

BILL ANALYSIS

Senate Research Center

H.B. 2577
By: Hill (Lucio)
Intergovernmental Relations
5-15-97
Committee Report (Amended)

DIGEST

Currently, certain provisions of the Government Code relate to the construction and acquisition of buildings. The Texas Department of Housing and Community Affairs is charged with providing housing needs to persons of low and moderate income, preserving and developing neighborhoods and communities, and assisting local governments in financial, social, and environmental matters, including the delivery of essential public services. This bill redefines the powers, functions, and duties of the Department of Housing and Community Affairs, and the renamed Texas State Affordable Housing Corporation.

PURPOSE

As proposed, H.B. 2577 redefines the powers, functions, and duties of the Department of Housing and Community Affairs, and the renamed Texas State Affordable Housing Corporation.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Department of Housing and Community Affairs in SECTION 27 (Sections 2306.184(a) and 2306.653(d) and (f), Government Code), to the board of directors of the Texas State Affordable Housing Corporation in SECTION 45 (Section 2306.558(b), Government Code), and to the governing board of the Texas Department of Housing and Community Affairs in SECTION 47 (Section 2306.674, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2166.003(a), Government Code, to provide that this chapter does not apply to a repair, rehabilitation, or construction project on property owned by the Texas Department of Housing and Community Affairs (department) or the Texas State Affordable Housing Corporation (TSAHC).

SECTION 2. Amends Section 2167.001(b), Government Code, to provide that this chapter does not apply to residential property acquired by the department or TSAHC that is offered for sale or rental to individuals and families of low or very low income or families of moderate income.

SECTION 3. Amends Section 2305.033(a), Government Code, to provide that the department is the supervising state agency for the emergency nutrition and temporary emergency programs established under Chapter 2306AA, rather than Chapter 34, Human Resources Code.

SECTION 4. Amends Section 2306.001, Government Code, to provide that the purposes of the department are to provide for the housing needs of individuals and families of low and very low income and families of moderate income. Requires the department to contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in preservation of government-assisted housing occupied by individuals and families of very low and extremely low income.

SECTION 5. Amends Section 2306.004, Government Code, to define "contract for deed," "individuals and families of extremely low income," and "state low income housing plan." Redefines "economically depressed or blighted area," "elderly individual," "individuals and families of low income," "individuals and families of very low income," "public agency," "real estate owned

contractor," and "reserve fund." Makes conforming changes.

SECTION 6. Amends Section 2306.007(a), Government Code, to require the governing body of a municipality to hold a public hearing and find certain situations exist, to establish an economically depressed or blighted area under Section 2306.004(6)(B), rather than Section 2306.004(5)(B).

SECTION 7. Amends Section 2306.021(b), to provide that the department is composed of certain agencies, including the community development division. Makes a conforming change.

SECTION 8. Amends Section 2306.032(b), Government Code, to require the department to maintain accounts, minutes, and other records.

SECTION 9. Amends Section 2306.033, Government Code, to provide that it is a ground for removal from the governing board of the department (board) for a member who engages in misconduct or unethical or criminal behavior. Provides that if a person has knowledge that a member of the board has engaged in criminal behavior or misconduct, the person shall notify the presiding officer of the board, and provide to said officer evidence of such criminal behavior or conduct. Requires the presiding officer to refer the allegation to the Travis County district attorney for investigation.

SECTION 10. Amends Chapter 2306B, Government Code, by adding Section 2306.039, as follows:

Sec. 2306.039. OPEN MEETINGS AND OPEN RECORDS. Provides that the department and TSAHC are subject to Chapters 551 and 552, except as provided by Subsection (b). Sets forth a provision to which this section does not apply.

SECTION 11. Amends Section 2306.053(b), Government Code, to authorize the department to take certain actions, including establishing eligibility criteria for individuals and families of low, very low, and families of moderate income to participate in and benefit from programs administered by the department; execute funding agreements; and obtain, retain, and disseminate records and other documents in electronic form.

SECTION 12. Amends Chapter 2306D, Government Code, by adding Section 2306.0661, as follows:

Sec. 2306.0661. PUBLIC HEARINGS. Provides that this section applies only to state-funded housing programs, programs funded with bond proceeds, the low income housing tax credit program, and the state low income housing plan. Requires federally funded programs to comply with the federal public participation requirements and Chapter 2105, if applicable. Sets forth requirements regarding public hearings.

