

BILL ANALYSIS

Senate Research Center

C.S.H.B. 2063
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Department of Housing and Community Affairs (TDHCA) administers the annual nine percent housing tax credit allocations for multi-family affordable housing projects across the state. The tax credits are assigned each year by the federal Internal Revenue Service and are allocated on a regional basis by the TDHCA based on a complex formula that has evolved based on TDHCA rulemaking authority. As a result of these allocation policies, several of the 13 service regions in the state have experienced erratic or declining allocations of tax credits at the same time that demand and need for affordable, low income housing has grown significantly in these areas. Conversely, as a result of disparities in the formula, other regions have become saturated to the point where elected officials have called for temporary moratoriums to offset over building and poverty concentrations in certain districts.

The Regional Allocation Formula, which TDHCA develops each year, has been the subject of the past two House Urban Affairs Interim Charges evaluations. A number of alternatives have been examined to address the disproportionate allocations resulting from the methodology developed by TDHCA but have not been adopted by TDHCA. Legislation may be required to ensure that TDHCA considers only those factors that ensure fair distribution of the tax credits throughout both the urban and the rural areas of the state.

C.S.H.B. 2063 establishes certain methodology and criteria to allow TDHCA to develop an equitable distribution of the tax credits for multifamily affordable housing projects.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Reenacts and amends Section 2306.111(c), Government Code, as amended by Chapters 1367 and 1448, Acts of the 77th Legislature, Regular Session, 2001, to require the Texas Department of Housing and Community Affairs (TDHCA), in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), to expend five percent of these funds for the benefit of persons with disabilities who live in any area of this state. Deletes existing text providing specification for the expenditure of funds.

SECTION 2. Amends Section 2306.111, Government Code, by amending Subsection (d-1) to provide that other funds or credits are not required to be allocated according to the regional allocation formula under Subsection (d) if the funds or credits are allocated by TDHCA primarily to serve persons with disabilities.

SECTION 3. Provides that it is the intent of the legislature that the passage by the 80th Legislature, Regular Session, 2007, of another bill that amends Chapter 2306, Government Code, and the amendments made by this Act be harmonized, if possible as provided by Section 311.025(b) (regarding harmonization of irreconcilable statutes and amendments), Government Code, so that effect is given to each. Provides that it is the intent of the legislature that this Act prevails if the amendments made by this Act to Chapter 2306, Government Code are irreconcilable with amendments made to Chapter 2306 by any other bill, regardless of the

relative dates of enactment of this Act and the other bill or bills, but only to the extent that any differences are irreconcilable.

SECTION 4. Makes application of this Act, as it applies to the evaluation of applications for financial assistance administered by TDHCA, prospective.

SECTION 5. Effective date: September 1, 2007.