

BILL ANALYSIS

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S.B. 1464
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1464 transfers The Texas Department of Housing and Community Affairs (TDHCA) current single family bond allocation to the Texas State Affordable Housing Corporation (TSAHC) as well as provides for a small increase in the proportion allocated to local issuers. Under current statute, 28 percent of the state ceiling is set aside for issuers of qualified single-family mortgage bonds. Of that 28 percent, TDHCA currently has 33.34 percent, TSAHC has 10 percent, and house finance corporations (local issuers) have 56.66 percent. The bill proposes that TSAHC will have 40 percent of the 28 percent set-aside, and housing finance corporations (local issuers) will have 60 percent.

The bill also transfers TDHCA's current multifamily bond allocation equally to TSAHC and local issuers. Under current statute, 22 percent of the state ceiling is set aside for issuers of qualified residential rental project bonds. Of that 22 percent, TDHCA currently has 20 percent, TSAHC has 10 percent, and housing finance corporations (local issuers) have 70 percent. TSAHC will have 20 percent of the 22 percent set-aside, and housing finance corporations will have 80 percent.

The responsibility for performing required compliance monitoring and physical inspections for TDHCA's existing multifamily portfolio is also transferred to TSAHC. The bill transfers formal responsibility for the Texas Statewide Homebuyer Education Program to TSAHC from TDHCA.

This bill does not change any of TSHAC's and TDHCA's other current activities and obligations. TDHCA continues to manage all federally funded programs. TSAHC continues to raise funds as a 501(c)(3) and make grants to other nonprofits serving the housing needs of extremely low-income Texans through its Texas Foundations Fund.

As proposed, S.B. 1464 amends current law relating to transferring certain functions of the Texas Department of Housing and Community Affairs to the Texas State Affordable Housing Corporation.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1372.0221, Government Code, as follows:

Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR PROFESSIONAL EDUCATORS HOME LOAN PROGRAM. Requires that, until August 7, out of that portion of the state ceiling that is available exclusively for reservations by the Texas State Affordable Housing Corporation (TSAHC) under Section 1372.0223, 20 percent, rather than 54.5 percent, be allotted each year and made available to TSAHC for the purpose of issuing qualified mortgage bonds in connection with the professional educators home loan program established under Section 2306.562 (Professional Educators Home Loan Program).

SECTION 2. Amends Section 1372.0222, Government Code, as follows:

Sec. 1372.0222. DEDICATION OF PORTION OF STATE CEILING FOR FIRE FIGHTER, LAW ENFORCEMENT OR SECURITY OFFICER, AND EMERGENCY MEDICAL SERVICES PERSONNEL HOME LOAN PROGRAM. Requires that, until August 7, out of that portion of the state ceiling that is available exclusively for reservations by TSAHC under Section 1372.0223, 10 percent, rather than 45.5 percent, be allotted each year and made available to TSAHC for the purpose of issuing qualified mortgage bonds in connection with the fire fighter, law enforcement or security officer, and emergency medical services personnel home loan program established under Section 2306.5621 (Fire Fighter, Law Enforcement or Security Officer, and Emergency Medical Services Personnel Home Loan Program).

SECTION 3. Amends Subchapter B, Chapter 1372, Government Code, by adding Section 1372.02221, as follows:

Sec. 1372.02221. DEDICATION OF PORTION OF STATE CEILING FOR PROGRAMS ADMINISTERED BY TEXAS STATE AFFORDABLE HOUSING CORPORATION. Requires that, until August 7, out of that portion of the state ceiling that is available exclusively for reservations by TSAHC under Section 1372.0223, 70 percent be allotted each year and made available to TSAHC for the purpose of issuing qualified mortgage bonds in connection with the programs established under Sections 2306.562 and 2306.5621 or any other home loan program administered by TSAHC.

