

By: Callegari

H.B. No. 2473

A BILL TO BE ENTITLED

AN ACT

relating to certain housing programs administered by the Texas Department of Housing and Community Affairs and the role of the Texas Department of Housing and Community Affairs in the allocation of private activity bonds.

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

SECTION 1. Section 1372.0231(b), Government Code, is amended to read as follows:

(b) With respect to the amount of the state ceiling set aside under Subsection (a)(1), the board shall delegate direct allocation authority to the Texas Department of Housing and Community Affairs. Allocations made by the department under this subsection are subject to review and approval by the board. The department shall allocate the amount of state ceiling set aside under Subsection (a)(1) in the manner provided by Section 2306.359 ~~[grant reservations:~~

~~[(1) in the order determined by the board by lot, and~~

~~[(2) in a manner that ensures that:~~

~~[(A) the set-aside amount is used for proposed projects that are located throughout the state, and~~

~~[(B) not more than 50 percent of the set-aside amount is used for proposed projects that are located in qualified census tracts as defined by Section 143(j), Internal Revenue Code of 1986].~~

SECTION 2. Section 2306.0661, Government Code, is amended by adding Subsection (f) to read as follows:

(f) The board shall adopt rules governing the topics that may be considered at a public hearing. The rules must require the department to consider the following topics in relation to a proposed housing development:

- (1) the developer's market study;
- (2) the location;
- (3) the compliance history of the developer;
- (4) the anticipated impact on local school districts;
- (5) the financial feasibility;
- (6) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;
- (7) zoning and other land use considerations; and
- (8) any other topics that the board by rule determines to be appropriate.

SECTION 3. Subchapter D, Chapter 2306, Government Code, is amended by adding Section 2306.082 to read as follows:

Sec. 2306.082. PUBLIC INFORMATION CAMPAIGN. (a) The department may develop and administer a public information campaign relating to the public perception of housing developments in this state.

(b) The department may not use money appropriated to the department for a campaign under this section.

(c) The department may solicit and accept gifts, grants, and other donations to develop and administer a campaign under this

1 section.

2 SECTION 4. Subchapter F, Chapter 2306, Government Code, is
3 amended by adding Sections 2306.1114 and 2306.1115 to read as
4 follows:

5 Sec. 2306.1114. NOTICE OF RECEIPT OF APPLICATION. (a) Not
6 later than two weeks after the date an application for housing funds
7 has been filed, the department shall provide written notice of the
8 filing of the application to the following persons:

9 (1) the United States representative who represents
10 the community containing the development described in the
11 application;

12 (2) members of the legislature who represent the
13 community containing the development described in the application;

14 (3) the presiding officer of the governing body of the
15 political subdivision containing the development described in the
16 application;

17 (4) the member of the governing body of a political
18 subdivision who represents the area containing the development
19 described in the application;

20 (5) the presiding officer of the board of trustees of
21 the school district containing the development described in the
22 application; and

23 (6) the president of the neighborhood association, if
24 any, of the neighborhood containing the development described in
25 the application.

26 (b) The notice provided under Subsection (a) must include
27 the following information:

1 (1) the relevant dates affecting the application,
2 including the date:

3 (A) that the application was filed;

4 (B) that a hearing on the application will be
5 held; and

6 (C) by which a decision on the application will
7 be made;

8 (2) a summary of relevant facts associated with the
9 development; and

10 (3) a summary of any public benefits provided as a
11 result of the development, including rent subsidies and tenant
12 services.

13 Sec. 2306.1115. MARKET STUDY: ADDITIONAL REQUIREMENTS. A
14 market study required by the department as part of an application
15 for housing funds under this chapter must include an analysis of:

16 (1) the market area, defined as the attendance zone of
17 the nearest public high school;

18 (2) the ability of nearby public schools to absorb the
19 additional students brought to the market area by the proposed
20 housing development; and

21 (3) the need for the proposed housing development
22 based on the existence of any noncapacity housing developments for
23 individuals and families of low income in the market area in which
24 the proposed development would be located.

25 SECTION 5. Subchapter P, Chapter 2306, Government Code, is
26 amended by adding Section 2306.359 to read as follows:

27 Sec. 2306.359. ISSUANCE OF PRIVATE ACTIVITY BONDS. (a) In

1 evaluating an application for an issuance of private activity
2 bonds, the department shall score and rank the application using a
3 point system based on criteria that are adapted to regional market
4 conditions and adopted by the department, including criteria:

5 (1) regarding:

6 (A) the income levels of tenants of the
7 development;

8 (B) the rent levels of the units;

9 (C) the period of guaranteed affordability for
10 low income tenants;

11 (D) the cost by square foot of the development;

12 (E) the size, quality, and amenities of the
13 units;

14 (F) the services to be provided to tenants of the
15 development; and

16 (G) the commitment of development funding by
17 local political subdivisions that enables additional units for
18 individuals and families of very low income; and

19 (2) imposing penalties on applicants who have
20 requested extensions of department deadlines relating to
21 developments supported by an issuance of private activity bonds
22 made in the application round preceding the current round.

23 (b) The department shall make available on its website
24 details of the scoring system used by the department to score
25 applications.

26 (c) The department shall underwrite the applications ranked
27 under Subsection (a) beginning with the applications with the

1 highest scores in each region described by Section 2306.111(d).
2 Based on application rankings, the department shall continue to
3 underwrite applications until the department has processed enough
4 applications satisfying the department's underwriting criteria to
5 enable the issuance of all available private activity bonds
6 according to regional allocation goals. To enable the board to
7 establish an applications waiting list, the department shall
8 underwrite as many additional applications as the board considers
9 necessary.

10 (d) In adopting criteria for scoring and underwriting
11 applications under this section, the department shall attach the
12 most weight to criteria that will:

13 (1) result in an issuance of private activity bonds
14 for developments serving the lowest income tenants; and

15 (2) produce the greatest number of high quality units
16 committed to remaining affordable to qualified tenants for extended
17 periods.

18 SECTION 6. (a) This Act takes effect September 1, 2003.

19 (b) The changes in law made by this Act relating to
20 increased public participation in decisions regarding applications
21 for housing funds apply only to an application for housing funds
22 submitted to the Texas Department of Housing and Community Affairs
23 during an application cycle that begins on or after the effective
24 date of this Act. An application submitted during an application
25 cycle that began before the effective date of this Act is governed
26 by the law in effect on the date the application cycle began, and
27 the former law is continued in effect for that purpose.

1 (c) The change in law made by Section 1372.0231, Government
2 Code, as amended by this Act, applies only to the allocation of the
3 amount of the state ceiling set aside for the Texas Department of
4 Housing and Community Affairs under that section in a year
5 beginning on or after January 1, 2004. The allocation of the amount
6 of the state ceiling set aside for the Texas Department of Housing
7 and Community Affairs under that section in 2003 is governed by the
8 law in effect immediately before the effective date of this Act, and
9 the former law is continued in effect for that purpose.