

Texas State Affordable Housing Corporation

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Corporation at a Glance

The Legislature created the Texas State Affordable Housing Corporation (the Corporation) in 1995 as a self-sustaining nonprofit corporation to help low-income Texans obtain affordable housing. To achieve its mission, the Corporation carries out the following key activities:

- issues bonds to finance the purchase of single family homes by qualifying low-income first-time homebuyers and Texas educators, firefighters, corrections officers, emergency medical personnel, and law enforcement personnel;
- seeks out grants and donations to help support affordable housing initiatives;
- provides grants to nonprofits and rural governmental entities to build or rehabilitate homes;
- supports the Texas Foreclosure Prevention Taskforce, and gives grants to local organizations providing foreclosure counseling services; and
- partners with nonprofit organizations and local governments to acquire and redevelop foreclosed homes, vacant land, and other properties.

Summary

The Sunset Commission considered the Corporation through a special purpose review, following up on the full Sunset review of the Corporation conducted in 2008. At that time, the Sunset Commission adopted and forwarded recommendations on the Corporation to the 81st Legislature, but the Corporation's Sunset bill did not pass. Instead, the Legislature continued the Corporation for two years in separate legislation and directed the 2010 Sunset review to focus on the appropriateness of the Sunset Commission's previous recommendations.

Given the Corporation's progress, the Sunset Commission recommends continuing it for 12 years.

Sunset's re-examination revealed that the Corporation has capitalized on its status as a statewide nonprofit entity to raise private and public funds to support affordable housing initiatives, foreclosure prevention counseling services, and redevelopment of foreclosed properties as affordable housing.

As such, the Sunset Commission determined that most of the previous recommendations remain appropriate. However, given the Corporation's progress, the Commission recommends a standard 12-year continuation, rather than the six years recommended previously. The Sunset Commission also found that the Corporation continues to need statutory authority and direction to implement these recommendations. The following material summarizes the Sunset Commission's recommendations on the Corporation that continue to be appropriate for consideration by the 82nd Legislature.

Issue 1

The Corporation Helps Meet the State's Need for Affordable Housing, but Could Benefit From Changes to Its Board and Enforcement Abilities.

Recommendations

Change in Statute

- 1.1 Continue the Texas State Affordable Housing Corporation for 12 years, and require the Corporation to report annually to the Legislature on its fundraising and grant activities.**

This recommendation would continue the Corporation for 12 years, to coincide with the Sunset review of the Texas Department of Housing and Community Affairs, and require the Corporation to annually provide the Legislature with information that shows its effectiveness at competing for grant funds, raising private donations, leveraging private funds for lending, and making grants.

- 1.2 Maintain the current five member size of the Corporation's Board and require one member to represent the interests of families served by the Corporation's single family programs and one member to represent nonprofit housing organizations.**

This recommendation would ensure that the Corporation's Board includes members that can provide expertise and input from stakeholders served by the Corporation's single family programs and nonprofit organizations that provide affordable housing, without increasing the size of the Board.

- 1.3 Require the Corporation to include a range of enforcement options in its multifamily contracts to ensure developers provide safe and decent housing.**

This recommendation would require the Corporation to include, at a minimum, the following range of enforcement options in all multifamily development contracts financed by the Corporation.

- Assessment of financial penalties for non-compliance with bond documents and Corporation policies.
- Withdrawal of reserve funds by the Corporation to make needed repairs and replacements to a property.
- Removal of the property manager and replacement with one acceptable to the Corporation.
- Appointment of the Corporation as receiver to protect and operate the property.

1.4 Update standard Sunset across-the-board requirements for the Corporation.

- **Conflict of interest.** This recommendation would update current statute prohibiting an individual from serving as a member of the Board if the person or the person's spouse is an officer, employee, or paid consultant of a Texas trade association in the field of mortgage lending.
- **Presiding officer designation.** This recommendation would update current statute requiring the Governor to designate a member of the Board as the presiding officer to serve in that capacity at the pleasure of the Governor.
- **Board member training.** This recommendation would update current statute establishing the type of information to be included in Board member training.
- **Complaint information.** This recommendation would update current statute requiring the Corporation to maintain a system to act promptly on complaints filed with the Corporation and to make available information describing its complaint investigation and resolution procedures.

Fiscal Implication Summary ---

None of the recommendations would have a fiscal impact to the State because the Corporation is self-funded and does not receive state appropriations.

