

## **BILL ANALYSIS**

Senate Research Center  
78R923 QS-D

S.B. 284  
By: Lucio  
Government Organization  
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As Filed

### **DIGEST AND PURPOSE**

In 1995, the 74th Texas Legislature established the Texas State Affordable Housing Corporation (TSAHC) as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low-income Texans. To achieve its mission, TSAHC issues mortgage revenue bonds to finance the creation of affordable multifamily housing units by non-profit organizations, and to finance the purchase of single-family homes under the Teacher Home Loan Program. TSAHC underwent a Sunset review in 2001. The 77th Legislature continued TSAHC for two years, rather than the standard 12 years, and required the Sunset Commission to evaluate TSAHC's new business focus. As proposed, S.B. 284 continues TSAHC until September 1, 2009, and requires TSAHC to adopt a minimum dollar-for-dollar public benefit requirement for recipients of 501(c)(3) bonds.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2306.057, Government Code, by adding Subsection (d), to require the Texas State Affordable Housing Corporation (TSAHC), in assessing the compliance of the project, applicant, or affiliate, to consider any relevant compliance information in the Texas Department of Housing and Community Affairs' (TDHCA) database created under Section 2306.081, including compliance information provided to TDHCA by TSAHC.

SECTION 2. Amends Section 2306.0721, Government code, by adding Subsections (g) and (h), as follows:

(g) Requires TDHCA to include the plan developed by TSAHC under Section 2306.565 in TDHCA's resource allocation plan under Subsection (c) (5).

(h) Requires TDHCA to consider and incorporate the specific results of the programs of TSAHC in TDHCA's estimate and analysis of the housing supply in each uniform state service region under Subsection (c)(9).

SECTION 3. Amends Section 2306.0722(b), Government Code, to provide the needs assessment information compiled for the report and plan to TSAHC.

SECTION 4. Amends Section 2306.081, Government Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Requires TDHCA to create a database that contains information including project compliance information provided to TDHCA by TSAHC.

(e) Requires TDHCA to allow TSAHC timely access to the information in the database.

SECTION 5. Amends Section 2306.5521, Government Code, to continue TSAHC until September 1, 2009.

SECTION 6. Amends Section 2306.554, Government Code, by amending Subsection (c) and adding Subsection (f), as follows:

(c) Updates standard Sunset language relating to reimbursement for board members for certain expenses.

(f) Adds standard Sunset language requiring appointments to the board of directors (board) to be made without regard to certain personal characteristics.

SECTION 7. Amends Chapter 2306Y, Government Code, by adding Sections 2306.5541, 2306.5542, and 2306.5543, as follows:

Sec. 2306.5541. TERMS OF MEMBERS. Adds standard Sunset language relating to the terms of membership of the board.

Sec. 2306.5542. REMOVAL OF MEMBERS. Adds standard Sunset language relating to the grounds for removal of board members.

Sec. 2306.5543. TRAINING. Adds standard Sunset language relating to the training program that a person who qualifies for board membership must undertake before being counted as a member.

SECTION 8. Amends Section 2306.5545, Government Code, to add standard Sunset language relating to conflicts of interests applicable to TSAHC employees, and board members.

SECTION 9. Amends Chapter 2306Y, Government Code, by adding Sections 2306.5546, 2306.5547, and 2306.5548, as follows:

Sec. 2306.5546. STANDARDS OF CONDUCT. Adds standard Sunset language requiring information on standards of conduct to be provided to members of a policymaking body and employees.

Sec. 2306.5547. DIVISION OF RESPONSIBILITY. Adds standard Sunset language requiring TSAHC to develop and implement policies that clearly separate the functions of the policymaking body and the agency staff.

Sec. 2306.5548. EQUAL EMPLOYMENT OPPORTUNITY POLICY. Adds standard Sunset language requiring the president of TSAHC or the president's designee to develop an equal opportunity program.

SECTION 10. Amends Chapter 2306Y, Government Code, by adding Sections 2306.563-2306.568, as follows:

Sec. 2306.563. PUBLIC BENEFIT REQUIREMENT. (a) Requires TSAHC to 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) Requires the projects and services to benefit income-eligible persons in the county in which the property supported with the tax exemption is located.

(c) Requires the projects and services to consist of certain items.

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

(e) Requires the dollar-for-dollar public benefit requirement imposed by this section to 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) Requires TSAHC, in implementing the public benefit requirement, to adopt guidelines for reasonable rent reductions, capital improvement projects, and social, educational, and economic development services.

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

(b) Requires TSAHC to 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) Requires the board to approve any change to the bond issuance policies.

Sec. 2306.565. COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN. (a) Requires TSAHC to review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).

(b) Requires TSAHC to 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) Requires TSAHC's to include specific proposals to address certain affordable housing needs.

Sec. 2306.566. COMPLIANCE INFORMATION. (a) Requires TSAHC to provide to TDHCA electronic copies of all compliance information compiled by the corporation.

(b) Requires TSAHC, before approving an application regarding a housing development, to consider any relevant compliance information in TDHCA's database created under Section 2306.081.

Sec. 2306.567. RECORD OF COMPLAINTS. Adds standard Sunset language requiring information to be maintained on complaints.

Sec. 2306.568. EFFECTIVE USE OF TECHNOLOGY. Adds standard Sunset language relating to the effective use of technology.

SECTION 11. (a) Provides that the offices of the board of directors of the TSAHC serving immediately before the effective date of this Act are abolished at the time three or more of the newly appointed directors under Subsection (b) of this section qualify for office. Makes application of this Act prospective.

(b) Requires the governor to 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. Requires the governor, in making appointments under this subsection, to 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.

(c) Provides that a member of the board of directors of the Texas State Affordable Housing Corporation appointed under Subsection (b) 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.

(d) Provides that 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 Chapter 2306Y, Government Code, as amended by this Act.

SECTION 12. Makes application of Section 2306.567, Government Code, as added by this Act prospective.

SECTION 13. Effective date: September 1, 2003.