SECTION 13. Amends Section 2306.072, Government Code, as follows:

Sec. 2306.072. New heading: ANNUAL LOW INCOME HOUSING REPORT. Requires the director to prepare and submit to the board an annual report of the department's housing activities for the preceding, rather than fiscal, year by March 1, rather than the 100th day after the last day of each year. Requires the report to be sent to certain persons, including the lieutenant governor, speaker of the house of representatives, and members of any legislative oversight committee. Sets forth provisions of the report, including an analysis in certain housing development areas containing a statistical analysis of average rents reported by the county, rather than the region. Requires the report to indicate the geographic distribution and use of certain low income housing tax credits. Sets forth a provision for the requirements for the annual report submitted in each even-numbered year.

SECTION 14. Amends Section 2306.0721, Government Code, as follows:

Sec. 2306.0721. LOW INCOME HOUSING PLAN. Sets forth the provisions of the low income housing plan, including the requirement for the plan to include an estimate of the

number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each county, rather than uniform state service region in the state. Requires the plan to include a description of state programs, rather than rules and policies, that govern the use of all available housing resources. Requires the plan to include a description of the department's efforts to encourage the construction of housing units that incorporate energy efficient construction and appliances, and any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development. Requires the priorities and policies in another plan adopted by the department to be consistent with policies established in the state low income housing plan. Requires the preparation and publication of the state low income housing plan to be consistent with the filing and publication deadlines required of the department for the consolidated plan. Makes a conforming change.

SECTION 15. Amends Section 2306.0722, Government Code, as follows:

Sec. 2306.0722. PREPARATION OF PLAN AND REPORT. Requires the department to conduct certain meetings before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721. Requires the department to obtain comments and suggestions of certain persons about the prioritization and allocation of the department's resources in regard to housing. Requires the director to perform certain duties in preparing the annual report, including incorporate recommendations that are consistent with the consolidated plan, rather than the comprehensive housing affordability strategy and performance report. Requires the director to identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate, develop a plan to respond to changes in federal funding and programs for the provision of affordable housing, and to use certain standardized categories that describe the income of program applicants and beneficiaries.

SECTION 16. Amends Section 2306.0723, Government Code, as follows:

Sec. 2306.0723. New heading: PUBLIC PARTICIPATION REQUIREMENTS. Requires the department to hold public hearings on the annual state low income housing plan and report before the director submits the report and the plan to the board. Sets forth provisions regarding the location and notice of public hearings. Requires the public hearing to address certain topics. Makes conforming and nonsubstantive changes.

SECTION 17. Amends Section 2306.076(a), Government Code, to authorize the board to purchase from department funds liability insurance for the director, board members, officers, and employees of the department.

SECTION 18. Amends Chapter 2306D, Government Code, by adding Section 2306.077, as follows:

Sec. 2306.077. INTERNET AVAILABILITY. Defines "Internet." Requires the department to make information on the department's programs, public hearings, and scheduled public meetings available to the public on the Internet. Provides that the access to information allowed by this section is in addition to the public's free access to the information through other electronic or print distribution of the information and does not alter, diminish, or relinquish any copyright or other proprietary interest or entitlement of this state or a private entity under contract with this state.

SECTION 19. Amends the heading of Chapter 2306E, Government Code, as follows:

SUBCHAPTER E. New heading: COMMUNITY AFFAIRS AND COMMUNITY DEVELOPMENT PROGRAMS

SECTION 20. Amends Chapter 2306E, Government Code, by adding Section 2306.094, as follows:

Sec. 2306.094. **SERVICES FOR THE HOMELESS.** Requires the department to administer the state's allocation of federal funds provided under the Emergency Shelter Grants Program (42 U.S.C. Section 11371 et seq.), as amended, or its successor program, and any other federal funds provided for the benefit of homeless individuals and families.

SECTION 21. Amends Section 2306.097, Government Code, to delete a provision that the Energy Services Program for Low-Income Individuals is in the community affairs division. Requires the Energy Services Program for Low-Income Individuals to operate in conjunction with the community services block grant program. Provides that the Energy Services Program for Low-Income Individuals has jurisdiction and responsibility for administration of certain programs including the Low-Income Home Energy Assistance Program.

