AN ACT

relating to the continuation and functions of the Texas State Affordable Housing Corporation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1372.0221, Government Code, is amended to read as follows:

Sec. 1372.0221. DEDICATION OF PORTION OF STATE CEILING FOR PROFESSIONAL EDUCATORS [TEACHERS] HOME LOAN PROGRAM. Until August 1, out [out] of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds under Section 1372.022, $25 million shall be allotted each year and made available exclusively to the Texas State Affordable Housing Corporation for the purpose of issuing qualified mortgage bonds in connection with the professional educators [teachers] home loan program established under Section 2306.562.

SECTION 2. Subsection (b), Section 1372.023, Government Code, is amended to read as follows:

(b) Until August 15, of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified residential rental project bonds, one-fifth [one-fourth] is available exclusively to the Texas Department of Housing and Community Affairs in the manner described by Section 1372.0231.

SECTION 3. Section 1372.0231, Government Code, is amended by amending Subsection (a) and adding Subsection (b-1) to read as
follows:

(a) Until August 15, of that portion of the state ceiling that is available exclusively for reservations by issuers of qualified residential rental project bonds:

(1) 20 [25] percent is available exclusively to the Texas Department of Housing and Community Affairs in the manner described by Subsection (b); [and]

(2) 70 [75] percent is available exclusively to housing finance corporations in the manner described by Subsections (c)-(f); and

(3) 10 percent is available exclusively to the Texas State Affordable Housing Corporation in the manner described by Subsection (b-1).

(b-1) With respect to the amount of the state ceiling set aside under Subsection (a)(3), the board shall issue qualified residential rental project bonds and allocate bond funds at the direction of the Texas State Affordable Housing Corporation as provided by Section 2306.565. Issuances made by the board under this subsection are subject to review and approval by the board under Section 1231.041.

SECTION 4. Section 2306.057, Government Code, is amended by adding Subsection (d) to read as follows:

(d) In assessing the compliance of the project, applicant, or affiliate, the board shall consider any relevant compliance information in the department's database created under Section 2306.081, including compliance information provided to the department by the Texas State Affordable Housing Corporation.
SECTION 5. Section 2306.0721, Government Code, is amended by adding Subsections (g) and (h) to read as follows:

(g) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

(h) The department shall consider and incorporate the specific results of the programs of the Texas State Affordable Housing Corporation in the department's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SECTION 6. Subsection (b), Section 2306.0722, Government Code, is amended to read as follows:

(b) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

(1) coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;

(2) set priorities for the available housing resources to help the neediest individuals;

(3) evaluate the success of publicly supported housing programs;

(4) survey and identify the unmet housing needs of individuals the department is required to assist;

(5) ensure that housing programs benefit an individual without regard to the individual's race, ethnicity, sex, or
national origin;

(6) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;

(7) develop housing programs through an open, fair, and public process;

(8) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);

(9) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;

(10) 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;

(11) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;

(12) use the following standardized categories to describe the income of program applicants and beneficiaries:

(A) 0 to 30 percent of area median income adjusted for family size;

(B) more than 30 to 60 percent of area median income adjusted for family size;

(C) more than 60 to 80 percent of area median income adjusted for family size;
(D) more than 80 to 115 percent of area median income adjusted for family size; or

(E) more than 115 percent of area median income adjusted for family size; and

(13) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations, and community action agencies; and

(14) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

SECTION 7. Section 2306.081, Government Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) The department shall create an easily accessible database that contains all project compliance information developed under this chapter, including project compliance information provided to the department by the Texas State Affordable Housing Corporation.

(e) The department shall allow the Texas State Affordable Housing Corporation timely access to the information in the database.

SECTION 8. Section 2306.5521, Government Code, is amended to read as follows:

Sec. 2306.5521. SUNSET PROVISION. The Texas State Affordable Housing Corporation is subject to Chapter 325 (Texas
Sunset Act). Unless continued in existence as provided by that chapter, the corporation is abolished and this subchapter expires September 1, 2009 [2003].

