

By: Gervin-Hawkins

H.B. No. 1342

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of private activity bonds for qualified residential rental projects.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1372.0321, Government Code, is amended by adding Subsections (a-1) and (a-2) and amending Subsections (b), (c), and (d) to read as follows:

(a-1) In granting reservations to issuers of qualified residential rental project issues, the board shall give second priority to projects:

(1) for which an application:

(A) was filed on or before October 20 of the program year occurring two years before the current program year;
and

(B) was not withdrawn and did not receive a bond reservation;

(2) that meet at least one requirement of Subsection (b); and

(3) for which:

(A) a binding contract to incur significant expenditures for construction, reconstruction, or rehabilitation was entered into before submission of the application;

(B) significant expenditures for construction, reconstruction, or rehabilitation were readily identifiable with

1 and necessary to carry out a binding contract for the supply of
2 property or services or the sale of output; or

3 (C) significant expenditures were paid or
4 incurred before submission of the application.

5 (a-2) For purposes of Subsection (a-1), "significant
6 expenditures" means expenditures that exceed the lesser of:

7 (1) \$500,000; or

8 (2) 10 percent of the reasonably anticipated cost of
9 the project.

10 (b) In granting reservations to issuers of qualified
11 residential rental project issues, the board shall give third
12 [~~second~~] priority to:

13 (1) projects in which:

14 (A) 50 percent of the residential units in the
15 project are:

16 (i) under the restriction that the maximum
17 allowable rents are an amount equal to 30 percent of 50 percent of
18 the area median family income minus an allowance for utility costs
19 authorized under the federal low-income housing tax credit program;
20 and

21 (ii) reserved for families and individuals
22 earning not more than 50 percent of the area median income; and

23 (B) the remaining 50 percent of the residential
24 units in the project are:

25 (i) under the restriction that the maximum
26 allowable rents are an amount equal to 30 percent of 80 [~~60~~] percent
27 of the area median family income minus an allowance for utility

1 costs authorized under the federal low-income housing tax credit
2 program; and

3 (ii) reserved for families and individuals
4 earning not more than 80 [~~60~~] percent of the area median income;

5 (2) projects in which:

6 (A) 15 percent of the residential units in the
7 project are:

8 (i) under the restriction that the maximum
9 allowable rents are an amount equal to 30 percent of 30 percent of
10 the area median family income minus an allowance for utility costs
11 authorized under the federal low-income housing tax credit program;
12 and

13 (ii) reserved for families and individuals
14 earning not more than 30 percent of the area median income; and

15 (B) the remaining 85 percent of the residential
16 units in the project are:

17 (i) under the restriction that the maximum
18 allowable rents are an amount equal to 30 percent of 80 [~~60~~] percent
19 of the area median family income minus an allowance for utility
20 costs authorized under the federal low-income housing tax credit
21 program; and

22 (ii) reserved for families and individuals
23 earning not more than 80 [~~60~~] percent of the area median income;

24 (3) projects:

25 (A) in which 100 percent of the residential units
26 in the project are:

27 (i) under the restriction that the maximum

1 allowable rents are, on average, an amount equal to 30 percent of 60
2 percent of the area median family income minus an allowance for
3 utility costs authorized under the federal low-income housing tax
4 credit program; and

5 (ii) reserved for families and individuals
6 earning, on average, not more than 60 percent of the area median
7 income; and

8 (B) which are located in a census tract in which
9 the median income, based on the most recent information published
10 by the United States Bureau of the Census, is higher than the median
11 income for the county, metropolitan statistical area, or primary
12 metropolitan statistical area in which the census tract is located
13 as established by the United States Department of Housing and Urban
14 Development; or

15 (4) on or after June 1, projects that are located in
16 counties, metropolitan statistical areas, or primary metropolitan
17 statistical areas with area median family incomes at or below the
18 statewide median family income established by the United States
19 Department of Housing and Urban Development.

20 (c) In granting reservations to issuers of qualified
21 residential rental project issues, the board shall give fourth
22 [~~third~~] priority to projects in which 80 percent or more of the
23 residential units in the project are:

24 (1) under the restriction that the maximum allowable
25 rents are, on average, an amount equal to 30 percent of 60 percent
26 of the area median family income minus an allowance for utility
27 costs authorized under the federal low-income housing tax credit

1 program; and

2 (2) reserved for families and individuals earning, on
3 average, not more than 60 percent of the area median income.

4 (d) In granting reservations to issuers of qualified
5 residential rental project issues, the board shall give fifth
6 [~~fourth~~] priority to any other qualified residential rental
7 project.

8 SECTION 2. Section 1372.042(d), Government Code, is amended
9 to read as follows:

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

12 (1) a written notice stating the delivery date of the
13 bonds and the principal amount of the bonds issued; and

14 (2) [~~if the project is a project entitled to first,~~
15 ~~second, or third priority under Section 1372.0321, evidence from~~
16 ~~the Texas Department of Housing and Community Affairs that an award~~
17 ~~of low-income housing tax credits has been approved for the~~
18 ~~project, and~~

19 [~~3~~] a certified copy of the document authorizing the
20 bonds and any other document relating to the issuance of the bonds,
21 including a statement of the bonds':

22 (A) principal amount;

23 (B) interest rate or formula by which the
24 interest rate is computed;

25 (C) maturity schedule; and

26 (D) purchaser or purchasers.

27 SECTION 3. Section 1372.0321(e), Government Code, is

1 repealed.

2 SECTION 4. The change in law made by this Act in amending
3 Chapter 1372, Government Code, applies to the allocation of the
4 available state ceiling under Chapter 1372 beginning with the 2026
5 program year.

6 SECTION 5. This Act takes effect September 1, 2025.