AN ACT
relating to the administration of certain housing funds by the
Texas Department of Housing and Community Affairs.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Section 2306.201, Government Code, is amended by
amending Subsection (b) and adding Subsection (c) to read as
follows:
(b) The fund consists of:
(1) appropriations or transfers made to the fund;
(2) unencumbered fund balances;
(3) public or private gifts, [+] grants, or
donations;
(4) investment income, including all interest,
dividends, capital gains, or other income from the investment of
any portion of the fund;
(5) repayments received on loans made from the fund;
and
(6) funds from any other source.
(c) The department may accept gifts, grants, or donations
for the housing trust fund. All funds received for the housing
trust fund under Subsection (b) shall be deposited or transferred
into the Texas Treasury Safekeeping Trust Company.
SECTION 2. Subsection (a), Section 2306.202, Government
Code, is amended to read as follows:
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(a) The department, through the housing finance division, shall use the housing trust fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. In each biennium the first $2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations provided that [so long as] at least 45 percent of available funds, as determined on September 1 of each state fiscal year, in excess of the first $2.6 million shall be made available to nonprofit organizations for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing. The remaining portion shall be distributed to [competed for by] nonprofit organizations, for-profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in Section 2306.251(c), the department may also use the fund to acquire property to endow the fund.

SECTION 3. Section 2306.203, Government Code, is amended to read as follows:

Sec. 2306.203. RULES REGARDING ADMINISTRATION OF HOUSING TRUST FUND. The board shall adopt rules to administer the housing trust fund, including rules providing:
(1) that the division give priority to programs that
maximize federal resources;

(2) for a process to set priorities for use of the
fund, including the distribution of fund resources in accordance
with a plan that is [under a request for a proposal process]
developed and approved by the board and included in the
department's annual report regarding the housing trust fund as
described in the General Appropriations Act;

(3) that the criteria used to evaluate a proposed
activity [rank proposals] will include the:

   (A) leveraging of [federal] resources;

   (B) cost-effectiveness of the [a] proposed
activity [development]; and

   (C) extent to which individuals and families of
very low income are served by the proposed activity [development];

(4) that funds may not be made available for a proposed
activity [to a development] that permanently and involuntarily
displaces individuals and families of low income;

(5) that the board attempt to allocate funds to
achieve a broad geographical distribution with:

   (A) special emphasis on equitably serving rural
and nonmetropolitan areas; and

   (B) consideration of the number and percentage of
income-qualified families in different geographical areas; and

(6) that multifamily housing developed or
rehabilitated through the fund remain affordable to
income-qualified households for at least 20 years.
SECTION 4. Subsection (b), Section 2306.753, Government Code, is amended to read as follows:

(b) To be eligible for a loan under this subchapter, an owner-builder:

(1) may not have an annual income that exceeds 60 percent, as determined by the department, of the greater of the state or local median family income, when combined with the income of any person who resides with the owner-builder;

(2) must have resided in this state for the preceding six months;

(3) must have successfully completed an owner-builder education class under Section 2306.756; and

(4) must agree to:

(A) provide through personal labor at least [65 percent] percent of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified owner-builder housing program; [65]

(B) provide an amount of personal labor equivalent to the amount required under Paragraph (A) in connection with building or rehabilitating housing for others through a state-certified owner-builder housing program;

(C) provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state-certified owner-builder housing program; or

(D) if due to documented disability or other
limiting circumstances as defined by department rule the
owner-builder cannot provide the amount of personal labor otherwise
required by this subdivision, provide through the noncontract labor
of friends, family, or volunteers at least 65 percent of the labor
necessary to build or rehabilitate the proposed housing by working
through a state-certified owner-builder housing program.

SECTION 5. Subsections (a), (b), and (c), Section 2306.754,
Government Code, are amended to read as follows:

(a) The department may establish the minimum amount of a
loan under this subchapter, but a loan made by the department may
not exceed $45,000 [$30,000].

(b) If it is not possible for an owner-builder to purchase
necessary real property and build or rehabilitate adequate housing
for $45,000 [$30,000], the owner-builder must obtain the amount
necessary that exceeds $45,000 [$30,000] from other sources of
funds [one or more local governmental entities, nonprofit
organizations, or private lenders]. The total amount of amortized,
repayable loans made by the department and other entities to an
owner-builder under this subchapter may not exceed $90,000
[$60,000].

