

BILL ANALYSIS

Senate Research Center
78R7467 KEL-D

S.B. 1077
By: Shapleigh
International Relations and Trade
4/21/2003
As Filed

DIGEST AND PURPOSE

Currently, Texas spends millions of dollars in supplying basic infrastructure to colonias. However, colonia residents do not hold title to the colonia property, and can never build home equity because most colonia residents do not qualify for traditional home loans. As proposed, S.B. 1077 establishes a down payment assistance program to assist colonia residents in obtaining a home.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 7 (Section 2306.787, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

SUBCHAPTER GG. COLONIA MODEL SUBDIVISION AND DOWN PAYMENT ASSISTANCE PROGRAMS

SECTION 2. Amends Section 2306.781, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, Government Code, as follows:

Sec. 2306.781. New heading: DEFINITIONS. Defines “down payment assistance program” and redefines “program” as “model subdivision program.”

SECTION 3. Amends the heading to Section 2306.782, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to read as follows:

Sec. 2306.782. ESTABLISHMENT OF MODEL SUBDIVISION PROGRAM.

SECTION 4. Amends Section 2306.783(a), Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, to make a conforming change.

SECTION 5. Amends Section 2306.785, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.785. New heading: MODEL SUBDIVISION PROGRAM LOANS. Makes conforming changes.

SECTION 6. Amends Section 2306.786, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, as follows:

Sec. 2306.786. New heading: ADMINISTRATION OF MODEL SUBDIVISION PROGRAM; RULES. Makes conforming changes.

SECTION 7. Amends Subchapter GG, Chapter 2306, Government Code, as added by Chapter 1367, Acts of the 77th Legislature, Regular Session, 2001, by adding Section 2306.787, as follows:

Sec. 2306.787. COLONIA DOWN PAYMENT ASSISTANCE PROGRAM. (a) Defines “colonia” and “eligible individuals and families.”

(b) Requires the Texas Department of Housing and Community Affairs (TDHCA) to establish the colonia down payment assistance program to provide down payment assistance to individuals and families of extremely low and very low income who would otherwise remain in substandard colonias.

(c) Authorizes TDHCA, on application, to provide a loan to eligible individuals and families under this section by using money from the portion of community development block grants that is set aside under federal law to provide financial assistance to colonias. Prohibits TDHCA, in a state fiscal year, from providing loans under this section using more than \$2 million from the set-aside for colonias.

(d) Provides that a loan made by TDHCA under the down payment assistance program may bear interest at a reasonable rate set by TDHCA and may not exceed a term of 30 years.

(e) Requires TDHCA, in administering the down payment assistance program, by rule to adopt program guidelines and loan application procedures.

SECTION 8. Amends Section 2306.586(b), Government Code, to require a self-help center to set a goal to improve the living conditions of residents in the colonias designated under Section 2306.583(b), rather than 2306.583(a)(2), within a one-year, rather than a two-year, period after a contract is awarded under this subchapter.

SECTION 9. Amends Section 15.951(2), Water Code, as added by Chapter 1234, Acts of the 77th Legislature, Regular Session, 2001, to redefine “colonia.”

SECTION 10. Repealer: Section 2306.255(g) (pertaining to the use of TDHCA services), Government Code.

SECTION 11. (a) Requires TDHCA to adopt the rules required by Section 2306.787, Government Code, as added by this Act, not later than December 1, 2003.

(b) Makes application of the changes in law made by SECTIONS 8 and 9 of this Act prospective.

SECTION 12. Effective date: September 1, 2003.