

BILL ANALYSIS

Senate Research Center
84R21726 KJE-D

H.B. 1428
By: Raymond et al. (Zaffirini)
Intergovernmental Relations
5/6/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Homebuyer Assistance Program (HBA) under the Texas Department of Housing and Community Affairs (TDHCA) is one of the only assistance programs that exists solely to help persons with disabilities realize the dream of homeownership. Recent program rule changes at TDHCA affected the HBA process by requiring applicants to be in a final contract on a house before they can receive down payment assistance. This process, however, does not provide for a pre-approval process or a guarantee that the money promised to an applicant will be reserved while the final contract is obtained. By the time applicants enter the final phases of the homebuying process, funds are often depleted, causing applicants to lose upfront costs invested in the contracting process and the contracts altogether. Allowing applicants to apply for the HBA program before entering into a housing contract would prevent applicants from losing upfront costs.

H.B. 1428 creates a pre-approval process that TDCHA would be required to implement in its HBA program. H.B. 1428 prevents persons with disabilities from ever risking a loss by participating in the HBA program, regardless of the program's funding situation.

H.B. 1428 amends current law relating to the administration of housing funds set aside for persons with disabilities through the homebuyer assistance program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.111, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2306.111, Government Code, by adding Subsection (c-3), as follows:

(c-3) Provides that, in administering funds that are set aside for persons with disabilities under Subsection (c)(2) (relating to the allocation of set-aside funds) and allocated through the homebuyer assistance program, the Texas Department of Housing and Community Affairs (TDHCA):

- (1) is prohibited from requiring a person to enter into a contract to purchase a home before applying for or receiving funds allocated through the program; and
- (2) by rule is required to implement a preapproval process under which a person:
 - (A) before funds allocated through the program are made available, may establish eligibility to receive those funds; and
 - (B) has an adequate period of at least 90 days in which to locate a home for purchase using funds made available under the program.

SECTION 2. Requires TDHCA to adopt rules under Section 2306.111(c-3), Government Code, as added by this Act, not later than December 31, 2015.

SECTION 3. Provides that the change in law made by this Act applies only to an application for housing funds that are administered through the homebuyer assistance program submitted to TDHCA on or after the date the rules adopted by TDHCA under Section 2306.111(c-3), Government Code, as added by this Act, take effect. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2015.