

By: Isett

H.B. No. 728

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the system by which an application for a low income
3 housing tax credit is scored.

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

5 SECTION 1. Sections 2306.6710(b) and (d), Government Code,
6 are amended to read as follows:

7 (b) If an application satisfies the threshold criteria, the
8 department shall score and rank the application using a point
9 system that:

10 (1) prioritizes in descending order criteria
11 regarding:

12 (A) financial feasibility of the development
13 based on the supporting financial data required in the application
14 that will include a project underwriting pro forma from the
15 permanent or construction lender;

16 (B) quantifiable community participation with
17 respect to the development, evaluated on the basis of written
18 statements from any neighborhood organizations on record with the
19 state or county in which the development is to be located and whose
20 boundaries contain the proposed development site;

21 (C) the income levels of tenants of the
22 development;

23 (D) the size and quality of the units;

24 (E) the commitment of development funding by

1 local political subdivisions;

2 (F) [~~the level of community support for the~~
3 ~~application, evaluated on the basis of written statements from~~
4 ~~state elected officials,~~

5 [~~(G)~~] the rent levels of the units;

6 (G) [~~(H)~~] the cost of the development by square
7 foot; and

8 (H) [~~(I)~~] the services to be provided to tenants
9 of the development; and

10 (2) uses criteria imposing penalties on applicants or
11 affiliates who have requested extensions of department deadlines
12 relating to developments supported by housing tax credit
13 allocations made in the application round preceding the current
14 round or a developer or principal of the applicant that has been
15 removed by the lender, equity provider, or limited partners for its
16 failure to perform its obligations under the loan documents or
17 limited partnership agreement.

18 (d) The department shall underwrite the applications ranked
19 under Subsection (b) beginning with the applications with the
20 highest scores in each region described by Section 2306.111(d) and
21 in each set-aside category described in the qualified allocation
22 plan, taking into consideration any comments provided by elected
23 officials under Section 2306.6718. Based on application rankings
24 and any comments by elected officials, the department shall
25 continue to underwrite applications until the department has
26 processed enough applications satisfying the department's
27 underwriting criteria to enable the allocation of all available

1 housing tax credits according to regional allocation goals and
2 set-aside categories. To enable the board to establish an
3 applications waiting list under Section 2306.6711, the department
4 shall underwrite as many additional applications as the board
5 considers necessary to ensure that all available housing tax
6 credits are allocated within the period required by law. The
7 department shall underwrite an application to determine the
8 financial feasibility of the development and an appropriate level
9 of housing tax credits. In determining an appropriate level of
10 housing tax credits, the department shall evaluate the cost of the
11 development based on acceptable cost parameters as adjusted for
12 inflation and as established by historical final cost
13 certifications of all previous housing tax credit allocations for:

14 (1) the county in which the development is to be
15 located;

16 (2) if certifications are unavailable under
17 Subdivision (1), the metropolitan statistical area in which the
18 development is to be located; or

19 (3) if certifications are unavailable under
20 Subdivisions (1) and (2), the uniform state service region in which
21 the development is to be located.

22 SECTION 2. Section 2306.6711(d), Government Code, is
23 amended to read as follows:

24 (d) The board shall issue commitments for housing tax
25 credits with respect to applications on the waiting list as
26 additional credits become available, taking into consideration any
27 comments provided by elected officials during the application

1 evaluation process.

2 SECTION 3. Sections 2306.6710(f) and (g), Government Code,
3 are repealed.

4 SECTION 4. The change in law made by this Act applies only
5 to an application for a low income housing tax credit filed on or
6 after the effective date of this Act. An application filed before
7 the effective date of this Act is governed by the law in effect on
8 the date the application was filed, and the former law is continued
9 in effect for that purpose.

10 SECTION 5. This Act takes effect September 1, 2005.