

1-1 By: Darby (Senate Sponsor - Parker) H.B. No. 1766
 1-2 (In the Senate - Received from the House May 3, 2023;
 1-3 May 4, 2023, read first time and referred to Committee on Local
 1-4 Government; May 22, 2023, reported favorably by the following
 1-5 vote: Yeas 9, Nays 0; May 22, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the issuance of private activity bonds for qualified
 1-20 residential rental projects.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 1202.003, Government Code, is amended by
 1-23 adding Subsection (b-1) to read as follows:

1-24 (b-1) Notwithstanding Subsection (b), if Section
 1-25 1372.037(b) applies with respect to the issuance of qualified
 1-26 residential rental project bonds in a program year, the attorney
 1-27 general must certify the issuer's compliance with that subsection
 1-28 before approving the issuance of those bonds. A certification made
 1-29 under this subsection may be based solely on a written verification
 1-30 provided by the issuer on request of the attorney general.

1-31 SECTION 2. Section 1372.0231(f), Government Code, is
 1-32 amended to read as follows:

1-33 (f) In each area described by Subsection (d) [~~or (e)~~], the
 1-34 board shall grant reservations based on the priority levels of
 1-35 proposed projects as described by Section 1372.0321.

1-36 SECTION 3. Section 1372.0321, Government Code, is amended
 1-37 to read as follows:

1-38 Sec. 1372.0321. PRIORITIES FOR RESERVATIONS AMONG ISSUERS
 1-39 OF QUALIFIED RESIDENTIAL RENTAL PROJECT ISSUES. (a) In granting
 1-40 reservations to issuers of qualified residential rental project
 1-41 issues, the board shall give first priority to projects that:

1-42 (1) during the four-year period preceding the date of
 1-43 the application, have:

1-44 (A) filed an application for a low-income housing
 1-45 tax credit with the Texas Department of Housing and Community
 1-46 Affairs; and

1-47 (B) closed on a previous reservation of bonds in
 1-48 accordance with Section 1372.042, as determined based on the date
 1-49 of allocation of those bonds;

1-50 (2) require a subsequent issuance of bonds to maintain
 1-51 compliance with the percentage requirement described by Subsection
 1-52 (e); and

1-53 (3) have not previously applied for a subsequent
 1-54 issuance of bonds under this subsection.

1-55 (b) In granting reservations to issuers of qualified
 1-56 residential rental project issues, the board shall give second
 1-57 priority to:

1-58 (1) projects in which:

1-59 (A) 50 percent of the residential units in the
 1-60 project are:

1-61 (i) under the restriction that the maximum

2-1 allowable rents are an amount equal to 30 percent of 50 percent of
2-2 the area median family income minus an allowance for utility costs
2-3 authorized under the federal low-income housing tax credit program;
2-4 and
2-5 (ii) reserved for families and individuals
2-6 earning not more than 50 percent of the area median income; and
2-7 (B) the remaining 50 percent of the residential
2-8 units in the project are:
2-9 (i) under the restriction that the maximum
2-10 allowable rents are an amount equal to 30 percent of 60 percent of
2-11 the area median family income minus an allowance for utility costs
2-12 authorized under the federal low-income housing tax credit program;
2-13 and
2-14 (ii) reserved for families and individuals
2-15 earning not more than 60 percent of the area median income;
2-16 (2) projects in which:
2-17 (A) 15 percent of the residential units in the
2-18 project are:
2-19 (i) under the restriction that the maximum
2-20 allowable rents are an amount equal to 30 percent of 30 percent of
2-21 the area median family income minus an allowance for utility costs
2-22 authorized under the federal low-income housing tax credit program;
2-23 and
2-24 (ii) reserved for families and individuals
2-25 earning not more than 30 percent of the area median income; and
2-26 (B) the remaining 85 percent of the residential
2-27 units in the project are:
2-28 (i) under the restriction that the maximum
2-29 allowable rents are an amount equal to 30 percent of 60 percent of
2-30 the area median family income minus an allowance for utility costs
2-31 authorized under the federal low-income housing tax credit program;
2-32 and
2-33 (ii) reserved for families and individuals
2-34 earning not more than 60 percent of the area median income;
2-35 (3) projects:
2-36 (A) in which 100 percent of the residential units
2-37 in the project are:
2-38 (i) under the restriction that the maximum
2-39 allowable rents are an amount equal to 30 percent of 60 percent of
2-40 the area median family income minus an allowance for utility costs
2-41 authorized under the federal low-income housing tax credit program;
2-42 and
2-43 (ii) reserved for families and individuals
2-44 earning not more than 60 percent of the area median income; and
2-45 (B) which are located in a census tract in which
2-46 the median income, based on the most recent information published
2-47 by the United States Bureau of the Census, is higher than the median
2-48 income for the county, metropolitan statistical area, or primary
2-49 metropolitan statistical area in which the census tract is located
2-50 as established by the United States Department of Housing and Urban
2-51 Development; or
2-52 (4) on or after June 1, projects that are located in
2-53 counties, metropolitan statistical areas, or primary metropolitan
2-54 statistical areas with area median family incomes at or below the
2-55 statewide median family income established by the United States
2-56 Department of Housing and Urban Development.
2-57 (c) [~~a-1~~] In granting reservations to issuers of
2-58 qualified residential rental project issues, the board shall give
2-59 third [~~second~~] priority to projects in which 80 percent or more of
2-60 the residential units in the project are:
2-61 (1) under the restriction that the maximum allowable
2-62 rents are an amount equal to 30 percent of 60 percent of the area
2-63 median family income minus an allowance for utility costs
2-64 authorized under the federal low-income housing tax credit program;
2-65 and
2-66 (2) reserved for families and individuals earning not
2-67 more than 60 percent of the area median income.
2-68 (d) [~~a-2~~] In granting reservations to issuers of
2-69 qualified residential rental project issues, the board shall give

