

By: Menendez, Cook of Colorado, Chisum

H.B. No. 2063

A BILL TO BE ENTITLED

AN ACT

relating to the allocation of certain housing funds by the Texas Department of Housing and Community Affairs and to the information used to determine the allocation of those funds.

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

SECTION 1. Section 2306.111(c), Government Code, as amended by Chapters 1367 and 1448, Acts of the 77th Legislature, Regular Session, 2001, is reenacted and amended to read as follows:

(c) 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.), the department shall expend:

(1) [at least] 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development; and

(2) five percent of these ~~[All] funds [not set aside under this subsection shall be used]~~ for the benefit of persons with disabilities who live in any area of this state ~~[areas other than non-participating areas]~~.

SECTION 2. Section 2306.111, Government Code, is amended by amending Subsections (d), (d-1), (e), (f), and (g) and adding Subsections (d-2) and (d-3) to read as follows:

(d) The department shall allocate housing funds provided to

1 the state under the Cranston-Gonzalez National Affordable Housing
2 Act (42 U.S.C. Section 12701 et seq.), housing trust funds
3 administered by the department under Sections 2306.201-2306.206,
4 and commitments issued under the federal low income housing tax
5 credit program administered by the department under Subchapter DD
6 to all urban [~~urban/exurban~~] areas and rural areas of each uniform
7 state service region based on a formula developed by the department
8 under Section 2306.1115 [~~that is based on the need for housing~~
9 ~~assistance and the availability of housing resources in those~~
10 ~~urban/exurban areas and rural areas, provided that the allocations~~
11 ~~are consistent with applicable federal and state requirements and~~
12 ~~limitations. The department shall use the information contained in~~
13 ~~its annual state low income housing plan and shall use other~~
14 ~~appropriate data to develop the formula~~]. If the department
15 determines under the formula that an insufficient number of
16 eligible applications for assistance out of funds or credits
17 allocable under this subsection are submitted to the department
18 from a particular uniform state service region, the department
19 shall use the unused funds or credits allocated to that region for
20 all urban [~~urban/exurban~~] areas and rural areas in other uniform
21 state service regions based on identified need and financial
22 feasibility.

23 (d-1) In allocating low income housing tax credit
24 commitments under Subchapter DD, the department shall, before
25 applying the regional allocation formula prescribed by Section
26 2306.1115, set aside for at-risk developments, as defined by
27 Section 2306.6702, not less than the minimum amount of housing tax

1 credits required under Section 2306.6714. Other funds ~~[Funds]~~ or
2 credits are not required to be allocated according to the regional
3 allocation formula under Subsection (d) if:

4 (1) the funds or credits are reserved for
5 contract-for-deed conversions or for set-asides mandated by state
6 or federal law~~[+]~~ and

7 ~~[(2)]~~ each contract-for-deed allocation or set-aside
8 allocation equals not more than 10 percent of the total allocation
9 of funds or credits for the applicable program;

10 (2) the funds or credits are allocated by the
11 department primarily to serve persons with disabilities; or

12 (3) the funds are housing trust funds administered by
13 the department under Sections 2306.201-2306.206 that are not
14 otherwise required to be set aside under state or federal law and do
15 not exceed \$3 million during each application cycle.

16 (d-2) In allocating low income housing tax credit
17 commitments under Subchapter DD, the department shall allocate five
18 percent of the housing tax credits in each application cycle to
19 developments that receive federal financial assistance through the
20 Texas Rural Development Office of the United States Department of
21 Agriculture. Any funds allocated to developments under this
22 subsection that involve rehabilitation must come from the funds set
23 aside for at-risk developments under Section 2306.6714 and any
24 additional funds set aside for those developments under Subsection
25 (d-1). This subsection does not apply to a development financed
26 wholly or partly under Section 538 of the Housing Act of 1949 (42
27 U.S.C. Section 1490p-2).

