

BILL ANALYSIS

Senate Research Center

H.B. 1637
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Department of Housing and Community Affairs (TDHCA) administers a low income, first-time homebuyer program for qualified families throughout Texas. The program offers low, fixed rate 30-year mortgages for families who would not otherwise qualify for a home loan or who would only qualify at significantly higher commercial terms for a home.

The TDHCA first-time homebuyer program also includes down payment and closing cost grant assistance to income-eligible applicants. Eligibility is determined by the family's gross income percentage compared to the average mean family income (AMFI) for the state. Typically this percentage has been established in the appropriations rider at 60 percent of AMFI. A family that exceeds that percentage of AMFI is still eligible for the loan but without the down payment grant assistance.

While the program has been tremendously successful in many parts of the state, areas where housing costs are higher and where the AMFI is at or above the state average have been able to take better advantage of the grant assistance. Areas of the state where housing prices are lower and where AMFI is below the state average have far more applicants denied down payment assistance because while the family qualifies for the mortgage they make just slightly above the 60 percent ceiling currently imposed by the appropriations process.

H.B. 1637 increases the AMFI cap to 80 percent of the state average mean family income, which will make the program mirror the gross family income eligibility standards that are currently in statute for the similar first time home buyer programs administered by the Texas State Affordable Housing Corporation. This will allow more people throughout the state to take advantage of the opportunity for home ownership this program offers to working families of Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of directors of the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.1073).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2306, Government Code, by adding Subchapter MM, as follows:

SUBCHAPTER MM. TEXAS FIRST-TIME HOMEBUYER PROGRAM

Sec. 2306.1071. DEFINITIONS. Defines "first-time homebuyer," "home," "mortgage lender," and "program."

Sec. 2306.1072. TEXAS FIRST-TIME HOMEBUYER PROGRAM. (a) Requires the Texas First-Time Homebuyer Program (program) to facilitate the origination of single-family mortgage loans for eligible first-time homebuyers.

(b) Authorizes the program to include down payment and closing cost assistance.

Sec. 2306.1073. ADMINISTRATION OF PROGRAM; RULES. (a) Requires the Texas Department of Housing and Community Affairs (TDHCA) to administer the program.

(b) Requires the governing board of TDHCA (board) to adopt rules governing certain aspects of the program.

Sec. 2306.1074. ELIGIBILITY. (a) Sets forth requirements for a homebuyer to be eligible for a mortgage loan under this subchapter.

(b) Sets forth requirements for a homebuyer to be eligible for a loan under this subchapter to assist a homebuyer with down payment and closing costs.

(c) Authorizes TDHCA to contract with other agencies of the state or with private entities to determine whether applicants qualify as first-time homebuyers under this section or otherwise to administer all or part of this section.

Sec. 2306.1075. FEES. Authorizes the board to set and collect from each applicant any fees the board considers reasonable and necessary to cover the expenses of administering the program.

Sec. 2306.1076. FUNDING. (a) Requires TDHCA to ensure that a ban under this section is structured in a way that complies with any requirements associated with the source of the funds used for the loan.

(b) Authorizes 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 2. (a) Requires TDHCA to adopt the rules required by Section 2306.1073, Government Code, as added by this Act, not later than December 1, 2007.

(b) Makes application of this Act prospective to January 1, 2008.

SECTION 3. Effective date: September 1, 2007.