SECTION 9. Subsections (a) and (b), Section 2306.553, Government Code, are amended to read as follows:

(a) The public purpose of the corporation is to perform activities and services that the corporation'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 professional educators [teachers] under the professional educators [teachers] home loan program as provided by Section 2306.562. The activities and services shall include engaging in mortgage banking activities and lending transactions and acquiring, holding, selling, or leasing real or personal property.

(b) The corporation'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 [the] making [of] affordable loans to individuals and families of low, very low, and extremely low income, and to professional educators [teachers] under the professional educators [teachers] home loan program. The corporation may 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. The
corporation may make loans for multifamily developments if:

(1) at least 40 percent of the units in a multifamily
development are affordable to individuals and families with incomes
at or below 60 percent of the median family income, adjusted for
family size; or

(2) at least 20 percent of the units in a multifamily
development are affordable to individuals and families with incomes
at or below 50 percent of the median family income, adjusted for
family size.

SECTION 10. Section 2306.554, Government Code, is amended
by amending Subsection (c) and adding Subsection (f) to read as
follows:

(c) A member of the corporation's board of directors is not
entitled to compensation, but is entitled to reimbursement of
travel expenses incurred by the member while conducting the
business of the board to the same extent provided by the
General Appropriations Act for a member of a state board.

(f) Appointments to the board of directors of the
corporation shall be made without regard to the race, color,
disability, sex, religion, age, or national origin of the
appointees.

SECTION 11. Subchapter Y, Chapter 2306, Government Code, is
amended by adding Sections 2306.5541, 2306.5542, and 2306.5543 to
read as follows:
Sec. 2306.5541. TERMS OF MEMBERS. The members of the board of directors of the corporation serve staggered six-year terms, with the terms of one or two members expiring on February 1 of each odd-numbered year.

Sec. 2306.5542. REMOVAL OF MEMBERS. (a) It is a ground for removal from the board of directors of the corporation that a member:

(1) does not have at the time of taking office the qualifications required by Section 2306.554;

(2) does not maintain during service on the board of directors of the corporation the qualifications required by Section 2306.554;

(3) is ineligible for membership under Sections 2306.554 and 2306.5545;

(4) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(5) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board of directors.

(b) The validity of an action of the board of directors of the corporation is not affected by the fact that it is taken when a ground for removal of a board member exists.

(c) If the president of the corporation has knowledge that a potential ground for removal exists, the president shall notify the presiding officer of the board of directors of the potential
The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the president shall notify the next highest ranking officer of the board of directors, who shall then notify the governor and the attorney general that a potential ground for removal exists.

Sec. 2306.5543. TRAINING. (a) A person who is appointed to and qualifies for office as a member of the corporation's board of directors may not vote, deliberate, or be counted as a member in attendance at a meeting of the board until the person completes a training program that complies with this section.

(b) The training program must provide the person with information regarding:

(1) the legislation that created the corporation and the corporation's board of directors;

(2) the programs operated by the corporation;

(3) the role and functions of the corporation;

(4) the rules of the corporation with an emphasis on the rules that relate to disciplinary and investigatory authority;

(5) the current budget for the corporation;

(6) the results of the most recent formal audit of the corporation;

(7) the requirements of:

(A) the open meetings law, Chapter 551;

(B) the public information law, Chapter 552;

(C) the administrative procedure law, Chapter 2001; and
(D) other laws relating to public officials, including conflict-of-interest laws; and

(8) any applicable ethics policies adopted by the corporation or the Texas Ethics Commission.

(c) A person appointed to the corporation's board of directors is entitled to reimbursement, to the same extent provided by the General Appropriations Act for a member of a state board, for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

SECTION 12. Section 2306.5545, Government Code, is amended to read as follows:

Sec. 2306.5545. CONFLICT OF INTEREST POLICIES. (a) The board of directors of the corporation shall develop and implement policies relating to employee conflicts of interest that are substantially similar to comparable policies that govern state employees.

(b) A person may not be a member of the corporation's board of directors and may not be a corporation employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), and its subsequent amendments, if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association in the field of banking, real estate, housing development, or housing construction; or
(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association in the field of banking, real estate, housing development, or housing construction.

(c) A person may not be a member of the corporation's board of directors or act as the general counsel to the board of directors or the corporation if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the corporation.

