

## **BILL ANALYSIS**

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H.B. 3059  
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Economic Development  
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Engrossed

### **DIGEST**

Currently, the Texas State Affordable Housing Corporation (TSAHC) is granted powers above and beyond those granted to the Texas Department of Housing and Community Affairs (TDHCA) in order to produce financing support for affordable housing initiatives in Texas, and to allow TSAHC to leverage limited state and federal funds by partnering with private lenders and accessing secondary market capital. This may present a conflict with the non-compete provision of the law. Under current law, TSAHC must remit all excess net revenue to the housing trust fund. If TSAHC were allowed to retain some part of its annual net revenue it would be able to build equity to sustain operations and have the ability to access a larger pool of financing. The law currently requires the executive director of TDHCA to serve as the president of TSAHC, and for the presiding officer of the programs committee TDHCA board and four other board members to serve on the TSAHC board of directors. This can create conflicting agendas and the appearance of impropriety, and restrict the ability of TSAHC to secure the most qualified individual to serve as president. Additionally, there are currently six members on the board of TSAHC. This presents the possibility of deadlocked votes on some decisions. H.B. 3059 reduces the number of board members to five, and removes the requirement that the executive director of TDHCA serve as the president of TSAHC, and the presiding officer of the programs committee of the TDHCA board and four of the other board members serve on the TSAHC board of directors. This bill also clarifies the language dealing with TSAHC's purpose, competition with private entities, and allows TSAHC to use its excess earnings in new and existing affordable housing initiatives.

### **PURPOSE**

As proposed, H.B. 3059 relates to the operation of the Texas State Affordable Housing Corporation.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2306.553, Government Code, to authorize the Texas State Affordable Housing Corporation (corporation) to make first lien, single family purchase money mortgage loans for single family homes only to individuals and families of low, very low, and extremely low income, rather than low and very low and families of moderate income, if the individual's or family's household income is not more than the greater of 60 percent of the median family income for the state or sixty percent of the area median family income of the household, adjusted for family size, as defined by the U.S. Department of Housing and Urban Development. Makes conforming changes.

SECTION 2. Amends Section 2306.554, Government Code, to provide that the board of directors of the corporation consists of five, rather than six, directors appointed by the governor who represent any of the enumerated groups. Requires the corporation to employ a qualified individual to serve as president of the corporation, for compensation determined by the board of directors. Deletes the provision that includes the executive director as presiding officer, and the presiding officer of the program committee, and four other members of the board of directors of the Texas Department of Housing and Community Affairs (department), on the corporation board. Deletes requirements that the president have certain qualifications. Makes conforming and nonsubstantive changes. Redesignates Paragraphs (A)-(U) as Subdivisions (1)-(21).

SECTION 3. Amends Sections 2306.555(b), (c), and (d), Government Code, to prohibit the corporation from actively competing with private lenders and not originate or make a loan that would be made under the same circumstances by a private lender on substantially the same or better terms within the submarket

in which the loan is proposed to be made. Deletes the requirement that the corporation rely on private mortgage companies, banks, savings banks, thrifts, savings and loan associations, or other similar entities to originate loans and authorize the corporation to act as originator in cases where it is the funding source. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 2306.557, Government Code, to require the department to use excess earnings, remaining after payment of expenses and establishment of reserves, to further the corporation's new or existing affordable housing initiatives. Deletes the requirement that the corporation deposit excess earnings to the credit of the housing trust fund.

SECTION 5. (a) Effective date: September 1, 1999.

(b) Requires the governor to appoint a person to serve on the board of directors of the corporation as required by Section 2306.554(a), as amended by this Act, as soon as possible after the effective date of this Act. Provides that until the person appointed by the governor under this subsection assumes office the members appointed under Section 2306.554(a), before amended by this Act, continue to serve on the corporation's board.

SECTION 6. Emergency clause.