

BILL ANALYSIS

Senate Research Center

S.B. 1991
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As Filed

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 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.

S.B. 1991 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. Additionally, S.B. 1991 clarifies that more than five percent of the HOME funds may be used for persons with disabilities.

As proposed, S.B. 1991 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 to expend, 95 percent of these funds for the benefit of certain non-participating small cities and rural areas, except that an amount not to exceed 15 percent of the allocated funds is authorized to be allocated to participating jurisdictions as necessary to meet the requirements of federal law, and at least five percent, rather than five percent, of these funds for the benefit of certain persons with disabilities.

(c-1) Provides that eligibility to apply for community housing development organization set-aside funds under Subsection (c) is determined by federal law, rather than provides that certain entities are eligible to apply for set-aside funds under Subsection (c).

(c-2) Prohibits TDHCA, in allocating set-aside funds, from giving preference to nonprofit providers of affordable housing, except as necessary to meet the requirements of federal law, rather than except as required by federal law. Requires TDHCA, in allocating set-aside funds, to allocate funds in accordance with any applicable spending plan required under federal law. Makes nonsubstantive changes.

SECTION 2. Makes application of this Act prospective to January 1, 2018.

SECTION 3. Effective date: September 1, 2017.