

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 825  
By: Lucio  
International Relations & Trade  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The United States Department of Housing and Urban Development provides the State of Texas, through the Texas Department of Housing and Community Affairs (TDHCA), funding to address the housing needs of small communities and rural areas of the state, which comprise the bulk of funding for housing programs.

The affordable housing needs and the programs designed to meet housing needs in small communities and rural areas are different from those found in the large metropolitan areas of the state. The Senate Committee on International Relations and Trade conducted two interim studies and issued recommendations designed to help the State of Texas, through TDHCA, to more effectively and efficiently work in conjunction with local elected officials in smaller communities and rural Texas to meet their specialized housing needs.

C.S.S.B. 825 provides for the better coordination of services and cooperation between TDHCA and smaller/rural communities to ensure that programs operated by TDHCA have the maximum impact upon the communities they are designed to serve.

The bill requires the agency responsible for providing housing assistance to rural areas and small communities to undertake enhanced efforts to work with local elected officials to develop solutions to housing needs within their communities.

C.S.S.B. 825 amends current law relating to the provision of affordable housing in colonias, rural communities, and small municipalities.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to Texas Department of Housing and Community Affairs in SECTION 1.02 (Section 2306.302, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

#### ARTICLE 1. HOUSING IN COLONIAS, RURAL COMMUNITIES, AND SMALL MUNICIPALITIES

SECTION 1.01. Amends Sections 775.002(a), (b), and (d), Government Code, as follows:

(a) Requires the Texas Department of Housing and Community Affairs (TDHCA), contingent on the legislature's appropriation of sufficient funds, to designate the office established under Section 2306.302 or another office within TDHCA with a focus on matters relating to colonias to act as the state's colonia initiatives coordinator. Deletes existing text authorizing the governor to designate an agency to act as the state's colonia initiatives coordinator.

(b) Requires the colonia initiatives coordinator to coordinate colonia initiatives within TDHCA and with the other agencies and local officials involved in colonia projects in the state, rather than requiring the colonia initiatives coordinator if appointed under Subsection (a) to coordinate colonia initiatives within the agency and with other agencies involved in colonia projects in the state.

(d) Deletes existing text requiring TDHCA to designate an officer or employee of TDHCA to serve as TDHCA's liaison for colonia initiatives. Makes nonsubstantive changes.

SECTION 1.02. Amends Chapter 2306, Government Code, by adding Subchapter N, as follows:

SUBCHAPTER N. OFFICE OF RURAL COMMUNITY AND SMALL MUNICIPALITY  
HOUSING INITIATIVES

Sec. 2306.301. DEFINITION. Defines "office" in this subchapter.

Sec. 2306.302. ESTABLISHMENT OF OFFICE. (a) Requires TDHCA to establish an office to support rural community and small municipality housing initiatives (office).

(b) Requires TDHCA by rule to define for purposes of this subchapter a rural community, and a small municipality.

(c) Requires the office to work with each regional council of government to:

(1) match housing sponsors to the housing needs of rural communities and small municipalities; and

(2) identify available sources of funds for those housing needs.

(d) Requires the office to use funds available from the housing trust fund established under Section 2306.201 (Housing Trust Fund) to administer capacity building programs for rural communities and small municipalities.

(e) Requires the office to coordinate a meeting at least two times each year between TDHCA program directors and representatives of rural communities and small municipalities to discuss best practices for rural community and small municipality housing initiatives.

(f) Requires the office to establish an online clearinghouse of information relating to best practices for rural community and small municipality housing initiatives.

(g) Authorizes TDHCA by rule, subject to available funding, to establish as part of the office not more than seven field offices to assist political subdivisions and nonprofit entities in developing or administering affordable housing programs.

(h) Requires TDHCA by rule to specify the duties for any field office established under Subsection (g). Requires that the rules under this subsection include the following duties for each field office:

(1) identifying affordable housing needs for the area of the state in which the field office is located;

(2) identifying state and federal programs that may address the needs identified under Subdivision (1);

(3) facilitating the development of relationships that will assist in building local capacity to address the needs identified under Subdivision (1); and

(4) providing information regarding state programs to assist in the development of affordable housing for the area of the state in which the field office is located.

(i) Authorizes the executive director of TDHCA (director) to assign additional duties to the office.

Sec. 2306.303. REGIONAL HOUSING DEVELOPMENT ORGANIZATIONS. (a) Authorizes the office to establish regional nonprofit housing development organizations that serve rural communities and small municipalities in accordance with the purposes of this subchapter.

(b) Authorizes TDHCA, to implement this section, to use any money available to TDHCA for the purposes of this subchapter, including gifts, grants, and donations and state and federal funds.

Sec. 2306.304. TRAINING. (a) Requires the office, annually, to provide to elected officials, community organizations, nonprofit organizations, and private developers a training course that addresses housing programs and techniques that increase housing opportunities in rural communities and small municipalities. Requires the office to provide the course at an appropriate location selected by the office and to make the course available online in real time.

(b) Requires TDHCA periodically to provide to elected officials a training course regarding housing programs and sources of funding for those programs.

