

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 544
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

HOME funds, a type of federal housing funding, are allocated to Texas in two ways. Some of these funds are provided directly to participating jurisdictions, which are generally the urban areas. Others are provided to the Texas Department of Housing and Community Affairs (TDHCA). This bill is solely concerned with the funds provided to TDHCA.

Under state law, 95 percent of these funds must go to non-participating jurisdictions, and five percent to serve persons with disabilities. Additionally, an aspect of the federal law that governs these funds requires that 15 percent of these HOME funds be provided to a Community Housing Development Organization (CHDO), which is a private nonprofit, community-based organization that develops affordable housing for the community it serves. Further, under this law, if the State does not meet the 15 percent metric, the State can be required to pay back some of those funds.

The Committee Substitute for S.B. 544 allows these two laws to function in harmony by permitting the State to distribute HOME funds in the "95 percent bucket" to a participating jurisdiction in order to satisfy the 15 percent CHDO requirement. It ensures that TDHCA prioritizes state regulations regarding TDHCA-allocated HOME funds before shifting to meet federal requirements, and clarifies that the State requirement that five percent of the TDHCA-allocated HOME funds that go to projects serving individuals with disabilities in not a cap, but rather a floor.

C.S.S.B. 544 amends current law relating to the administration of federal funds under the Cranston-Gonzalez National Affordable Housing Act.

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 Sections 2306.111(c), (c-1), and (c-2), Government Code, as follows:

(c) Requires the Texas Department of Housing and Community Affairs (TDHCA), in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.) to allocate, rather than expend:

(1) 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development, except that an amount not to exceed 15 percent of the funds allocated under this subdivision is authorized to be allocated to participating jurisdictions as necessary to meet the requirements of federal law; and

(2) at least five percent of these funds, rather than five percent of these funds, for the benefit of persons with disabilities who live in any area of this state.

(c-1) Provides that eligibility to apply for set-aside funds under Subsection (c) is determined by federal law. Deletes existing text providing that certain entities are eligible to apply for set-aside funds under Subsection (c).

(c-2) Provides that, in allocating set-aside funds under Subsection (c), TDHCA:

(1) is prohibited from giving preference to nonprofit providers of affordable housing, except as necessary to meet requirements of federal law, rather than except as required by federal law; and

(2) is required to allocate funds:

(A) in accordance with any applicable spending plan required under federal law; and

(B) in a manner that ensures that, to the greatest extent possible, an allocation required only under state law is made before an allocation is made solely to meet the requirements of federal law.

SECTION 2. Makes application of Section 2306.111, Government Code, as amended by this Act, prospective to January 1, 2020.

SECTION 3. Effective date: September 1, 2019.