

A BILL TO BE ENTITLED

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AN ACT

relating to the evaluation of applications for certain financial assistance administered by the Texas Department of Housing and Community Affairs.

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

SECTION 1. Subsection (a), Section 2306.359, Government Code, is amended to read as follows:

(a) In evaluating an application for an issuance of private activity bonds, the department shall score and rank the application using a point system based on criteria that are adopted by the department, including criteria:

(1) regarding:

(A) the income levels of tenants of the development, consistent with the funding priorities provided by Section 1372.0321;

(B) the rent levels of the units;

(C) the level of community support for the application, as expressed through official resolutions from the governing bodies of the political subdivisions containing the development;

(D) the period of guaranteed affordability for low income tenants;

(E) the cost per unit of the development;

(F) the size, quality, and amenities of the

1 units;

2 (G) the services to be provided to tenants of the  
3 development;

4 (H) the commitment of development funding by  
5 local political subdivisions that enables additional units for  
6 individuals and families of very low income; ~~and~~

7 (I) the degree to which the development:

8 (i) furtheres the objective of fair housing  
9 as required by state and federal law; and

10 (ii) creates variety in housing choices by  
11 preventing the concentration of low-income housing in any one  
12 neighborhood or community;

13 (J) for a development that is not occupied  
14 exclusively by elderly individuals or by individuals with special  
15 needs, the quality level of the elementary schools serving the  
16 development, as measured by the performance rating of a school  
17 campus under Chapter 39, Education Code, and by whether the school  
18 is making adequate yearly progress and meeting other standards  
19 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.  
20 No. 107-110); and

21 (K) other criteria as developed by the board; and

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

26 SECTION 2. Subsection (b), Section 2306.6710, Government  
27 Code, is amended to read as follows:

1 (b) If an application satisfies the threshold criteria, the  
2 department shall score and rank the application using a point  
3 system that:

4 (1) prioritizes in descending order criteria  
5 regarding:

6 (A) financial feasibility of the development  
7 based on the supporting financial data required in the application  
8 that will include a project underwriting pro forma from the  
9 permanent or construction lender;

10 (B) the degree to which the development:

11 (i) furthers the objective of fair housing  
12 as required by state and federal law; and

13 (ii) creates variety in housing choices by  
14 preventing the concentration of low-income housing in any one  
15 neighborhood or community [~~quantifiable community participation~~  
16 ~~with respect to the development, evaluated on the basis of written~~  
17 ~~statements from any neighborhood organizations on record with the~~  
18 ~~state or county in which the development is to be located and whose~~  
19 ~~boundaries contain the proposed development site];~~

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

22 (D) the level of community support for the  
23 application, as expressed through official resolutions from the  
24 governing bodies of the political subdivisions containing the  
25 development;

26 (E) the size and quality of the units;

27 (F) for a development that is not occupied

1 exclusively by elderly individuals or by individuals with special  
2 needs, the quality level of the elementary schools serving the  
3 development, as measured by the performance rating of a school  
4 campus under Chapter 39, Education Code, and by whether the school  
5 is making adequate yearly progress and meeting other standards  
6 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.  
7 No. 107-110);

8           (G) [~~(E)~~] the commitment of development funding  
9 by local political subdivisions;

10           (H) [~~(F)~~] the level of community support for the  
11 application, as evaluated on the basis of written statements from  
12 state elected officials;

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

14           (J) [~~(H)~~] the cost of the development by square  
15 foot; and

16           (K) [~~(I)~~] the services to be provided to tenants  
17 of the development; and

18           (2) uses criteria imposing penalties on applicants or  
19 affiliates who have requested extensions of department deadlines  
20 relating to developments supported by housing tax credit  
21 allocations made in the application round preceding the current  
22 round or a developer or principal of the applicant that has been  
23 removed by the lender, equity provider, or limited partners for its  
24 failure to perform its obligations under the loan documents or  
25 limited partnership agreement.

26           SECTION 3. Subsection (a), Section 2306.6725, Government  
27 Code, is amended to read as follows:

1 (a) In allocating low income housing tax credits, the  
2 department shall score each application using a point system based  
3 on criteria adopted by the department that are consistent with the  
4 department's housing goals, including criteria addressing the  
5 ability of the proposed project to:

6 (1) provide quality social support services to  
7 residents;

8 (2) demonstrate community and neighborhood support,  
9 as expressed through official resolutions from the governing bodies  
10 of the political subdivisions containing the development and as  
11 evaluated on the basis of written statements from state elected  
12 officials [~~defined by the qualified allocation plan~~];

13 (3) consistent with sound underwriting practices and  
14 when economically feasible, serve individuals and families of  
15 extremely low income by leveraging private and state and federal  
16 resources, including federal HOPE VI grants received through the  
17 United States Department of Housing and Urban Development;

18 (4) serve traditionally underserved areas;

19 (5) remain affordable to qualified tenants for an  
20 extended, economically feasible period; [~~and~~]

21 (6) comply with the accessibility standards that are  
22 required under Section 504, Rehabilitation Act of 1973 (29 U.S.C.  
23 Section 794), and specified under 24 C.F.R. Part 8, Subpart C;

24 (7) further the objective of fair housing as required  
25 by state and federal law and create variety in housing choices by  
26 preventing the concentration of low-income housing in any one  
27 neighborhood or community; and

1           (8) for a development that is not occupied exclusively  
2 by elderly individuals or by individuals with special needs,  
3 provide a high level of quality of elementary schools serving the  
4 development, as measured by the performance rating of a school  
5 campus under Chapter 39, Education Code, and by whether the school  
6 is making adequate yearly progress and meeting other standards  
7 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.  
8 No. 107-110).

9           SECTION 4. The changes in law made by this Act relating to  
10 the evaluation of applications for financial assistance  
11 administered by the Texas Department of Housing and Community  
12 Affairs apply only to an application submitted on or after the  
13 effective date of this Act. An application submitted before the  
14 effective date of this Act is governed by the law in effect when the  
15 application was submitted, and the former law is continued in  
16 effect for that purpose.

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