SECTION 22. Amends Section 2306.099, Government Code, to provide that the department is authorized to enter into an interagency agreement with the Texas Department of Commerce to reimburse the Texas Department of Commerce for providing on behalf of the department any other services on the portion of the federal community development block grant funds. Requires the activities undertaken by the Texas Department of Commerce under this section to be monitored, rather than approved, by the department.

SECTION 23. Amends Section 2306.111, Government Code, to require the department, through the housing finance division, to administer all federal housing funds under the Cranston-Gonzalez National Affordable Housing Act or any other affordable housing program. Requires the housing finance division to adopt a goal to apply an aggregate minimum of 25 percent of the division's total housing funds toward housing assistance for individuals and families of extremely low and very low income. Requires the department, in administering federal housing funds provided to the state, to give the priority to the utilization of funds that are to benefit non-participating small cities and rural areas which do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the U.S. Department of Housing and Urban Development unless certain conditions apply.

SECTION 24. Amends Section 2306.142, Government Code, to provide that the board is to authorize all bonds issued by the department.

SECTION 25. Amends Section 2306.171, Government Code, to require the department to develop policies and programs to increase the number of individuals and families of extremely low, very low, and low income and families of moderate income that participate in the housing finance division's programs. Requires the department to work with certain entities, including counties and for profit corporations. Makes conforming changes.

SECTION 26. Amends Section 2306.177, Government Code, to authorize the department to take testimony and proof, under oath, at public hearings, on matters necessary to carry out the department's, rather than the housing finance division's, purposes.

SECTION 27. Amends Chapter 2306H, Government Code, by adding Section 2306.184, as follows:

Sec. 2306.184. **DISCLOSURE OF FEES.** Provides that this section does not apply to an application submitted by an individual or family for a loan, grant, or other assistance under a program administered by the department or the Texas State Affordable Housing Corporation or from bonds issued by the department. Sets forth provisions regarding an application for a loan, grant, or other assistance for an eligible affordable housing project or activity. Requires the department to adopt rules governing penalties and sanctions under this section for a person who meets certain requirements. Defines "project development fee" and "project operation fee."

SECTION 28. Amends Section 2306.201(b), Government Code, to provide that the fund

consists of certain items, including investment income, and funds from any other source.

SECTION 29. Amends Section 2306.202, Government Code, as follows:

Sec. 2306.202. USE OF HOUSING TRUST FUND. Requires the first \$2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance to be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations, in each biennium. Authorizes any additional funds to be made available to for-profit organizations as long as certain requirements are met. Requires additional funds to be competed for by nonprofit organizations, for-profit organizations, and other eligible entities. Authorizes the department to also use the fund to acquire property to endow the fund, notwithstanding any other section of this chapter, but subject to the limitations in Section 2306.251(c), Government Code. Provides that the use of the fund is limited to certain uses, including security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.

SECTION 30. Amends Section 2306.205, Government Code, by adding Subsection (f), to set forth a provision regarding the transfer of certain additional funds by the department into the fund.

SECTION 31. Amends Section 2306.207(a), Government Code, to authorize the department, rather than the housing finance division, to create a reserve fund with the comptroller, rather than the state treasurer. Makes a conforming change.

SECTION 32. Amends Section 2306.232, Government Code, to make a conforming change.

SECTION 33. Amends Section 2306.251, Government Code, as follows:

Sec. 2306.251. PROPERTY OWNERSHIP PROGRAM. Provides that while it is not the intent of the legislature that the department compete with the private sector by becoming a long-term owner of real property merely for the purpose of owning, managing, and operating tenant properties, the department may require, own, reconstruct, rehabilitate, manage, or operate real property for certain purposes. Provides that the department may possess real property for a period of time not to exceed 10 years for certain purposes. Deletes a provision providing that property acquired by the department must qualify for home mortgage insurance after rehabilitation. Authorizes the department to use certain money, including fees received by the housing finance division, proceeds from the sale or rental of real property, distribution of earnings under Section 2306.557. Prohibits the department from using more than 10 percent of the yearly balance of the housing trust fund to acquire real property, if the department uses the housing trust fund to finance real property acquisitions. Requires the department to submit an annual report to the board that includes an analysis of certain provisions of the property ownership, including the effectiveness in serving individuals and families of low and very low income and families of moderate income, if the department acquires property under this section. Makes conforming and nonsubstantive changes.

