

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1118
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerned stakeholders contend that the enabling statute of the Texas Department of Housing and Community Affairs' (TDHCA) Housing Trust Fund (HTF) needs to be updated and modernized to better meet the growing needs of Texas.

The HTF was first established by the 72nd Legislature in 1991 in order to create affordable housing for low-income and very low-income individuals and families. To date, the HTF is the only state-authorized source of funding for affordable housing programs. Currently, funding sources consist of appropriations or transfers made to the fund, loan repayments, unencumbered fund balances, and public or private gifts or grants.

Stakeholders believe that although the HTF acts as an important revenue source to fund some affordable housing programs in Texas, it could be strengthened with statutory updates to more appropriately address the overall housing needs in the state. For example, stakeholders report that unfortunately the HTF: has not kept pace with growth of Texas and increase in home costs; only provides funding to serve an average of 67 families per year through the highly successful Texas Bootstrap Self-Help Loan Program; and funds the Amy Young Barrier Removal Program (AYBRP) at agency rule level, rather than by statutory directive outlining funding sources and funding levels.

As filed, S.B. 1118 addresses these concerns by modernizing HTF's enabling statute with several changes, including: updating the income threshold to 80 percent of area median income; codifying AYBRP; and addressing the statutory amount allotted to the state's sweat equity program which has allowed Texas to be the leader in the nation in self-help housing, the Texas Bootstrap Loan Program.

The committee substitute, overall, provides TDHCA greater flexibility by allowing the department to periodically adjust the grant award amounts to address cost increases; strikes the exclusion of entities which participate in the federal HOME from being able to serve as program administrators; clarifies that the allotted amount to the Bootstrap Program is \$4 million rather than \$7 million a year (thus lowering the fiscal note); and, includes the fiscal responsibility amendment.

C.S.S.B. 1118 amends current law relating to programs operated by the Texas Department of Housing and Community Affairs to increase access to safe and affordable housing in this state.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Sections 2306.6802 and 2306.6804, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER EE. AMY YOUNG BARRIER REMOVAL PROGRAM

Sec. 2306.6801. DEFINITIONS. Defines "person with a disability" and "program administrator." Defines "program" as the Amy Young Barrier Removal Program (program).

Sec. 2306.6802. ESTABLISHMENT OF PROGRAM. (a) Requires the Texas Department of Housing and Community Affairs (TDHCA) to establish the program to provide grants for modifying the home in which a person with a disability lives to increase the accessibility of the home, eliminate life-threatening hazards in the home, or correct unsafe living conditions in the home.

(b) Prohibits a grant awarded under the program from exceeding \$20,000 or another amount adjusted by TDHCA periodically to account for cost increases.

(c) Authorizes TDHCA to adopt rules as necessary to implement this subchapter.

Sec. 2306.6803. ELIGIBILITY. (a) Requires a grant recipient to be a tenant, homeowner, or other member of a household in which a person with a disability lives, and to meet the eligibility requirements of this section.

(b) Provides that, to be eligible for a grant under the program, the income of the household for which a grant is sought is prohibited from exceeding the greater of 80 percent of the area median family income or 80 percent of the statewide income limits, adjusted for household size, as determined annually by the United States Department of Housing and Urban Development.

(c) Authorizes TDHCA to adopt other eligibility requirements that are deemed appropriate by TDHCA.

Sec. 2306.6804. PROGRAM ADMINISTRATION. (a) Authorizes TDHCA to certify a program administrator to:

(1) process applications for a grant;

(2) verify eligibility of a grant applicant;

(3) secure construction contractors to renovate or rehabilitate a home under the program; and

(4) oversee the renovation or rehabilitation of a home under the program.

(b) Requires TDHCA by rule to adopt procedures for the certification of a program administrator.

Sec. 2306.6805. FUNDING. (a) Requires TDHCA to award grants under the program using gifts, grants, or donations solicited by TDHCA for purposes of this subchapter and money in the barrier removal grant fund established under Section 2306.6806.

(b) Authorizes TDHCA, in a state fiscal year, to use not more than 10 percent of the revenue available for purposes of this subchapter to increase the ability of program administrators to assist TDHCA in implementing the purposes of this chapter (Texas Department of Housing and Community Affairs) and to increase the number of entities that are able to implement those purposes. Requires TDHCA to use available revenue under this subsection to provide financial assistance, technical training, and management support for the purposes of this subsection.

Sec. 2306.6806. BARRIER REMOVAL GRANT FUND. (a) Requires TDHCA to establish the barrier removal grant fund in TDHCA. Authorizes money in the fund to be used only for the purpose of awarding grants under the program.

(b) Requires TDHCA, each year, to transfer to the barrier removal grant fund the money remaining in the housing trust fund established under Section 2306.201 (Housing Trust Fund) after transferring or allocating from that fund money appropriated to TDHCA by the legislature for the purposes of this subchapter and money specifically allocated under Sections 2306.202(a) (relating to required use of the housing trust fund) and 2306.758(d). Prohibits the amount transferred to the barrier removal grant fund from the housing trust fund under this subsection from exceeding \$3 million.

SECTION 2. Amends Section 2306.753(b), Government Code, to provide requirements and prohibitions for an owner-builder to be eligible for a loan under this subchapter (Owner-Builder Loan Program), including prohibiting the owner-builder from having an annual income that exceeds 80 percent, rather than exceeds 60 percent, as determined by TDHCA, of the greater of a certain income.

SECTION 3. Amends Section 2306.758(d), Government Code, to require TDHCA, if the money to be received by TDHCA for a state fiscal year for payment of the principal of or interest on a loan made under this subchapter is less than \$4 million, rather than less than \$3 million, for a state fiscal year, to use any available source of money in the housing trust fund to ensure that not less than \$4 million, rather than not less than \$3 million, is used for the owner-builder loan program each state fiscal year.

SECTION 4. Provides that TDHCA is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Authorizes, but does not require, TDHCA, if the legislature does not appropriate money specifically for that purpose, to implement a provision of this Act using other appropriations that are available for that purpose.

SECTION 5. Requires TDHCA, as soon as practicable after the effective date of this Act, to adopt rules as necessary to implement Subchapter EE, Chapter 2306, Government Code, as added by this Act.

SECTION 6. Effective date: upon passage or September 1, 2019.