

By: Eckhardt

S.B. No. 368

A BILL TO BE ENTITLED

AN ACT

1
2 relating to certain occupancy preferences given by developments
3 supported with a low income housing tax credit allocation.

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

5 SECTION 1. Section [2306.6701](#), Government Code, is amended
6 to read as follows:

7 Sec. 2306.6701. PURPOSE. (a) The department shall
8 administer the low income housing tax credit program to:

9 (1) encourage the development and preservation of
10 appropriate types of rental housing for households, including
11 members of a group specified by Subsection (b), that have
12 difficulty finding suitable, affordable rental housing in the
13 private marketplace;

14 (2) maximize the number of suitable, affordable
15 residential rental units added to the state's housing supply;

16 (3) prevent losses for any reason to the state's supply
17 of suitable, affordable residential rental units by enabling the
18 rehabilitation of rental housing or by providing other preventive
19 financial support under this subchapter; and

20 (4) provide for the participation of for-profit
21 organizations and provide for and encourage the participation of
22 nonprofit organizations in the acquisition, development, and
23 operation of affordable housing developments in urban and rural
24 communities.

1 (b) Consistent with Section 42(g)(9), Internal Revenue Code
2 of 1986, a development supported with a housing tax credit
3 allocation may give an occupancy preference to teachers and other
4 employees of the school district in which the development is
5 located, and members of the households of those persons, if all
6 other occupancy requirements under state and federal law are
7 satisfied.

8 SECTION 2. The change in law made by this Act applies only
9 to an application for low income housing tax credits that is
10 submitted to the Texas Department of Housing and Community Affairs
11 during an application cycle that is based on the 2026 qualified
12 allocation plan or a subsequent plan adopted by the governing board
13 of the department under Section [2306.67022](#), Government Code. An
14 application that is submitted during an application cycle that is
15 based on an earlier qualified allocation plan is governed by the law
16 in effect on the date the application cycle began, and the former
17 law is continued in effect for that purpose.

18 SECTION 3. This Act takes effect September 1, 2025.