family residential homes; and

25                   (5) works with homebuyers who contribute to the  
26 construction of their home or the rehabilitation of another  
27 individual's home, including as a certified nonprofit

1 owner-builder housing program provider under Subchapter FF with not  
2 less than 15 years of experience.

3 Sec. 2306.704. USE OF FUND. (a) The department shall  
4 provide money from the fund to the program administrator to make and  
5 disburse zero-interest loans to program recipients in accordance  
6 with this subchapter.

7 (b) Money provided from the fund to program recipients may  
8 be used only to pay the costs associated with the development and  
9 construction of workforce, single-family housing projects  
10 primarily for households that earn between 30 and 80 percent of the  
11 area median income, including:

12 (1) planning and design costs;  
13 (2) land acquisition costs;  
14 (3) impact fees and permitting costs;  
15 (4) costs associated with flood mitigation, water  
16 quality, and environmental controls;

17 (5) costs associated with infrastructure, including  
18 roads, sidewalks, and utilities; and

19 (6) costs associated with broadband services for  
20 single-family housing in a project area that is part of an unserved  
21 or underserved broadband serviceable location under Section  
22 490I.0105.

23 (c) Money provided from the fund under Subsection (b)(6) may  
24 only be used to pay costs associated with the construction of  
25 broadband infrastructure that is completed by a broadband service  
26 provider selected after a competitive proposal solicitation  
27 process.

1            (d) Interest earned on money deposited to the fund may be  
2 used by the program administrator for:

3            (1) program staffing and other related costs  
4 associated with administering the program; and  
5            (2) training programs associated with the purposes of  
6 this subchapter.

7            Sec. 2306.705. APPLICATION REQUIREMENTS; PROGRAM RECIPIENT  
8 SELECTION. (a) The department shall prescribe the form and manner  
9 for an applicant to apply for a loan under the program.

10            (b) An application must satisfy the requirements prescribed  
11 by the department and demonstrate that the applicant:

12            (1) is incorporated under this state's laws as a  
13 nonprofit organization;  
14            (2) is organized for the purpose of building  
15 owner-occupied residential homes for households that earn between  
16 30 and 80 percent of the area median income and has carried out that  
17 purpose for not less than 15 years; and

18            (3) has experience in providing training and technical  
19 support, resource development, mortgage services, and disaster  
20 preparedness and response resources that expand the applicant's  
21 capacity to serve communities in this state.

22            (c) The program administrator shall review applications and  
23 select applicants to provide loans to under the program. In  
24 selecting applicants, the program administrator:

25            (1) shall consider the quality of the application and  
26 the applicant's ability to carry out the purposes of this  
27 subchapter; and

1                   (2) may give priority to applicants that partner with  
2   organizations that provide training opportunities to construction  
3   trade workforce members.

4                   (d) The program administrator may require an applicant to  
5   pay an origination fee on a loan application.

6                   Sec. 2306.706. ANNUAL REPORT; INTERNET POSTING. (a) The  
7   program administrator shall prepare and submit to the department an  
8   annual report on the program. The report must include:

9                   (1) information on the program recipients that  
10   received a loan under the program during the preceding year;  
11                   (2) a description of each workforce housing project  
12   funded by a loan under the program, including:

13                   (A) the project's expected completion date and  
14   information on the progress made during the preceding year toward  
15   completing the project;

16                   (B) the number of families the project is  
17   expected to serve; and

18                   (C) the total amount and repayment status of the  
19   loan; and

20                   (3) other information the department requires.

21                   (b) The department shall post on the department's Internet  
22   website the information submitted to the department under this  
23   section.

24                   Sec. 2306.707. INDEPENDENT FINANCIAL AUDIT. (a) The  
25   program administrator shall annually commission from a certified  
26   public accounting firm an independent financial audit of the  
27   program administrator's financial activities in relation to the

1 program and the use of money in the fund. The program administrator  
2 shall provide the results of the audit to the department for the  
3 department's review and evaluation.

4           (b) In the event the department determines from the results  
5 of the audit that money from the fund has not been used in  
6 accordance with the purposes of this subchapter, the department may  
7 require repayment of the money over a period and in the manner the  
8 department requires.

9           Sec. 2306.708. RULES. The department shall adopt rules to  
10 implement the program and carry out this subchapter, including  
11 rules on:

12           (1) application procedures and requirements for an  
13 applicant to receive a loan under the program;  
14           (2) the investment of money in the fund; and  
15           (3) the administration of the fund.

16           SECTION 3. As soon as practicable after the effective date  
17 of this Act, the Texas Department of Housing and Community Affairs  
18 shall adopt rules to implement Subchapter EE, Chapter 2306,  
19 Government Code, as added by this Act.

20           SECTION 4. This Act takes effect September 1, 2025.