1 (d-3) In allocating low income tax credit commitments under
2 Subchapter DD, the department shall allocate to developments in
3 rural areas 20 percent or more of the housing tax credits in the
4 application cycle, with \$500,000 or more in housing tax credits
5 being reserved for each uniform state service region under this
6 subsection. Any amount of housing tax credits set aside for
7 developments in rural areas under this subsection that remains
8 after the initial allocation of housing tax credits is available
9 for allocation to developments in urban areas of each uniform state
10 service region, except that if the credits were set aside under this
11 subsection for developments in rural areas in a specific uniform
12 state service region and if qualified applications are submitted
13 with respect to developments in urban areas in that region, the
14 department shall allocate the funds to those developments.

15 (e) The department shall include in its annual low income
16 housing plan under Section 2306.0721:

17 (1) the formula developed by the department under
18 Section 2306.1115 [~~Subsection (d)~~]; and

19 (2) the allocation targets established under the
20 formula for the urban [~~urban/exurban~~] areas and rural areas of each
21 uniform state service region.

22 (f) The department shall include in its annual low income
23 housing report under Section 2306.072 the amounts of funds and
24 credits allocated to the urban [~~urban/exurban~~] areas and rural
25 areas of each uniform state service region in the preceding year for
26 each federal and state program affected by the requirements of
27 Subsection (d).

(g) For all urban [~~urban/exurban~~] areas and rural areas of each uniform state service region, the department shall establish funding priorities to ensure that:

(1) funds are awarded to project applicants who are best able to meet recognized needs for affordable housing, as determined by department rule;

(2) when practicable and when authorized under Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), the least restrictive funding sources are used to serve the lowest income residents; and

(3) funds are awarded based on a project applicant's ability, when consistent with Section 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), practicable, and economically feasible, to:

(A) provide the greatest number of quality residential units;

(B) serve persons with the lowest percent area median family income;

(C) extend the duration of the project to serve a continuing public need;

(D) use other local funding sources to minimize the amount of state subsidy needed to complete the project; and

(E) provide integrated, affordable housing for individuals and families with different levels of income.

SECTION 3. Subchapter F, Chapter 2306, Government Code, is amended by adding Section 2306.1115 to read as follows:

Sec. 2306.1115. REGIONAL ALLOCATION FORMULA. (a) To

1 allocate housing funds under Section 2306.111(d), the department
2 shall develop a formula that:

3 (1) includes as a factor the need for housing
4 assistance and the availability of housing resources in an urban
5 area or rural area;

6 (2) provides for allocations that are consistent with
7 applicable federal and state requirements and limitations; and

8 (3) includes other factors determined by the
9 department to be relevant to the equitable distribution of housing
10 funds under Section 2306.111(d).

11 (b) The department shall use information contained in its
12 annual state low income housing plan and other appropriate data to
13 develop the formula under this section.

14 SECTION 4. Section 2306.127, Government Code, is amended to
15 read as follows:

16 Sec. 2306.127. PRIORITY FOR CERTAIN COMMUNITIES. In a
17 manner consistent with the regional allocation formula described
18 under Section 2306.1115 [~~2306.111(d)~~], the department shall give
19 priority through its housing program scoring criteria to
20 communities that, at the time complete applications are submitted
21 under a housing program in relation to those communities, are
22 located wholly or partly in:

23 (1) a federally designated urban enterprise
24 community;

25 (2) an urban enhanced enterprise community; or

26 (3) an economically distressed area or colonia.

27 SECTION 5. It is the intent of the legislature that the

1 passage by the 80th Legislature, Regular Session, 2007, of another
2 bill that amends Chapter 2306, Government Code, and the amendments
3 made by this Act shall be harmonized, if possible, as provided by
4 Section 311.025(b), Government Code, so that effect may be given to
5 each. If the amendments made by this Act to Chapter 2306,
6 Government Code, and the amendments made to Chapter 2306,
7 Government Code, by any other bill are irreconcilable, it is the
8 intent of the legislature that this Act prevail, regardless of the
9 relative dates of enactment of this Act and the other bill or bills,
10 but only to the extent that any differences are irreconcilable.

11 SECTION 6. The changes in law made by this Act relating to
12 the evaluation of applications for financial assistance
13 administered by the Texas Department of Housing and Community
14 Affairs apply only to an application submitted on or after the
15 effective date of this Act. An application submitted before the
16 effective date of this Act is governed by the law in effect when the
17 application was submitted, and the former law is continued in
18 effect for that purpose.

19 SECTION 7. This Act takes effect September 1, 2007.