SECTION 4. Amends Section 1372.0223, Government Code, as follows:

Sec. 1372.0223. New heading: DEDICATION OF PORTION OF STATE CEILING TO ISSUERS OF QUALIFIED MORTGAGE BONDS. Provides that, until August 7, out of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022 (Availability of State Ceiling to Issuers):

- (1) 40 percent, rather than 10 percent, is available exclusively to TSAHC for the purpose of issuing qualified mortgage bonds; and
- (2) 60 percent, rather than 56.66 percent, is available exclusively to housing finance corporations for the purpose of issuing qualified mortgage bonds.

SECTION 5. Amends Sections 1372.0231(a), (b-1), (c), (d), (g), and (i), Government Code, as follows:

(a) Provides that, until August 15, of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified residential rental project bonds:

- (1) 80 percent, rather than 70 percent, is available exclusively to housing finance corporations in the manner described by Subsections (c)-(f); and
- (2) 20 percent, rather than 10 percent, is available exclusively to TSAHC in the manner described by Subsection (b-1).

Deletes existing text providing that until August 15, of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified residential rental project bonds 20 percent is available exclusively to the Texas Department of Housing and Community Affairs (TDHCA) in the manner described by Subsection (b). Makes nonsubstantive changes.

(b-1) Requires the Texas Bond Review Board (BRB), with respect to the amount of the state ceiling set aside under Subsection (a)(2) rather than Subsection (a)(3), to issue qualified residential rental project bonds and allocate bond funds at the direction of TSAHC as provided by Section 2306.565. Provides that issuances made by BRB under

this subsection are subject to review and approval by BRB under Section 1231.041 (Approval of State Security).

(c) Requires BRB, with respect to the amount of the state ceiling set aside under Subsection (a)(1), rather than Subsection (a)(2), to grant reservations in a manner that ensures that not more than 50 percent of the set-aside amount is used for proposed projects that are located in qualified census tracts as defined by the most recent publication by the United States Department of Housing and Urban Development.

(d) Requires BRB, except as provided by Subsection (i), before May 1, to apportion the amount of the state ceiling set aside under Subsection (a)(1), rather than Subsection (a)(2), among the uniform state service regions according to the percentage of the state's population that resides in each of those regions.

(g) Prohibits BRB, on or after May 1, from granting available reservations to housing finance corporations described by Subsection (a)(1), rather than Subsection (a), based on uniform state service regions or any segments of those regions.

(i) Requires BRB, before May 1, to apportion the amount of the state ceiling set aside under Subsection (a)(1), rather than Subsection (a)(2), only among uniform state service regions with respect to which an issuer has submitted an application for a reservation of the state ceiling on or before March 1.

SECTION 6. Amends Section 1372.025(b), Government Code, as follows:

(b) Provides that Subsection (a) (relating to qualifying bonds) does not apply to qualified mortgage bonds or qualified residential rental project bonds made available exclusively to TSAHC under Sections 1372.0221, 1372.0222, and 1372.02221, rather than providing that Subsection (a) does not apply to qualified mortgage bonds or qualified residential rental project bonds made available exclusively to TDHCA under Section 1372.023 or TSHAC under Sections 1372.0221, and 1372.0222. Makes a nonsubstantive change.

SECTION 7. Amends Section 1372.028(d), Government Code, as follows:

(d) Provides that an issuer is not required to provide the statement required by Subsection (c)(3)(F) if the issuer:

(1) is an issuer of a state-voted issue;

(2) is the TSAHC, rather than TDHCA; or

(3) provides evidence that one or more binding contracts have been entered into, or other evidence acceptable to BRB as described by program rule, to spend the unexpended proceeds by the later of 12 months after the date BRB receives the application; or December 31 of the program year for which the application is filed.

SECTION 8. Amends Section 1372.037(a), Government Code, as follows:

(a) Deletes existing text prohibiting BRB, except as provided by Subsection (b) (relating to limitations on granting of reservations for individual projects), before August 15, from granting for any single project a reservation for that year that is greater than \$40 million, if the issuer is an issuer of qualified mortgage bonds, other than TDHCA or TSAHC. Makes no further changes.