(d) In this section, "Texas trade association" means a cooperative and voluntarily joined statewide association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

SECTION 13. Subchapter Y, Chapter 2306, Government Code, is amended by adding Sections 2306.5546, 2306.5547, and 2306.5548 to read as follows:

Sec. 2306.5546. STANDARDS OF CONDUCT. The president of the corporation or the president's designee shall provide to members of the board of directors of the corporation and to corporation employees, as often as necessary, information regarding the requirements for office or employment under this subchapter, including information regarding a person's responsibilities under applicable laws relating to standards of conduct for state officers or employees.

Sec. 2306.5547. DIVISION OF RESPONSIBILITY. The board of
directors of the corporation shall develop and implement policies that clearly separate the policymaking responsibilities of the board of directors and the management responsibilities of the president and the staff of the corporation.

Sec. 2306.5548. EQUAL EMPLOYMENT OPPORTUNITY POLICY.
(a) The president of the corporation or the president's designee shall prepare and maintain a written policy statement that implements a program of equal employment opportunity to ensure that all personnel decisions are made without regard to race, color, disability, sex, religion, age, or national origin.

(b) The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, training, and promotion of personnel, that show the intent of the corporation to avoid the unlawful employment practices described by Chapter 21, Labor Code; and

(2) an analysis of the extent to which the composition of the corporation's personnel is in accordance with state and federal law and a description of reasonable methods to achieve compliance with state and federal law.

(c) The policy statement must be:

(1) updated annually; and

(2) filed with the governor's office.

SECTION 14. The heading to Section 2306.562, Government Code, is amended to read as follows:

Sec. 2306.562. PROFESSIONAL EDUCATORS [TEACHERS] HOME LOAN PROGRAM.
SECTION 15. Subsections (a) through (d) and (f), Section 2306.562, Government Code, are amended to read as follows:

(a) In this section:

(1) "Home" means a dwelling in this state in which a professional educator [teacher] intends to reside as the professional educator's [teacher's] principal residence.

(2) "Mortgage lender" has the meaning assigned by Section 2306.004.

(3) "Professional educator" means a classroom teacher, full-time paid teacher's aide, full-time librarian, full-time counselor certified under Subchapter B, Chapter 21, Education Code, or full-time school nurse.

(4) "Program" means the professional educators [teachers] home loan program.

[(4) "Teacher" means a person who is a classroom teacher as defined by Section 5.001, Education Code.]

(b) The corporation shall establish a program to provide eligible professional educators [teachers] whose income does not exceed 115 percent of area median family income, adjusted for family size, with low-interest home mortgage loans.

(c) To be eligible for a loan under this section, a professional educator [teacher] must:

(1) have been residing in this state for the five-year period preceding the date the teacher files an application for a loan under this section;

(2) have been working as a teacher for the three-year period preceding the application date; and
(2) be employed by a school district in this state on the application date.

(d) The corporation may contract with other agencies of the state or with private entities to determine whether applicants qualify as professional educators [teacher] under this section or otherwise to administer all or part of this section.

(f) The board of directors of the corporation shall adopt rules governing:

(1) the administration of the program;
(2) the making of loans under the program;
(3) the criteria for approving mortgage lenders;
(4) the use of insurance on the loans and the homes financed under the program, as considered appropriate by the board to provide additional security for the loans;
(5) the verification of occupancy of the home by the professional educator [teacher] as the professional educator's [teacher's] principal residence; and
(6) the terms of any contract made with any mortgage lender for processing, originating, servicing, or administering the loans.

SECTION 16. Subchapter Y, Chapter 2306, Government Code, is amended by adding Sections 2306.563 through 2306.569 to read as follows:

Sec. 2306.563. PUBLIC BENEFIT REQUIREMENT. (a) The corporation shall implement a requirement that a community housing
development organization that receives an issuance of qualified 501(c)(3) bonds from the corporation to develop property must invest at least one dollar in projects and services that benefit income-eligible persons for each dollar of taxes that is not imposed on the property as a result of a property tax exemption received under Section 11.182, Tax Code.

(b) The projects and services must benefit income-eligible persons in the county in which the property supported with the tax exemption is located.