Sec. 2306.305. HOUSING DEVELOPMENT PLANNING ASSISTANCE. (a) Requires the office, on the request of the commissioners court of a county, to cooperate with and assist the county in:

(1) developing comprehensive housing plans for rural communities and small municipalities in that county;

(2) supporting housing development initiatives in those communities and municipalities; and

(3) identifying financial resources available for those plans or initiatives.

(b) Requires the office, on the request of the governing body of a small municipality, to cooperate with and assist the municipality in:

(1) developing a comprehensive housing plan for the municipality;

(2) supporting housing development initiatives in the municipality; and

(3) identifying financial resources available for the plan or initiatives.

Sec. 2306.306. RURAL COMMUNITY AND SMALL MUNICIPALITY HOUSING DEVELOPMENT PILOT PROJECTS. Authorizes TDHCA, notwithstanding other program rules and procedures of TDHCA, to establish pilot projects to test and develop new approaches to providing housing in rural communities and small municipalities for:

(1) individuals and families of low income; and

(2) individuals and families of very low income.

Sec. 2306.307. AGRICULTURAL WORKER HOUSING INITIATIVE. (a) Requires the office to fund housing initiatives that serve agricultural workers and their families, including:

(1) new housing initiatives;

(2) housing rehabilitation initiatives; or

(3) tenant-based rental assistance.

(b) Authorizes the office to designate as a pilot project a housing initiative implemented under this section for agricultural workers and their families.

(c) Requires the office to coordinate with appropriate divisions of TDHCA to:

(1) document agricultural worker housing needs;

(2) determine whether a housing need documented by TDHCA is critical; and

(3) develop initiatives to address those housing needs.

(d) Authorizes TDHCA to use any available money to implement this section, including:

(1) gifts, grants, and donations;

(2) money in the housing trust fund; and

(3) money allocated to TDHCA under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.).

(e) Defines "agricultural worker" in this section.

SECTION 1.03. Transfers Section 405.021, Government Code, to Subchapter Z, Chapter 2306, Government Code, redesignates it as Section 2306.592, Government Code, and amends it, as follows:

Sec. 2306.592. REPORT ON STATE-FUNDED PROJECTS SERVING COLONIAS.

(a) Defines, in this section, notwithstanding Section 2306.581, "colonia."

(b) Requires TDHCA, rather than the secretary of state (SOS), based on information provided under Subsections (c) and (d), to establish and maintain a classification system that allows the TDHCA or any successor agency to track the progress of state-funded projects in providing water or wastewater services, paved roads, and other assistance to colonias. Makes a conforming change.

(c) Requires TDHCA, rather than SOS, to compile information received from offices within TDHCA, the Texas Department of Rural Affairs (TDRA), the Texas Water Development Board (TWDB), the Texas Transportation Commission (TTC), the Department of State Health Services (DSHS), the Texas Commission on Environmental Quality (TCEQ), the Health and Human Services Commission (HHSC), the Texas Cooperative Extension, councils of governments, an institution of higher education that receives funding from the state for projects that provide assistance to colonias, and any other agency considered appropriate by TDHCA or any successor agency for purposes of the classification system. Makes a conforming and a nonsubstantive change.

(d) Requires TDHCA, rather than SOS, to compile information on colonias that is received from the colonia ombudspersons under Section 775.004 (Information on Colonias).

(e) Requires TDHCA, rather than SOS, to:

(1) with the assistance of the office of the attorney general, to prepare a report on the progress of state-funded projects in providing water or wastewater services, paved roads, and other assistance to colonias; and

(2) submit the report to the presiding officer of each house of the legislature not later than:

(A) December 1 of each even-numbered year, if funds are appropriated specifically for the purpose of preparing and submitting the report; or

(B) if funds are not appropriated as described by Paragraph (A), December 1, 2010, and December 1 of every fourth year following that date.

(f) Requires that the report to the legislature include a list of colonias with the highest health risk to colonia residents, based on factors identified by TDHCA, rather than SOS.

(g) Requires TDHCA, rather than SOS, in conjunction with the establishment of the classification system required by this section, to establish and maintain a statewide system for identifying colonias.

(h) Authorizes TDHCA, rather than SOS, to contract with a third party to develop the classification system or the identification system or to compile or maintain the relevant information required by this section.

## ARTICLE 2. CONFORMING AMENDMENTS

SECTION 2.01. Amends the heading to Section 51.0052, Education Code, to read as follows:

Sec. 51.0052. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.02. Amends Sections 51.0052(b), (c), and (d), Education Code, as follows:

(b) Requires an institution of higher education, to assist TDHCA, rather than SOS, in preparing the report required under Section 2306.592, rather than Section 405.021, Government Code, on a quarterly basis to provide a report to TDHCA detailing any projects funded by the institution of higher education that provide assistance to colonias. Makes a conforming change.

(c) Requires that the report include certain information, including any other information, as determined appropriate by TDHCA, rather than SOS.

(d) Authorizes the institution of higher education, if a colonia does not have a classification number, to contact TDHCA, rather than SOS or SOS's representative, to obtain the classification number. Requires TDHCA, on request of the institution, to assign a classification number to the colonia. Makes a conforming change.