SECTION 34. Amends Section 2306.252, Government Code, as follows:

Sec. 2306.252. New heading: HOUSING RESOURCE CENTER. Requires the board to establish a housing resource center in the housing finance division. Deletes a provision requiring the center to focus on marketing. Requires the center to assist, in the development of housing policy, including the annual state low income housing plan and report and the consolidate plan. Deletes a provision requiring the center to assist lenders in market loans to individuals and families of low and very low income. Sets forth provisions regarding the areas the housing resource center is intended to address.

SECTION 35. Amends Section 2306.267, Government Code, to make a conforming change.

SECTION 36. Amends Section 2306.270, Government Code, to make a conforming change.

SECTION 37. Amends Section 2306.291(a), Government Code, to authorize the department

to purchase and take assignments from mortgage lenders or the federal government or notes and other obligations, including contracts for deed and mortgages. Makes a nonsubstantive change.

SECTION 38. Amends Section 2306.351(a), Government Code, to authorize the department to issue bonds under this chapter, including qualified 501(c)(3) bonds under Section 145, Internal Revenue Code of 1986 (26 U.S.C. Section 145).

SECTION 39. Amends Section 2306.357, Government Code, to make a conforming change.

SECTION 40. Amends Chapter 2306P, Government Code, by adding Section 2306.358, as follows:

Sec. 2306.358. ISSUANCE OF QUALIFIED 501(c)(3) BONDS. Sets forth provisions regarding the establishment of 501(c)(3) bonding authority by the legislature. Defines "rural area," "metropolitan area," and "substantial rehabilitation." Prohibits a qualified 501(c)(3) bond from being issued unless approved by the Bond Review Board. Requires the Bond Review Board to enter into a memorandum of understanding with the department specifying the amount of bonds to be issued in each fiscal year. Prohibits the Bond Review Board from approving a proposal to issue qualified 501(c)(3) bonds unless they meet the requirements of this section, including the memorandum of understanding, and all other laws that may apply. Sets forth provisions a qualified 501(c)(3) organization must meet, in addition to the requirements of Section 145 of the Internal Revenue Code of 1986. Provides that Subsection (c)(3)(C) does not prohibit an organization from requiring a tenant applicant who receives public assistance to meet the organization's standard criteria for occupancy. Authorizes the agreement provided for in Subsection (c)(3) to provide for the lease or sale of the project to a nonprofit corporation approved by the department subject to the conditions specified in Subsection (c). Authorizes neither the department or TSAHC to use state or federal money to provide for credit enhancement of a bond issued under this section unless the credit enhancement would facilitate the issuance of bonds for the purpose of financing the creation or preservation of affordable housing by 501(c)(3) nonprofit entities. Authorizes a qualified 501(c)(3) organization to comply with such other set-asides or restrictions as are approved by the Internal Revenue Service as a basis for the determination letter addressed to the qualified 501(c)(3) organization, in lieu of complying with the set-aside requirements specified in Subsection (c)(2). Provides that "rural area" and "metropolitan area" are to be defined through the memorandum of understanding provided for in Subsection (b) of this section.

SECTION 41. Amends Section 2306.375, Government Code, to provide that a member of the board or the director is not liable personally for bonds issued or contracts executed by the department or for any other action taken in accordance with the powers and duties authorized by this chapter. Makes a conforming change.

SECTION 42. Amends Section 2306.411(a), Government Code, to make a conforming change.

SECTION 43. Amends Section 2306.412(a), Government Code, to make a conforming change.

SECTION 44. Amends Section 2306.491, Government Code, to make a conforming change.

SECTION 45. Amends Chapter 2306Y, Government Code, as follows:

SUBCHAPTER Y. New heading: TEXAS STATE AFFORDABLE HOUSING CORPORATION

Sec. 2306.551. DEFINITION. Redefines "corporation."

Sec. 2306.552. CREATION. Requires the charter of the Texas State Affordable Housing Corporation (corporation) to establish the corporation as nonprofit and specifically dedicate the corporation's activities to the public purpose authorized by this subchapter, rather than

benefit the department. Makes a conforming change.