(c) The projects and services must consist of:

(1) rent reduction;
(2) capital improvement projects; or
(3) social, educational, or economic development services.

(d) The corporation and the organization may determine on a case-by-case basis the specific projects and services in which the organization must invest under this section.

(e) The dollar-for-dollar public benefit requirement imposed by this section shall be reduced by an amount equal to each dollar that, in lieu of taxes, a community housing development organization pays to a taxing unit for which the property receives an exemption under Section 11.182, Tax Code.

(f) In implementing the public benefit requirement, the corporation shall adopt guidelines for reasonable rent reductions, capital improvement projects, and social, educational, and economic development services.

Sec. 2306.564. REVIEW OF QUALIFIED 501(c)(3) BOND ISSUANCE
POLICIES. (a) The corporation shall review annually its qualified 501(c)(3) bond issuance policies, including the public benefit requirement implemented under Section 2306.563.

(b) The corporation shall give to the secretary of state for publication in the Texas Register any proposed policy revisions and allow a reasonable period for public comment.

(c) The board of directors of the corporation must approve any change to the bond issuance policies.

Sec. 2306.565. ISSUANCE OF QUALIFIED RESIDENTIAL RENTAL PROJECT BONDS; ALLOCATION OF BOND FUNDS. (a) The corporation shall direct the Bond Review Board on the issuance of the portion of state ceiling set aside for the corporation under Section 1372.0231(a).

(b) The board of directors of the corporation shall adopt guidelines governing the method by which the corporation identifies target areas for the allocation of qualified residential rental project bond funds. The guidelines must include a clear demonstration of local need and community support for a housing development.

(c) The corporation shall research the state's strategic housing needs by coordinating with the department and reviewing relevant needs assessment information, as required by Section 2306.566. The corporation shall also solicit information regarding housing needs from local and regional housing organizations.

(d) The board of directors of the corporation shall adopt criteria governing the method by which the corporation solicits proposals for housing developments in areas targeted by the

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corporation. The guidelines must state the criteria to be included in the corporation's requests for proposals. The requests for proposals must comply with any relevant federal requirements.

(e) The board of directors of the corporation shall adopt criteria governing the method by which the staff of the corporation scores and ranks applications for an allocation under this section that are received in response to a request for proposals. The criteria must include:

(1) the cost per unit of the housing development;
(2) the proposed rent for a unit; and
(3) the income ranges of individuals and families to be served by the housing development.

(f) The board of directors of the corporation shall identify housing developments with respect to which the board anticipates directing the Bond Review Board to allocate bond funds under this section, based on the highest scores received in the scoring and ranking process described by Subsection (e).

(g) After the board of directors of the corporation has identified housing developments under Subsection (f), the corporation shall hold public hearings, as required by federal law, on the housing developments identified by the board.

(h) Following the public hearings, the staff shall prepare final evaluations and recommendations for the board, incorporating any public comments received at the hearings. The board shall consider the staff's recommendations in making its final decisions regarding the allocation of bond funds for housing developments under this section and shall inform the Bond Review Board of those
decisions.

(i) The corporation shall pay the department a reasonable fee for underwriting an application for an allocation of low income housing tax credits if the housing development proposed in the application is or will be supported by an allocation of bond funds under this section.

(j) The decisions made by the corporation regarding the allocation of bond funds under this section are not subject to the restrictions in Section 1372.0321, as added by Chapter 1367 or 1420, Acts of the 77th Legislature, Regular Session, 2001.

Sec. 2306.566. COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN. (a) The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).

(b) The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.

(c) The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.

Sec. 2306.567. COMPLIANCE INFORMATION. (a) The corporation shall provide to the department electronic copies of all compliance information compiled by the corporation.

(b) Before approving an application regarding a housing development, the corporation shall consider any relevant compliance information in the department's database created under Section 2306.081.
Sec. 2306.568. RECORD OF COMPLAINTS. (a) The corporation shall maintain a file on each written complaint filed with the corporation. The file must include:

1. the name of the person who filed the complaint;
2. the date the complaint is received by the corporation;
3. the subject matter of the complaint;
4. the name of each person contacted in relation to the complaint;
5. a summary of the results of the review or investigation of the complaint; and
6. an explanation of the reason the file was closed, if the corporation closed the file without taking action other than to investigate the complaint.