SECTION 2.03. Amends the heading to Section 487.060, Government Code, to read as follows:

Sec. 487.060. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.04. Amends Sections 487.060(b), (c), and (d), Government Code, as follows:

(b) Requires TDRA, to assist TDHCA, rather than SOS, in preparing the report required under Section 2306.592, on a quarterly basis to provide a report to TDHCA detailing any projects funded by TDRA that serve colonias by providing water or wastewater services, paved roads, or other assistance. Makes conforming changes.

(c) Requires that the report include certain information, including any other information, as determined appropriate by TDHCA, rather than SOS.

(d) Authorizes TDRA, if a colonia does not have a classification number, to contact TDHCA, rather than SOS or SOS's representative, to obtain a number. Requires TDHCA, on request of TDRA, to assign a classification number. Makes a conforming change.

SECTION 2.05. Amends the heading to Section 531.0141, Government Code, to read as follows:

Sec. 531.0141. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.06. Amends Sections 531.0141(b), (c), and (d), Government Code, as follows:

(b) Requires HHSC, to assist TDHCA in preparing the report required under Section 2306.592, rather than assist SOS in preparing the report required under Section 405.021 (Report on State-Funded Projects Serving Colonias), on a quarterly basis to provide a report to TDHCA detailing any projects funded by HHSC that provide assistance to colonias. Makes a conforming change.

(c) Makes a conforming change.

(d) Makes conforming changes.

SECTION 2.07. Amends Sections 775.004(a), (b), and (c), Government Code, as follows:

(a) Requires the colonia ombudspersons to gather information about the colonias in the counties for which the ombudspersons were appointed and provide the information to TDHCA, rather than SOS, to assist TDHCA in preparing the report required under Section 2306.592. Makes a conforming change.

(b)-(c) Makes conforming changes.

SECTION 2.08. Amends the heading to Section 1001.033, Health and Safety Code, to read as follows:

Sec. 1001.033. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.09. Amends Sections 1001.033(b), (c), and (d), Health and Safety Code, as follows:

(b) Requires the commissioner of state health services (commissioner), to assist TDHCA in preparing the report required under Section 2306.592, Government Code, to provide a report to TDHCA detailing any projects funded by DSHS that provide assistance to colonias. Makes conforming changes.

(c)-(d) Makes conforming changes.

SECTION 2.10. Amends the heading to Section 391.00951, Local Government Code, to read as follows:

Sec. 391.00951. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.11. Amends Sections 391.00951(b), (c), and (d), Local Government Code, as follows:

(b) Requires a regional planning commission, council of governments, or similar regional planning agency created under this chapter (commission), to assist TDHCA, rather than SOS, in preparing the report required under Section 2306.592, Government

Code, on a quarterly basis to provide a report to TDHCA detailing any projects funded by a commission that provide assistance to colonias. Makes conforming changes.

(c)-(d) Makes conforming changes.

SECTION 2.12. Amends the heading to Section 201.116, Transportation Code, to read as follows:

Sec. 201.116. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.13. Amends Sections 201.116(b), (c), and (d), Transportation Code, as follows:

(b) Requires TTC to assist TDHCA in preparing the report required under Section 2306.592, Government Code, on a quarterly basis to provide a report to TDHCA detailing any projects funded by TTC that serve colonias by providing paved roads or other assistance created under this chapter that provide assistance to colonias. Makes conforming changes.

(c)-(d) Makes conforming changes.

SECTION 2.14. Amends the heading to Section 5.1781, Water Code, to read as follows:

Sec. 5.1781. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.15. Amends Sections 5.1781(b), (c), and (d), Water Code, as follows:

(b) Requires TCEQ, to assist TDHCA, rather than SOS, in preparing the report required under Section 2306.592, Government Code, on a quarterly basis to provide a report to TDHCA detailing any projects funded by TCEQ that provide assistance to colonias. Makes conforming changes.

(c)-(d) Makes conforming changes.

SECTION 2.16. Amends the heading to Section 6.1565, Water Code, to read as follows:

Sec. 6.1565. REPORT TO TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS.

SECTION 2.17. Amends Sections 6.1565(b), (c), and (d), Water Code, as follows:

(b) Requires TWDB, to assist TDHCA, rather than SOS, in preparing the report required under Section 2306.592, Government Code, on a quarterly basis to provide a report to TDHCA detailing any projects funded by TWDB that serve colonies by providing water or wastewater services or other assistance. Makes conforming changes.

(c)-(d) Makes conforming changes.

### ARTICLE 3. REPEALER, TRANSITION, AND EFFECTIVE DATE

SECTION 3.01. Repealer: Section 2306.083 (Report to Secretary of State), Government Code.

SECTION 3.02. (a) Requires TDHCA, not later than October 1, 2011, to adopt the rules required by Subchapter N, Chapter 2306, Government Code, as added by this Act.

(b) Requires TDHCA, as soon as practicable after the effective date of this Act, to establish the classification system required by Section 2306.592(b), Government Code, as designated and amended by this Act. Authorizes TDHCA, for purposes of this subsection, to use an applicable classification system already in effect.

SECTION 3.03. Effective date: September 1, 2011.