Sec. 2306.553. **PURPOSES.** Sets forth provisions regarding the purposes of the corporation. Deletes a provision requiring the corporation to carry out the public purposes of this chapter on behalf of the state. Deletes a provision authorizing a corporation to engage only in the performance of charitable functions.

Sec. 2306.554. New heading: **BOARD OF DIRECTORS AND OFFICERS.** Deletes a provision providing that the members of the board serve as the board of directors of the corporation. Provides that the board of directors of the corporation consists of a certain six members, of which four may come from certain areas. Requires the governor to appoint a presiding officer from the members who are not also serving as members of the board of directors of the department. Provides that a member of the corporation's board of directors is not entitled to compensation, unless certain conditions apply. Requires the director of the department to serve ex officio as president of the corporation. Provides that the president is not entitled to compensation, unless certain conditions apply. Requires the director of the department to serve as president of the corporation only if the director has experience in the field of mortgage banking or residential lending as demonstrated by certain employment requirements. Requires the corporation to employ, for compensation to be determined by the corporation's board of directors, an individual that satisfies the requirements of Subsection (d)(1) or (2) to serve as president of the corporation, if the director does not satisfy the requirements of Subsection (d)(1) or (2). Sets forth a provision authorizing a corporation to purchase liability insurance for each of the members of the corporation's board of directors, officers, and other employees of the corporation.

Sec. 2306.5543. **PERSONNEL POLICIES.** Requires the board of directors of the corporation to develop and implement personnel policies, including policies relating to employee conflicts of interest, that are substantially similar to comparable policies that govern state employees.

Sec. 2306.555. **POWERS.** Deletes a provision providing that the corporation is subject to the limitation provided for the department under this chapter. Provides that the corporation has all rights and powers necessary to accomplish its public purpose, including certain other powers, in addition to the powers granted by Subsection (a). Provides that the corporation has the power to exercise the rights and powers of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act. Prohibits the corporation from competing with certain private lenders in originating loans. Authorizes the corporation to act as co-originator in a loan where the funding resources emanate from the corporation. Sets forth a provision requiring all of the mortgage banking operations to be dedicated to the furtherance of facilitating affordable housing. Authorizes the department to contract with certain entities, including other providers of professional or consulting services. Requires the corporation to pay its expenses from any available fund without resort to the general revenues of the state, except as specifically appropriated by the legislature. Prohibits the department from transferring any funds to the corporation to support the administration of the corporation or to subsidize its operations in any way. Requires the department to be fully compensated by the corporation for any property or employees that are shared by the corporation and the department. Provides that it is not the intent of the legislature that no employees be shared beyond the time at which such sharing is absolutely necessary. Provides that this section does not prohibit the corporation from receiving certain funds. Provides that transfers of property from the department to the corporation are to be fully compensated.

Sec. 2306.5555. **PUBLIC ACCESS.** Requires the board of directors of the corporation to develop and implement policies that provide the public with a reasonable opportunity to appear before the board of directors and to speak on any issue under the jurisdiction of the corporation.

Sec. 2306.556. New heading: **EXEMPT FROM TAXATION AND REGISTRATION.** Provides that a bond or other obligation issued by the corporation is an exempt security under the Securities Act. Provides that certain obligations are not exempt, unless specifically

provided otherwise, under any subsequently enacted securities act.

Sec. 2306.557. **DISTRIBUTION OF EARNINGS.** Prohibits any part of earnings remaining after payment of expenses and any establishment of reserves by the corporation's board from being inured to any person. Requires the corporation to deposit excess earnings with the department to the credit of the housing trust, rather than the general revenue, fund established by Section 2306.201, if certain conditions apply, among which include the establishment of reserves by the corporation's board of directors.

Sec. 2306.558. **ALTERATION AND TERMINATION.** Authorizes the corporation's board of directors to dissolve the corporation if the board by resolution makes certain determinations, including the determination that all bonds and other obligations issued by the corporation and all guaranties and insurance and other contractual obligations have been fully paid or provision for that payment has been made.

Sec. 2306.559. New heading: **REPORTING REQUIREMENTS.** Requires the corporation's board of directors to submit a report to certain persons by the 30th day after the date the corporation's board of directors receives the report. Requires the corporation to file quarterly performance reports with the department. Requires the corporation to file with the Bond Review Board a report for the preceding fiscal year. Requires the report to contain the status of all outstanding debts and obligations of the corporation, the status of collateral pledged as security for those debts and obligations, and a maturity and payment schedule for those debts and obligations.