(c) A loan made by the department under this subchapter:

(1) may not exceed a term of 30 years;

(2) may bear interest at a fixed rate of not more than
three percent or bear interest in the following manner:

(A) no interest for the first two years of the
loan;

(B) beginning with the second anniversary of the
date the loan was made, interest at the rate of one percent a year;
(C) beginning on the third anniversary of the
date the loan was made and ending on the sixth anniversary of the
date the loan was made, interest at a rate that is one percent
greater than the rate borne in the preceding year; and
(D) beginning on the sixth anniversary of the
date the loan was made and continuing through the remainder of the
loan term, interest at the rate of five percent; and
(3) shall [may] be secured by:
(A) a first lien by the department on the real
property if the loan is the largest amortized, repayable loan
secured by the real property; or
(B) a co-first lien or subordinate lien as
determined by department rule, if the loan is not the largest loan
as described by Paragraph (A)[, including a lien that is
subordinate to a lien that secures a loan made under Subsection (b)
and that is greater than the department's lien].

SECTION 6. Subsection (a), Section 2306.755, Government
Code, is amended to read as follows:
(a) The department may certify nonprofit owner-builder
housing programs operated by a tax-exempt organization listed under
Section 501(c)(3), Internal Revenue Code of 1986, to:
(1) qualify potential owner-builders for loans under
this subchapter;
(2) provide owner-builder education classes under
Section 2306.756;
(3) assist owner-builders in building or
rehabilitating housing; and

(4) originate or service loans made under this
subchapter.

SECTION 7. Subsection (a), Section 2306.756, Government
Code, is amended to read as follows:

(a) A state-certified nonprofit owner-builder housing
program shall offer owner-builder education classes to potential
owner-builders. A class under this section must provide
information on:

(1) the financial responsibilities of an
owner-builder under this subchapter, including the consequences of
an owner-builder's failure to meet those responsibilities;

(2) the building or rehabilitation of housing by
owner-builders;

(3) resources for low-cost building materials
available to owner-builders; and

(4) resources for building or rehabilitation
assistance available to owner-builders.

SECTION 8. Section 2306.757, Government Code, is amended to
read as follows:

Sec. 2306.757. LOAN PRIORITY FOR WAIVER OF LOCAL GOVERNMENT
FEES. In making loans under this subchapter, the department shall
give priority to loans to owner-builders who will reside in
counties or municipalities that agree in writing to waive capital
recovery fees, building permit fees, inspection fees, or other fees
related to the building or rehabilitation of the housing to be built
or improved with the loan proceeds.
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SECTION 9. Subsection (c), Section 2306.758, Government Code, is amended to read as follows:

(c) In a state fiscal year, the department may use not more than 10 percent of the revenue available for purposes of this subchapter to enhance the ability of tax-exempt organizations described by Section 2306.755(a) to implement the purposes of this chapter and to enhance the number of such organizations that are able to implement those purposes. The department shall use that available revenue to provide financial assistance, technical training, and management support for the purposes of this subsection.

SECTION 10. Subsection (a-1), Section 2306.7581, Government Code, is amended to read as follows:

(a-1) Each state fiscal year the department shall transfer at least $3 million to the owner-builder revolving fund from money received under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), from money in the housing trust fund, or from money appropriated by the legislature to the department. This subsection expires August 31, 2020 [2010].

SECTION 11. (a) The change in law made by this Act in amending Sections 2306.202, 2306.203, and 2306.758, Government Code, applies beginning with the state fiscal year that begins September 1, 2009.

(b) The change in law made by this Act in amending Sections 2306.753 and 2306.754, Government Code, applies only to
owner-builder loans granted by the department on or after the effective date of this Act. An owner-builder loan granted before the effective date of this Act is governed by the law in effect at the time the loan was granted, and the former law is continued in effect for that purpose.

SECTION 12. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.
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David B. Swearingen  
President of the Senate

I hereby certify that S.B. No. 679 passed the Senate on May 7, 2009, by the following vote: Yeas 31, Nays 0; May 29, 2009, Senate refused to concur in House amendment and requested appointment of Conference Committee; May 30, 2009, House granted request of the Senate; May 31, 2009, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Joe Straus  
Speaker of the House

I hereby certify that S.B. No. 679 passed the House, with amendment, on May 26, 2009, by the following vote: Yeas 145, Nays 0, two present not voting; May 30, 2009, House granted request of the Senate for appointment of Conference Committee; May 31, 2009, House adopted Conference Committee Report by the following vote: Yeas 142, Nays 0, one present not voting.

Robert Harper  
Secretary of the Senate

Chief Clerk of the House

Approved:

19 Jan 09  
Date

Rick Perry  
Governor

Colby Shuter

Filed in the Office of the Secretary of State  
2 pm  
JUN 19 2009