

BILL ANALYSIS

C.S.H.B. 3757
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert that recent changes to the scoring criteria for low income housing tax credit program applications will likely result in higher scoring proposals being located on the outskirts of the city instead of in the inner-city neighborhoods that have better proximity to jobs and services. The parties note that the combined cost of car transportation and housing can be a great burden for lower income households. The goal of C.S.H.B. 3757 is to reduce the cost burden on lower income households by revising the applicable laws relating to the low income housing tax credit program.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3757 amends the Government Code to add to the conditions under which the Texas Department of Housing and Community Affairs is required to provide appropriate incentives as determined through the qualified allocation plan of the low income housing tax credit program as a reward to certain program applicants that the applicant, except for an application participating under the at-risk set-aside, agrees to locate the development in a transit-supported area. The bill specifies a transit-supported area as being, if in a rural area, a location served by on-demand public transportation, and, if in an urban area, as being within one-half mile of an established transfer point for three or more existing bus lines operated under a local transit authority, a park and ride facility that is in operation or for which construction has commenced, or a stop on a commuter rail line that is in operation or for which construction on the rail line has commenced.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3757 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sec. 2306.6710(b) of the Government Code is amended as follows:
(b) If an application satisfies the threshold criteria, the department shall score and rank

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision.

the application using a point system that:

(1) prioritizes in descending order criteria regarding:

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

(B) quantifiable community participation with respect to the development, evaluated on the basis of written statements from any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site;

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

(D) the size and quality of the units;

(E) the commitment of development funding by local political subdivisions;

(F) the level of community support for the application, evaluated on the basis of written statements from the state representative or the state senator that represents the district containing the proposed development site;

(G) the rent levels of the units;

(H) the cost of the development by square foot;

(I) the services to be provided to tenants of the development; and

(J) whether, at the time the complete application is submitted or at any time within the two-year period preceding the date of submission, the proposed development site is located in an area declared to be a disaster under Section 418.014;

(K) whether the development will be located in a high opportunity area, where the opportunity index of an area is determined by considering walking access from the development to rail transit or a transit center, or the income level of the census tract;

No equivalent provision.

SECTION 1. Sec. 2306.6725(b) of the Government Code is amended by adding new item 3:

(b) The department shall provide appropriate incentives as determined through the qualified allocation plan to reward applicants who agree to:

(1) equip the property that is the basis of the

application with energy saving devices that meet the standards established by the state energy conservation office or to provide to a qualified nonprofit organization or tenant organization a right of first refusal to purchase the property at the minimum price provided in, and in accordance with the requirements of, Section 42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(7)); ~~and~~

(2) locate the development in a census tract in which there are no other existing developments supported by housing tax credits; and

(3)except for applications participating under the at-risk set-aside, locate the development in a transit-supported area, a transit-supported area being:

(A)If in an urban area, within one-half mile of:

(i)an established transfer point for three or more existing bus lines operated under a local transit authority;

(ii)a park and ride facility that is in operation or for which construction has commenced; or

(iii) a stop on a commuter rail line that is in operation or for which construction on the rail line has commenced;

(B) If in a rural area, a location served by on-demand public transportation.

SECTION 2. This Act takes effect September 1, 2013.

SECTION 2. Same as original version.