

BILL ANALYSIS

Senate Research Center
76R9018 ESH-D

S.B. 1287
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Border Affairs - Special
4/14/1999
As Filed

DIGEST

Currently, housing loans are difficult to attain for low-income families. S.B. 1287 would allow the Texas Department of Housing and Community Affairs to provide housing loans to residents of low-income families.

PURPOSE

As proposed, S.B. 1287 sets forth provisions for housing loans for low-income families.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.752(b), Government Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER FF. OWNER-BUILDER LOAN PROGRAM

Sec. 2306.751. DEFINITION. Defines “owner-builder.”

Sec. 2306.752. OWNER-BUILDER LOAN PROGRAM. Requires the Texas Department of Housing and Community Affairs (TDHCA), through the colonia self-help centers established under Subchapter Z, to make loans for owner-builders to enable them to purchase real property on which to build new residential housing, and build new residential housing, to provide for the development of affordable housing in this state. Authorizes TDHCA to adopt rules necessary to accomplish the purposes of this subchapter.

Sec. 2306.753. OWNER-BUILDER ELIGIBILITY. Requires TDHCA to establish eligibility requirements for an owner-builder to receive a loan under this subchapter, subject to this section. Requires the eligibility requirements to provide that at least 50 percent of the loans made under this subchapter be made to owner-builders with an annual income, as determined under Subsection (b)(2), of less than \$17,500. Sets forth eligibility requirements for a loan under this subchapter. Authorizes TDHCA to select nonprofit owner-builder housing programs to certify the eligibility of owner-builders to receive a loan under this subchapter. Requires a nonprofit housing assistance organization selected by TDHCA to use the eligibility requirements established by TDHCA to certify the eligibility of an owner-builder for the program.

Sec. 2306.754. AMOUNT OF LOAN; LOAN TERMS. Prohibits the amount of a loan made by TDHCA under this subchapter from exceeding \$25,000. Requires the owner-builder to obtain the amount necessary that exceeds \$25,000 from one or more local governmental entities, nonprofit organizations, or private lenders, if it is not possible for an owner-builder to purchase necessary real property and build adequate housing for \$25,000. Prohibits the total amount of loans made by TDHCA and other entities under this subchapter from exceeding \$60,000. Sets forth requirements for a loan made by TDHCA under this subchapter.

Sec. 2306.755. NONPROFIT OWNER-BUILDER HOUSING PROGRAMS. Authorizes TDHCA to certify nonprofit owner-builder housing programs to qualify potential owner-builders for loans under this subchapter, provide home buyer education classes under Section 2306.756,

assist owner-builders in building housing, and administer loans made by TDHCA under this subchapter.

Sec. 2306.756. HOME BUYER EDUCATION CLASSES. Requires a state-certified nonprofit owner-builder housing program to offer owner-builder education classes to potential owner-builders. Sets forth requirements for a class under this section. Authorizes a nonprofit owner-builder housing program to charge a potential owner-builder who enrolls in a class under this section a reasonable fee not to exceed \$50 to offset the program's costs in providing the class.

Sec. 2306.757. WAIVER OF LOCAL GOVERNMENT FEES. Prohibits TDHCA from making a loan under this subchapter unless the county or municipality in which the real property as to which the loan is made agrees in writing to waive all capital recovery fees, building permit fees, inspection fees, or other fees related to the building of the housing to be built with the loan proceeds.

Sec. 2306.758. FUNDING. Requires TDHCA to solicit gifts and grants to make loans under this subchapter. Authorizes TDHCA to also make loans under this subchapter from certain funds.

Sec. 2306.759. MAXIMUM NUMBER OF LOANS. Prohibits TDHCA from making more than 500 loans under this subchapter, for the state fiscal year ending August 31, 2000. Prohibits TDHCA from making more than 1,000 loans under this subchapter, for the state fiscal year ending August 31, 2001.

Sec. 2306.760. REPORTING DUTIES. Requires TDHCA to prepare a report that evaluates the repayment history of owner-builders who receive loans under this subchapter, and deliver a copy of the report to the governor, the lieutenant governor, and the speaker of the house of representatives, no later than November 15, 2000.

Sec. 2306.761. EXPIRATION. Provides that this subchapter expires September 1, 2001.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.