

Texas Department of Housing and Community Affairs

H.B. 3361 Dutton (Birdwell)

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This special-purpose Sunset review of the Texas Department of Housing and Community Affairs follows a full review of the agency in 2011 in which changes were not enacted because the Governor vetoed the agency's Sunset bill. During a special session that summer, the Governor's concerns were resolved by the transfer of the Department's disaster recovery functions to the General Land Office. The Legislature continued the Department under Sunset review for two years, directing Sunset to review the appropriateness of the recommendations previously adopted.

With the exception of the disaster recovery recommendations, the Sunset Commission concluded that most of its previous recommendations remained appropriate. These changes were incorporated into House Bill 3361 and include improvements to the Department's low income housing tax credit program, compliance efforts, and oversight of the manufactured housing industry.

The following material summarizes the recommendations adopted as part of this special-purpose Sunset review of the Department. For additional information see the *Texas Department of Housing and Community Affairs Sunset Final Report with Legislative Action* available on the Sunset Commission website at www.sunset.state.tx.us.

Tax Credits

- Replaces neighborhood organization letters with voted resolutions from local city councils or county commissioners courts as a principle tax credit scoring item, but continues consideration of neighborhood organization letters as a lesser scoring item.
- Eliminates the requirement for letters of support from state senators, but continues consideration of letters from state representatives as a lesser scoring item.
- Allows the Department to create additional tax credit allocation cycles to take advantage of nonstandard federal assistance opportunities.
- Establishes local threshold requirements for noncompetitive 4 percent low income housing tax credit applications.

Compliance

- Clarifies the Department's ability to refer penalty appeals hearings to the State Office of Administrative Hearings.
- Requires judicial review of appeals of the Department's decisions to be based on the substantial evidence rule, instead of a de novo review.

- Authorizes the Department to use debarment as a sanction and protection in all its programs.
- Specifies that the Department must provide development owners with certain periods of time to correct violations that fail to meet compliance requirements.

Manufactured Housing

- Requires the Manufactured Housing Division to conduct a fingerprint-based criminal background check of all manufactured housing licensees.
- Grants cease-and-desist authority to the Division for unlicensed construction, sale, and installation of manufactured homes.
- Authorizes the Division to order direct refunds as part of the manufactured housing complaint settlement process.
- Authorizes Division staff to administratively dismiss baseless and non-jurisdictional complaints and report these actions to the Division's Board.
- Eliminates manufactured housing branch and rebuilder licenses from statute.
- Authorizes the Division to collect a fee for reprinted manufactured housing licenses.
- Applies the standard Sunset Across-the-Board Recommendation for the Manufactured Housing Division to develop a policy regarding negotiated rulemaking and alternative dispute resolution.

Reporting Requirements

- Abolishes the Department's reports relating to energy and peak demand savings, the statutory Contract for Deed Conversion Guarantee Program, and transfers of funds, personnel, or in-kind services to the Texas State Affordable Housing Corporation.

Continuation

- Continues the Texas Department of Housing and Community Affairs for 12 years.

Fiscal Implication

House Bill 3361 will not have a significant fiscal impact to the State.