3-1 fourth [~~third~~] priority to any other qualified residential rental
3-2 project.

3-3 (e) [~~(b)~~] The board may not reserve a portion of the state
3-4 ceiling for a first, [~~or~~] second, or third priority project
3-5 described by this section unless the board receives evidence that
3-6 an application has been filed with the Texas Department of Housing
3-7 and Community Affairs for the low-income housing tax credit that is
3-8 available for multifamily transactions that are at least 51 percent
3-9 financed by tax-exempt private activity bonds.

3-10 SECTION 4. Section 1372.037, Government Code, is amended by
3-11 adding Subsection (b) to read as follows:

3-12 (b) This subsection applies only to projects that are
3-13 granted a reservation of a portion of the available state ceiling
3-14 for a program year under Subsection (a)(5). If for a program year
3-15 the total amount of qualified residential rental project bonds for
3-16 which reservations are sought exceeds, as of October 20 of the
3-17 preceding year, 55.75 percent of the state ceiling, the amount of
3-18 bonds issued to each project may not exceed 55 percent of the
3-19 reasonably expected aggregate basis of the project and the land on
3-20 which the project is or will be located.

3-21 SECTION 5. Section 1372.042(d), Government Code, is amended
3-22 to read as follows:

3-23 (d) Not later than the fifth business day after the date on
3-24 which the bonds are closed, the issuer shall submit to the board:

3-25 (1) a written notice stating the delivery date of the
3-26 bonds and the principal amount of the bonds issued;

3-27 (2) if the project is a project entitled to first, [~~or~~]
3-28 second, or third priority under Section 1372.0321, evidence from
3-29 the Texas Department of Housing and Community Affairs that an award
3-30 of low-income housing tax credits has been approved for the
3-31 project; and

3-32 (3) a certified copy of the document authorizing the
3-33 bonds and any other document relating to the issuance of the bonds,
3-34 including a statement of the bonds':

3-35 (A) principal amount;

3-36 (B) interest rate or formula by which the
3-37 interest rate is computed;

3-38 (C) maturity schedule; and

3-39 (D) purchaser or purchasers.

3-40 SECTION 6. The change in law made by this Act in adding
3-41 Section 1202.003(b-1), Government Code, and in amending Chapter
3-42 1372, Government Code, applies to the allocation of the available
3-43 state ceiling under Chapter 1372 beginning with the 2024 program
3-44 year.

3-45 SECTION 7. This Act takes effect immediately if it receives
3-46 a vote of two-thirds of all the members elected to each house, as
3-47 provided by Section 39, Article III, Texas Constitution. If this
3-48 Act does not receive the vote necessary for immediate effect, this
3-49 Act takes effect September 1, 2023.

3-50 * * * * *