

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 1512  
By: Isaac (Watson)  
Intergovernmental Relations  
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Committee Report (Substituted)

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

The Texas Bootstrap Loan Program is a self-help housing construction program that provides very low-income families (owner-builders) an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through "sweat equity." To qualify, an owner-builder's household income may not exceed 60 percent of area median family income and the total loan amount the owner-builder secures for purchase of the land and construction cannot exceed \$90,000. The program receives \$3 million in funding annually from the state Housing Trust Fund as well as repayments on the loans issued in previous years.

The issue H.B. 1512 seeks to address is that the \$90,000 cap has excluded many individuals in areas of the state that have experienced rapid property value growth. To remedy this problem, H.B. 1512 removes that cap, but maintains the \$45,000 cap for funds loaned by the state—thereby qualifying more individuals, but not costing the state additional funds. By making this change, more families will be empowered to build a home for themselves.

H.B. 1512 addresses a financing issue for the program. When the program was established in 2001, a GR-D (General Revenue-Dedicated) account was created, but Texas Department of Housing and Community Affairs (TDHCA) did not know about this account, and so it created the separate Texas Treasury Safekeeping Trust. The comptroller of public accounts has now notified TDHCA that it will be transferring the money that finances this program to the GR-D account, not the Trust. While this would not normally be an issue, TDHCA does not have GR-D transfer authority, which means it would not be able to operate the program. The new language in the committee substitute clarifies that they may continue to use the Trust.

C.S.H.B. 1512 amends current law relating to the administration of the owner-builder loan program.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 3 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2306.754(b), Government Code, to delete existing text prohibiting the total amount of amortized, repayable loans made by the Texas Department of Housing and Community Affairs (TDHCA) and other entities to an owner-builder under this subchapter from exceeding \$90,000.

SECTION 2. Amends Section 2306.7581(b), Government Code, as follows:

(b) Provides that, notwithstanding any other law, all money received by TDHCA, including any amount received by TDHCA for the payment of the principal of or interest on a loan made under this subchapter (Owner-Builder Loan Program), is part of the owner-builder revolving loan fund. Requires that all money constituting part of the owner-builder revolving loan fund be deposited in the housing trust fund established under Section 2306.201 (Housing Trust Fund). Deletes existing text requiring TDHCA to

deposit money received in repayment of a loan under this subchapter to the owner-builder revolving loan fund.

SECTION 3. Requires TDHCA, as soon as practicable after the effective date of this Act, to adopt rules necessary to implement Section 2306.754(b), Government Code, as amended by this Act.

SECTION 4. Effective date: upon passage or September 1, 2017.