

SUBJECT: Including juvenile corrections officers in the Homes for Heroes program

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 4 ayes — Bailey, Murphy, Menendez, Mallory Caraway

0 nays

3 absent — Cohen, Latham, Martinez Fischer

WITNESSES: For — (*Registered, but did not testify*: Ned Munoz, Texas Association of Builders; Caroline O'Connor, Texas State Employees Union)

Against — None

On — (*Registered, but did not testify*: David Long, Texas State Affordable Housing Corporation)

BACKGROUND: Government Code, sec. 2306.5621 establishes the “Homes for Heroes” program, which uses a network of participating lenders to provide below-market mortgage loans and down payment assistance to eligible civil servants. Participants must be full-time, paid fire fighters, peace officers, corrections officers, county jailers, or public security officers. Corrections officers are defined as employees of the Texas Department of Criminal Justice (TDCJ) who receive hazardous duty pay.

To be eligible, participants must reside in Texas, be first-time homebuyers or have gone at least three years without owning a home, meet income and home purchase-price limits, have sufficient credit to meet standard mortgage underwriting requirements, and occupy the home as their primary residence. The program offers mortgages with a 30-year fixed interest rate (6.15 percent as of April 2007) and provides down payment assistance grants equal to 5 percent of the housing loan amount.

The Texas State Affordable Housing Corporation (TSAHC) administers the program and funds it with \$25 million it is authorized to distribute by the Bond Review Board under the state’s ceiling for private activity bonds per year through 2014. Annual bond allocations are able to serve an average of about 200 households with loan assistance.

DIGEST: HB 280 would expand the eligibility provisions of the Homes for Heroes program to include juvenile corrections officers employed by the Texas Youth Commission (TYC).

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

SUPPORTERS SAY: HB 280 would provide a long-overdue expansion to the Homes for Heroes program by including juvenile corrections officers employed by the TYC. The bill would provide a needed tool for recruiting and retaining vital corrections employees. Strenuous work conditions, low wages, isolated rural locations, and high-stress environments have resulted in disproportionately high turnover rates at the agency. HB 280 would help retain vital juvenile corrections officers who are especially susceptible to attrition.

The turnover rate for TYC's juvenile corrections officers is particularly high and increased from 35 percent in fiscal 2004 to 42 percent in fiscal 2005. Among officers employed less than two years with the TYC, average turnover is a staggering 77 percent.

The Homes for Heroes program was designed specifically for professionals in law enforcement and security. In 2005, the Legislature expanded the program to include adult correctional officers. HB 280 would take a logical, necessary next step in adding juvenile corrections officers. It would provide the officers an equal and fair chance at receiving assistance already afforded corrections officers employed by TDCJ.

Juvenile corrections officers are excellent candidates for the Homes for Heroes program because they work in difficult but important positions, often with little compensation or recognition. The state of Texas has demonstrated its commitment to all public servants, not just law enforcement personnel. TSAHC administers state housing assistance programs for professional educators and nursing faculty. Scarce resources constrain the state's ability to assist all deserving professionals, and eligible personnel must be carefully chosen by the Legislature. The Legislature also could increase the \$25 million annual bond cap to provide assistance to the growing number of eligible participants.

The program's income eligibility restrictions ensure that loans go only to individuals who otherwise could not afford a home. Instituting a tenure requirement would impair significantly the TYC's ability to use the program as a tool for recruitment. Worker housing assistance helps employees feel invested in their occupation and communities, creating an enduring commitment to employers. This investment is enough to retain most employees without instituting a strict tenure requirement that would diminish the program's recruitment value.

OPPONENTS
SAY:

TSAHC used its entire 2006 allocation and now has a waiting list of nine households that it was not able to serve with that year's allocation. The non-profit anticipates that all of the 2007 allocation will be used as well. The program is administered on a first-come, first-served basis, which means that households are waitlisted and may have to wait until the following year's allocation to receive assistance. HB 280 would add more eligible participants to a program already spending its available revenue, potentially making it more difficult for those already eligible to qualify for assistance.

The Homes for Heroes program as currently established does not have a job tenure requirement for eligibility. With the high turnover rates of juvenile corrections officers, valuable loan dollars could be spent on employees who leave their jobs shortly after receiving assistance. Expansion of eligible recipients should not take place without a statutory safeguard against such abuse.

OTHER
OPPONENTS
SAY:

Several types of public servants face turnover rates similar to juvenile corrections officers and therefore deserve to be eligible for the same assistance HB 280 would provide.

NOTES:

A related bill, HB 618 by Bonnen, which would amend the Homes for Heroes eligibility criteria to include emergency medical services personnel, passed the House on the Local, Consent, and Resolutions Calendar on March 22 and has been referred to the Senate Finance Committee.