

BILL ANALYSIS

Senate Research Center
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H.B. 1402
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas State Affordable Housing Corporation (TSAHC) is a 501(c)(3) nonprofit organization that was incorporated in 1994. TSAHC was created at the direction of the Texas legislature to serve as a self-sustaining, statewide affordable housing provider. TSAHC is not subject to the legislative appropriations process.

TSAHC's programs target the housing needs of extremely low-income, very low-income, low-income and moderate-income individuals and families. TSAHC's mission is to address their critical and expanding needs by: (1) helping affordable housing developers build better housing for working families; (2) helping home buyers achieve the American dream of homeownership; and (3) helping homeowners sustain homeownership and improve their financial situation.

H.B. 1402 updates TSAHC's enabling statute. H.B. 1402 clarifies that TSAHC may serve moderate-income individuals and families through its programs. The Texas legislature has already given TSAHC authority to serve moderate-income households through the creation of the Homes for Texas Heroes Loan Program (Section 2306.5621, Government Code) which allows TSAHC to assist households up to 115 percent of area median income. Thus, H.B. 1402 conforms TSAHC purposes language to what the legislature has already allowed.

H.B. 1402 also provides that TSAHC can perform limited economic development opportunities in underserved areas. This reflects a couple of trends in the industry. First, it is increasingly common for housing developments to include a commercial component whether that be retail or office space. Second, it is also increasingly common for housing finance entities to finance activities that provide jobs and economic revitalization to underserved areas with the understanding that quality housing alone may not go far enough in improving a community and providing opportunities for its residents.

H.B. 1402 amends current law relating to the purposes of and income eligibility limits for participation in programs offered by the Texas State Affordable Housing Corporation.

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 Section 2306.551, Government Code, as follows:

Sec. 2306.551. New heading: DEFINITIONS. Makes nonsubstantive changes, defines "corporation" as the Texas State Affordable Housing Corporation (TSAHC), and defines "economic development opportunities" for purposes of this subchapter (Texas State Affordable Housing Corporation).

SECTION 2. Amends Section 2306.553, Government Code, as follows:

Sec. 2306.553. PURPOSE. (a) Provides that the public purpose of TSAHC is to perform activities and services that TSAHC's board of directors determines will promote the

public health, safety, and welfare through the provision of adequate, safe, and sanitary housing and economic development opportunities primarily for individuals and families of moderate, low, very low, and extremely low income and for persons who are eligible for loans under the home loan program provided by Section 2306.5621 (Homes For Texas Heroes Home Loan Program), rather than providing that the public purpose of TSAHC is to perform activities and services that TSAHC's board of directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income and for persons who are eligible for loans under the home loan program provided by Section 2306.5621.

(b) Provides that TSAHC's primary public purpose is to facilitate the provision of housing by issuing qualified 501(c)(3) bonds and qualified residential rental project bonds and by making affordable loans to individuals and families of moderate, low, very low, and extremely low income, rather than individuals and families of low, very low, and extremely low income, and to persons who are eligible for loans under the home loan program provided by Section 2306.5621.

(b-1) Creates this subsection from existing text. Authorizes TSAHC to make first lien, single family purchase money mortgage loans for single family homes only to individuals and families of moderate, low, very low, and extremely low income, rather than authorizing TSAHC to make first lien, single family purchase money mortgage loans for single family homes only to individuals and families of low, very low, and extremely low income if the individual's or family's household income is not more than the greater of 60 percent of the median income for the state, as defined by the United States Department of Housing and Urban Development, or 60 percent of the area median family income, adjusted for family size, as defined by that department.

(b-2) Creates this subsection from existing text and makes no further changes.

(c) Requires TSAHC, to the extent reasonably practicable, to use the services of banks, community banks, savings banks, thrifts, savings and loan associations, private mortgage companies, nonprofit organizations, and other lenders for the origination of all loans contemplated by this subchapter and assist the lenders in providing credit primarily to individuals and families of moderate, low, very low, and extremely low income, rather than low, very low, and extremely low income.

SECTION 3. Amends Section 2306.555(d), Government Code, as follows:

(d) Requires all of the mortgage banking operations to be dedicated to the furtherance of facilitating affordable housing finance primarily for the benefit of individuals and families of moderate, low, very low, and extremely low income, rather than low, very low, and extremely low income, who, generally, are not afforded housing finance options through conventional lending channels.

SECTION 4. Amends Section 2306.5552, Government Code, as follows:

Sec. 2306.5552. TECHNICAL AND FINANCIAL ASSISTANCE PROVIDED TO NONPROFIT ORGANIZATIONS. Requires TSAHC to supplement the technical and financial capacity of other appropriate nonprofit organizations to provide for the multifamily and single-family housing needs of individuals and families of moderate, low, very low, and extremely low income, rather than low, very low, and extremely low income.

SECTION 5. Effective date: September 1, 2019.