(b) The corporation shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the corporation's policies and procedures relating to complaint investigation and resolution.

(c) The corporation, at least quarterly until final disposition of the complaint, shall notify the person filing the complaint and each person who is a subject of the complaint of the status of the investigation unless the notice would jeopardize an undercover investigation.

Sec. 2306.569. EFFECTIVE USE OF TECHNOLOGY. The corporation's board of directors shall develop and implement a policy requiring the president of the corporation and corporation employees to research and propose appropriate technological
solutions to improve the corporation's ability to perform its
functions. The technological solutions must:

(1) ensure that the public is able to easily find
information about the corporation on the Internet;
(2) ensure that persons who want to use the
corporation's services are able to:
(A) interact with the corporation through the
Internet; and
(B) access any service that can be provided
effectively through the Internet; and
(3) be cost-effective and developed through the
corporation's planning processes.

SECTION 17. Section 6, Chapter 1194, Acts of the 77th
Legislature, Regular Session, 2001, is amended to read as follows:

Sec. 6. The Texas State Affordable Housing Corporation
shall[+

[(1) give priority to a teacher who resides or teaches
in an area of the state with a teacher shortage, as determined by
the commissioner of education;]
[(2)] aggressively pursue funding for the
professional educators [teachers] home loan program required by
Section 2306.562, Government Code[, as added by this Act; and
[(3) implement the teachers home loan program required
by that section not later than September 1, 2002].

SECTION 18. (a) The change in law made by this Act in
amending Chapter 1372, Government Code, applies only to an
application for an amount of the state ceiling set aside for issuers
of qualified mortgage bonds or qualified residential rental project bonds in a year beginning on or after January 1, 2004. An application for an amount of the state ceiling set aside for issuers of qualified mortgage bonds or qualified residential rental project bonds in 2003 is governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) The offices of the board of directors of the Texas State Affordable Housing Corporation serving immediately before the effective date of this Act are abolished at the time three or more of the newly appointed directors under Subsection (c) of this section qualify for office. The changes in law made by this Act to the qualifications of or prohibitions on members of the board of directors do not affect the entitlement of a member serving immediately before the effective date of this Act to continue to serve as provided by this subsection.

(c) The governor shall make five appointments to the board of directors of the Texas State Affordable Housing Corporation in accordance with Section 2306.554, Government Code, as amended by this Act, as soon as possible on or after the effective date of this Act. In making appointments under this subsection, the governor shall designate:

(1) one member for a term expiring February 1, 2005;
(2) two members for terms expiring February 1, 2007;
and
(3) two members for terms expiring February 1, 2009.

(d) A member of the board of directors of the Texas State
Affordable Housing Corporation appointed under Subsection (c) of this section is not required to comply with the training requirement prescribed by Section 2306.5543, Government Code, as added by this Act, until September 1, 2004.

(e) This Act does not prohibit a person who is a member of the board of directors of the Texas State Affordable Housing Corporation immediately before the effective date of this Act from being appointed as a member of the board of directors on or after the effective date of this Act if the person has the qualifications required for the position under Subchapter Y, Chapter 2306, Government Code, as amended by this Act.

SECTION 19. Section 2306.568, Government Code, as added by this Act, applies only to a complaint filed with the board of directors of the Texas State Affordable Housing Corporation on or after the effective date of this Act, regardless of whether the conduct or act that is the subject of the complaint occurred or was committed before, on, or after the effective date of this Act.

SECTION 20. This Act takes effect September 1, 2003.
David Dewhurst  
President of the Senate

Jim Calder  
Speaker of the House

I hereby certify that S.B. No. 284 passed the Senate on April 10, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 30, 2003, by a viva-voce vote.

Antony Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 284 passed the House, with amendments, on May 25, 2003, by a non-record vote.

Robert Harvey  
Chief Clerk of the House

Approved:

18 June '03  
Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE SECRETARY OF STATE  
9:30 a.m. o'clock  
Jun 18, 2003  
Secretary of State