

BILL ANALYSIS

Senate Research Center

S.B. 1934
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Intergovernmental Relations
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2003, the 78th Legislature set specific criteria in statute for the allocation of low-income housing tax credits to create a fair and objective allocation process following reports of corruption, favoritism, and misadministration of the low-income housing tax credit program.

As proposed, S.B. 1934 proposes a number of clean-up provisions to the governing statute relating to the administration of the low-income housing tax credit program.

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. Amends Section 2306.6702(a)(10), Government Code, to redefine "qualified allocation plan."

SECTION 2. Amends Section 2306.6710(a), (b), and (f), Government Code, as follows:

(a) Requires the Texas Department of Housing and Community Affairs (TDHCA), in evaluating an application for low-income housing tax credit, to determine whether the application satisfies the threshold criteria required by the board of TDHCA (board) in the qualified allocation plan. Requires TDHCA, on the expiration of the application deficiency correction period allowed by TDHCA, to reject and return to the applicant any application that fails to satisfy the threshold criteria.

(b) Requires TDHCA, if an application satisfies the threshold criteria, to score and rank the application using a point system that prioritizes in descending order certain criteria, including criteria regarding quantifiable community participation with respect to the development, evaluated on the basis of written statements from any neighborhood organizations on record with the state, county, or municipality in which the development is to be located and whose boundaries contain the proposed development site and any other written material related to community participation and considered appropriate by TDHCA. Requires the point system to prioritize the level of community support for the application, evaluated on the basis of a resolution of support or opposition from certain entities, rather than on the basis of written statements from state elected officials.

(f) Makes conforming changes.

SECTION 3. Amends Section 2306.6711, Government Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits the board from allocating to an applicant tax credits in any unnecessary amount, as determined by TDHCA's underwriting policy and by federal law, and, except as provided by Subsection (b-1), prohibits the board from allocating to any one person, rather than the applicant, housing tax credits in an amount greater than \$2.4 million, rather than \$2 million, in a single application round. Prohibits a housing tax credit that is financed with tax-exempt bonds, for the purposes of this subsection, from being included in the \$2.4 million limitation.

(b-1) Authorizes TDHCA to increase the possible allocation amount as necessary to adjust for inflation, as determined over a calendar year of the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, published monthly by the United States Bureau of Labor Statistics, or its successor in function.

SECTION 4. 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 to be harmonized, if possible, so that effect may be given to each. Provides that, if the amendments made by this Act to Chapter 2306, Government Code, and the amendments to Chapter 2306, Government Code, by any other bill are irreconcilable, it is the intent of the legislature that this Act prevail, 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 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2007.