

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

AN ACT

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

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

SECTION 1. The legislature finds that:

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

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

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

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

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

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

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

Subchapter EE, Chapter 2306, Government Code, as added by this Act, is:

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

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

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

SUBCHAPTER EE. WORKFORCE HOUSING CAPITAL INVESTMENT FUND PROGRAM

Sec. 2306.701. DEFINITIONS. In this subchapter:

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

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

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

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

Sec. 2306.702. WORKFORCE HOUSING CAPITAL INVESTMENT FUND.

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

(b) The fund consists of:

(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

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

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

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

(1) planning and design costs;

(2) land acquisition costs;

(3) impact fees and permitting costs;

(4) costs associated with flood mitigation, water quality, and environmental controls;

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

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

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