Sec. 2306.560. **AUDIT.** Sets forth provisions regarding the auditing process for the corporation.

Sec. 2306.561. **LIABILITY.** Sets forth provisions relating to the liability of certain persons associated with the corporation.

SECTION 46. Amends Chapter 2306, Government Code, by adding Subchapter AA, as follows:

SUBCHAPTER AA. EMERGENCY NUTRITION AND TEMPORARY EMERGENCY RELIEF PROGRAM

Sec. 2306.651. **DEFINITIONS.** Defines "applicant," "nonprofit organization," and "program."

Sec. 2306.652. **TEMPORARY EMERGENCY RELIEF PROGRAM.** Sets forth provisions regarding the establishment of the temporary emergency relief program by the department.

Sec. 2306.653. **APPLICATION.** Authorizes a county to apply to the department for a grant-in-aid to establish and administer a program under this subchapter. Sets forth provisions relating to the applications submitted under this section. Authorizes the department to adopt rules establishing the criteria for determining whether an applicant qualifies under this subchapter.

Sec. 2306.654. **LOCAL ALLOCATION.** Prohibits state funds provided to a local applicant under this subchapter from being used for local administrative costs. Requires an allocation to a county from the program established by Section 2306.652 to be based on the county's demonstrated need for the money. Sets forth the formula for determining the amount of money to be allocated.

Sec. 2306.655. **LOCAL PLAN; DISBURSEMENT.** Requires an applicant to submit to the department a plan for providing emergency relief. Sets forth the requirements of the plan.

Sec. 2306.656. **ELIGIBILITY FOR ASSISTANCE.** Sets forth provisions allowing each county, political subdivision, or nonprofit organization approved by the department to

establish eligibility for assistance requirements for persons who wish to receive benefits.

Sec. 2306.657. **REPORTS AND PUBLIC NOTICES.** Requires the director to include a written report describing and analyzing the operation of programs under this subchapter as part of the annual report required by Section 2306.072, Government Code. Requires a county, political subdivision, or nonprofit organization funded under this subchapter to assure the department that information is provided to the public regarding eligibility for and the nature of a program operated under this subchapter.

Sec. 2306.658. **RELATIONSHIP TO FEDERAL LAW.** Sets forth provisions requiring laws to comply with federal law.

SECTION 47. Amends Chapter 2306, Government Code, by adding Subchapter BB, as follows:

SUBCHAPTER BB. LOW INCOME HOUSING TAX CREDIT PROGRAM

Sec. 2306.671. **DEADLINES FOR ALLOCATION OF LOW INCOME HOUSING TAX CREDITS.** Requires the department to prepare and submit to the board for adoption the qualified allocation plan required by federal law for use by the department in setting criteria and priorities for the allocation of tax credits under the low income housing tax credit program by November 15 of each year. Requires the board to adopt and submit to the governor the qualified allocation plan by January 31. Requires the governor to approve, reject, or modify and approve the qualified allocation plan by February 28. Requires an applicant for a low income housing tax credit to be issued a commitment during the initial allocation cycle in a calendar to submit an application to the department by May 15. Requires the board to issue a commitment for allocation for the initial cycle of low income housing tax credits each year in accordance with the qualified allocation plan by July 31.

Sec. 2306.672. **SCORING OF APPLICATIONS.** Sets forth provisions relating to the scoring of applications for the low income housing tax credit program.

Sec. 2306.673. **SALE OF CERTAIN LOW INCOME HOUSING TAX CREDIT.** Sets forth provisions relating to a recipient of a low income housing tax credit who intends to sell the property. Defines "compliance period."

Sec. 2306.674. **DEPARTMENT PURCHASE OF LOW INCOME HOUSING TAX CREDIT PROPERTY.** Authorizes the board by rule to develop and implement a program to purchase low income housing tax credit property that is not purchased by a qualified nonprofit organization or tenant organization. Prohibits the department from purchasing low income housing tax credit property if the board finds that the purchase is not in the best interest of the state.

Sec. 2306.675. **ALLOCATION OF LOW INCOME HOUSING TAX CREDIT.** Sets forth provisions relating to the allocation of low income housing tax credit.

