

BILL ANALYSIS

C.S.H.B. 2308
By: Jones of Dallas
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Government Code chapter 2306 establishes the Texas Department of Housing and Community Affairs. Subchapter DD addresses the low income housing tax credit program. Housing programs were created to provide decent, safe and sanitary housing opportunities for Texans with low and very low incomes. The Department, under the tax credit program, aids in building affordable housing through the issuance of federal tax credits used to fund new construction and rehabilitation of multifamily residential developments. Owners and investors in qualified affordable multifamily residential developments can use the tax credits as a dollar-for-dollar reduction of federal income tax liability. The value associated with the tax credits allows residences to be leased to qualified families at below-market rate rents.

Non-profit and for-profit developers can receive tax credits in two ways. They can apply for credits through the competitive tax credit program or they may receive tax credits associated with multifamily mortgage revenue bonds issued through the private activity bond program.

Over the years the Texas Department of Housing and Community of Affairs has granted low income tax housing tax credits to a number of multi-family developments in isolated areas of some communities. This has resulted in the clustering of low income apartment units in these areas.

Committee Substitute House Bill 2308 would require TDHCA to adopt rules establishing guidelines under the low income tax credit program where construction will result in an over saturation of such developments. This proposal does provide certain exceptions to those developments that were funded by federal HOPE IV funds or a public improvement district, or are outside of a metropolitan statistical area.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.67035, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter DD, Chapter 2306 of the Government Code by adding Section 2306.67035 to require the Texas Department of Housing and Community Affairs to adopt rules establishing guidelines under the low income tax credit program when the developer proposes to construct the new development that is located one linear mile or less from a development that:

- (1) serves the same type of household as the new development, regardless of whether the developments serve families, elderly individuals, or another type of household;
- (2) has received an allocation of housing tax credits for new construction at any time during the three-year period preceding the date the application round begins, and
- (3) has not been withdrawn or terminated from the low income housing tax credit program.

The rule must exempt a development that uses federal HOPE VI funds, locally approved funds received from a public improvement district or a tax increment financing district, or that is located outside of a metropolitan statistical area.

SECTION 2: Effective date

EFFECTIVE DATE: September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.B.H.B. 2308 grants the Texas Department of Housing and Community Affairs rulemaking authority to develop guidelines under the low income tax credit program where the construction will result in an over saturation of such developments, exempting a development that uses federal HOPE VI funds, locally approved funds received from a public improvement district or a tax increment financing district, or that is located outside of a metropolitan statistical area. The original House Bill 2308 made changes to statute that would make developer applications for construction that will result in over saturation ineligible for consideration under the low income tax credit program, with the same exceptions as the substitute.