SECTION 9. Amends Section 1372.040, Government Code, as follows:

Sec. 1372.040. RESERVATION BY CERTAIN ISSUERS OF QUALIFIED MORTGAGE BONDS OF MONEY FOR MORTGAGES FOR CERTAIN PERSONS. Requires an issuer of qualified mortgage bonds, other than the TSAHC, rather than

TDHCA or TSAHC, to reserve for six months 50 percent of the funds available for loans outside the federally designated target areas to provide mortgages to individuals and families with incomes below 80 percent of the applicable median family income, as defined by Section 143(f)(4), Internal Revenue Code (26 U.S.C. Section 143(f)(4)).

SECTION 10. Amends Section 2306.1076(b), Government Code, as follows:

(b) Authorizes the governing board of TDHCA, to solicit and accept funding for the professional educator home loan program from gifts and grants for the purposes of this section, rather than authorizing TDHCA, in addition to funds set aside for the program under Section 1372.023, to solicit and accept funding for the program from gifts and grants for the purposes of this section.

SECTION 11. Transfers Section 2306.253, Government Code, to Subchapter Y, Chapter 2306, Government Code, redesignates it as Section 2306.570, Government Code, and amends it, as follows:

Sec. 2306.570. **HOMEBUYER EDUCATION PROGRAM.** Redesignates existing Section 2306.253 as Section 2306.570. (a) Requires TSAHC, rather than TDHCA, to develop and implement a statewide homebuyer education program designed to provide information and counseling to prospective homebuyers about the home buying process.

(b) Requires TSAHC, to develop the professional educators home loan program in cooperation with the Texas AgriLife Extension Service, the Health Human Services Commission, the Real Estate Center at Texas A&M University, the Texas Workforce Commission, experienced homebuyer education providers, community-based organizations, and advocates of affordable housing, rather than requiring TDHCA to develop the program in cooperation with the Texas Agricultural Extension Service, the Texas Department of Human Services, the Real Estate Research Center at T&M University, the Texas Workforce Commission, experienced homebuyer education providers, community-based organizations, and advocates of affordable housing. Requires TSAHC, rather than TDHCA, to implement the program through the self-help centers established under Subchapter Z (Colonias). Makes nonsubstantive changes.

(c)-(d) Makes conforming changes.

SECTION 12. Amends the heading to Section 2306.565, Government Code, to read as follows:

Sec. 2306.565. **ISSUANCE OF QUALIFIED RESIDENTIAL RENTAL PROJECT BONDS; ALLOCATION OF BOND FUNDS; COMPLIANCE MONITORING.**

SECTION 13. Amends Section 2306.565, Government Code, by adding Subsection (k), as follows:

(k) Requires TSAHC to perform compliance monitoring and physical inspections to ensure that recipients of money funded by bonds issued by TSAHC or TDHCA under Section 1372.0231(a) comply with all legal and contractual requirements for receiving that money, except that TDHCA is required to continue to perform compliance monitoring and physical inspections in relation to contracts maintained under TDHCA programs that are otherwise funded using federal money.

SECTION 14. Repealers: (1) Section 1372.023 (Dedication of Portions of State Ceiling to Texas Department of Housing and Community Affairs), Government Code;

(2) Section 1372.0231(b) (relating to state ceiling available for qualified residential rental projects), as amended by Chapters 330 (S.B. 264) and 1329 (S.B. 1664), Acts of the 78th Legislature, Regular Session, 2003; and

(3) Section 1372.0231(h) (relating to the review of allocations), Government Code.

SECTION 15. Provides that the change in law made by this Act in amending Chapter 1372, Government Code, applies only to a reservation of state ceiling granted on or after January 1, 2012.

SECTION 16. Effective date: upon passage or September 1, 2011.