

1-1 By: West S.B. No. 935
1-2 (In the Senate - Filed March 3, 2005; March 14, 2005, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 12, 2005, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 April 12, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 935 By: Gallegos

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the evaluation of applications for certain financial
1-11 assistance administered by the Texas Department of Housing and
1-12 Community Affairs.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Subsection (a), Section 2306.359, Government
1-15 Code, is amended to read as follows:

1-16 (a) In evaluating an application for an issuance of private
1-17 activity bonds, the department shall score and rank the application
1-18 using a point system based on criteria that are adopted by the
1-19 department, including criteria:

1-20 (1) regarding:

1-21 (A) the income levels of tenants of the
1-22 development, consistent with the funding priorities provided by
1-23 Section 1372.0321;

1-24 (B) the rent levels of the units;

1-25 (C) the level of community support for the
1-26 application, as expressed through official resolutions from the
1-27 governing bodies of the political subdivisions containing the
1-28 development;

1-29 (D) the period of guaranteed affordability for
1-30 low income tenants;

1-31 (E) the cost per unit of the development;

1-32 (F) the size, quality, and amenities of the
1-33 units;

1-34 (G) the services to be provided to tenants of the
1-35 development;

1-36 (H) the commitment of development funding by
1-37 local political subdivisions that enables additional units for
1-38 individuals and families of very low income; ~~and~~

1-39 (I) the degree to which the development:

1-40 (i) furthers the objective of fair housing
1-41 as required by state and federal law; and

1-42 (ii) creates variety in housing choices by
1-43 preventing the concentration of low-income housing in any one
1-44 neighborhood or community;

1-45 (J) for a development that is not occupied
1-46 exclusively by elderly individuals or by individuals with special
1-47 needs, the quality level of the elementary schools serving the
1-48 development, as measured by the performance rating of a school
1-49 campus under Chapter 39, Education Code, and by whether the school
1-50 is making adequate yearly progress and meeting other standards
1-51 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.
1-52 No. 107-110); and

1-53 (K) other criteria as developed by the board; and

1-54 (2) imposing penalties on applicants who have
1-55 requested extensions of department deadlines relating to
1-56 developments supported by an issuance of private activity bonds
1-57 made in the application round preceding the current round.

1-58 SECTION 2. Subsection (b), Section 2306.6710, Government
1-59 Code, is amended to read as follows:

1-60 (b) If an application satisfies the threshold criteria, the
1-61 department shall score and rank the application using a point
1-62 system that:

1-63 (1) prioritizes in descending order criteria

2-1 regarding:

2-2 (A) financial feasibility of the development

2-3 based on the supporting financial data required in the application

2-4 that will include a project underwriting pro forma from the

2-5 permanent or construction lender;

2-6 (B) the degree to which the development:

2-7 (i) furthers the objective of fair housing

2-8 as required by state and federal law; and

2-9 (ii) creates variety in housing choices by

2-10 preventing the concentration of low-income housing in any one

2-11 neighborhood or community [quantifiable community participation

2-12 with respect to the development, evaluated on the basis of written

2-13 statements from any neighborhood organizations on record with the

2-14 state or county in which the development is to be located and whose

2-15 boundaries contain the proposed development site];

2-16 (C) the income levels of tenants of the

2-17 development;

2-18 (D) the level of community support for the

2-19 application, as expressed through official resolutions from the

2-20 governing bodies of the political subdivisions containing the

2-21 development;

2-22 (E) the size and quality of the units;

2-23 (F) for a development that is not occupied

2-24 exclusively by elderly individuals or by individuals with special

2-25 needs, the quality level of the elementary schools serving the

2-26 development, as measured by the performance rating of a school

2-27 campus under Chapter 39, Education Code, and by whether the school

2-28 is making adequate yearly progress and meeting other standards

2-29 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.

2-30 No. 107-110);

2-31 (G) [~~(E)~~] the commitment of development funding

2-32 by local political subdivisions;

2-33 (H) [~~(F)~~] the level of community support for the

2-34 application, as evaluated on the basis of written statements from

2-35 state elected officials;

2-36 (I) [~~(G)~~] the rent levels of the units;

2-37 (J) [~~(H)~~] the cost of the development by square

2-38 foot; and

2-39 (K) [~~(I)~~] the services to be provided to tenants

2-40 of the development; and

2-41 (2) uses criteria imposing penalties on applicants or

2-42 affiliates who have requested extensions of department deadlines

2-43 relating to developments supported by housing tax credit

2-44 allocations made in the application round preceding the current

2-45 round or a developer or principal of the applicant that has been

2-46 removed by the lender, equity provider, or limited partners for its

2-47 failure to perform its obligations under the loan documents or

2-48 limited partnership agreement.

2-49 SECTION 3. Subsection (a), Section 2306.6725, Government

2-50 Code, is amended to read as follows:

2-51 (a) In allocating low income housing tax credits, the

2-52 department shall score each application using a point system based

2-53 on criteria adopted by the department that are consistent with the

2-54 department's housing goals, including criteria addressing the

2-55 ability of the proposed project to:

2-56 (1) provide quality social support services to

2-57 residents;

2-58 (2) demonstrate community and neighborhood support,

2-59 as expressed through official resolutions from the governing bodies

2-60 of the political subdivisions containing the development and as

2-61 evaluated on the basis of written statements from state elected

2-62 officials [defined by the qualified allocation plan];

2-63 (3) consistent with sound underwriting practices and

2-64 when economically feasible, serve individuals and families of

2-65 extremely low income by leveraging private and state and federal

2-66 resources, including federal HOPE VI grants received through the

2-67 United States Department of Housing and Urban Development;

2-68 (4) serve traditionally underserved areas;

2-69 (5) remain affordable to qualified tenants for an

3-1 extended, economically feasible period; [~~and~~]

3-2 (6) comply with the accessibility standards that are
3-3 required under Section 504, Rehabilitation Act of 1973 (29 U.S.C.
3-4 Section 794), and specified under 24 C.F.R. Part 8, Subpart C;

3-5 (7) further the objective of fair housing as required
3-6 by state and federal law and create variety in housing choices by
3-7 preventing the concentration of low-income housing in any one
3-8 neighborhood or community; and

3-9 (8) for a development that is not occupied exclusively
3-10 by elderly individuals or by individuals with special needs,
3-11 provide a high level of quality of elementary schools serving the
3-12 development, as measured by the performance rating of a school
3-13 campus under Chapter 39, Education Code, and by whether the school
3-14 is making adequate yearly progress and meeting other standards
3-15 prescribed by the federal No Child Left Behind Act of 2001 (Pub. L.
3-16 No. 107-110).

3-17 SECTION 4. The changes in law made by this Act relating to
3-18 the evaluation of applications for financial assistance
3-19 administered by the Texas Department of Housing and Community
3-20 Affairs apply only to an application submitted on or after the
3-21 effective date of this Act. An application submitted before the
3-22 effective date of this Act is governed by the law in effect when the
3-23 application was submitted, and the former law is continued in
3-24 effect for that purpose.

3-25 SECTION 5. This Act takes effect September 1, 2005.

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