Sec. 2306.676. **EQUAL ACCESS TO PROGRAM.** Requires the department to establish procedures through the qualified allocation plan to ensure that each applicant for a low income housing tax credit has a fair and equal opportunity to submit or resubmit an application and submit for consideration any authorized supplementary materials and information.

Sec. 2306.677. **BOARD INFLUENCE PROHIBITED.** Sets forth provisions prohibiting the contacting of department staff by board members in order to influence the processing of low income housing tax credit applications.

Sec. 2306.678. **FEES.** Sets forth provisions relating to fees to be charged by the department.

Sec. 2306.679. **PUBLIC INFORMATION AND HEARINGS ON PROGRAM.** Sets forth

a provision requiring the department to provide information regarding the low income housing tax credit program. Requires the department to hold at least three public hearings in different regions of the state to receive public comments on low income housing tax credit applications.

SECTION 48. Amends Section 11.001, Human Resources Code, to provide that certain definitions apply, except as provided by Section 40.001, rather than 34.002.

SECTION 49. Amends Section 373.005, Local Government Code, to authorize a municipality to issue notes or other obligations guaranteed by the Secretary of Housing and Urban Development under Section 108 of the Housing and Community Development Act of 1974 for the purpose of providing financing for those activities described in Section 108 of the Housing and Community Development Act. Authorizes the Section 108 guaranteed notes to be secured by and made payable from the same sources as obligations issued under Chapter 271C, Local Government Code. Sets forth provisions relating to the terms in which Section 108 obligations may be issued.

SECTION 50. Amends Section 395.016, Local Government Code, by adding Subsection (g), to authorize the political subdivision to reduce or waive an impact fee for any service unit that would qualify as affordable housing under 42 U.S.C. Section 12745, as amended, once the service unit is constructed, notwithstanding Subsections (a)-(e) and Section 395.017. Authorizes the political subdivision to reverse its decision to waive or reduce the impact fee and the political subdivision to assess an impact fee at any time during the development approval or building process or after the building process if an impact was not already assessed, if affordable housing as defined by 42 U.S.C. Section 12745, as amended, is not constructed.

SECTION 51. Amends Chapter 23B, Tax Code, by adding Section 23.21, as follows:

Sec. 23.21. PROPERTY USED TO PROVIDE AFFORDABLE HOUSING. Sets forth provisions relating to the market value of property that is rented or leased to persons that qualify with low-income eligibility standards.

SECTION 52. Repealers: Sections 2306.122, 2306.143, 2306.513(e), Government Code (Annual Report, Annual Report, Housing for Individuals with Special Needs).

SECTION 53. Provides that Section 395.016(g), Local Government Code, applies to any assessed or unassessed impact fee that is not collected before the effective date of this Act.

SECTION 54. Effective date: September 1, 1997.

SECTION 55. Makes application of this Act prospective.

SECTION 56. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

Page 5, lines 19-21, redefines "elderly individual."

Page 66, after line 4, insert, "(c) The department shall waive grant application fees for non-profits that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services."

Amendment 2.

Page 67, line 22, insert new SECTION 50 (Section 373.005, Local Government Code), regarding the issuance of certain guaranteed obligations by a municipality. Redesignates existing SECTIONS.

Amendment 3.

Page 33, line 2, insert "but subject to the limitations in Section 2306.251(c), Government Code" after "Chapter," and before "the."

Page 48, after line 22, insert, Section 2306.5543, regarding personnel policies.

Page 53, after line 4, insert, Section 2306.5555, regarding public access.

Amendment 4.

Page 66, deletes SECTION 49. Redesignates existing SECTIONS.

Amendment 5.

Page 28, after line 22, insert "In administering federal housing funds provided to the state under the Cranston-Conzalez National Affordable Housing Act (42U.S.C. Section 12704 et seq.) the department shall give the highest priority to utilizing these funds for the benefit of non-participating small cities and rural areas which do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the U.S. Department of Housing and Urban Development unless the department finds there is insufficient need and demand for housing funds within these areas."

Amendment 6.

Page 25, line 2, after "San Antonio" delete "at least three" and insert "Lower Rio Grande Valley, and at least two."

Page 13, line 17, after "board" replace "may have" with "has."

Page 13, line 19, after "board" insert ", and provide to said officer evidence of such criminal behavior or conduct."