

By: Isaac

H.B. No. 3775

A BILL TO BE ENTITLED

AN ACT

relating to the availability of low-income housing tax credits for developments supported with private activity bonds.

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

SECTION 1. Section 2306.67021, Government Code, is amended to read as follows:

Sec. 2306.67021. APPLICABILITY OF SUBCHAPTER. To the extent permitted by federal law, this ~~[Except as provided by Section 2306.6703, this]~~ subchapter applies ~~[does not apply]~~ to the allocation of housing tax credits to developments financed through the private activity bond program in the same way this subchapter applies to the allocation of housing tax credits to developments not financed through the private activity bond program.

SECTION 2. Section 2306.6710, Government Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

(d) Subject to Subsection (d-1), the ~~[The]~~ department shall underwrite the applications ranked under Subsection (b) beginning with the applications with the highest scores in each region described by Section 2306.111(d) and in each set-aside category described in the qualified allocation plan. Based on application rankings, the department shall continue to underwrite applications until the department has processed enough applications satisfying the department's underwriting criteria to enable the allocation of

1 all available housing tax credits according to regional allocation
2 goals and set-aside categories. To enable the board to establish an
3 applications waiting list under Section 2306.6711, the department
4 shall underwrite as many additional applications as the board
5 considers necessary to ensure that all available housing tax
6 credits are allocated within the period required by law. The
7 department shall underwrite an application to determine the
8 financial feasibility of the development and an appropriate level
9 of housing tax credits. In determining an appropriate level of
10 housing tax credits, the department shall evaluate the cost of the
11 development based on acceptable cost parameters as adjusted for
12 inflation and as established by historical final cost
13 certifications of all previous housing tax credit allocations for:

14 (1) the county in which the development is to be
15 located;

16 (2) if certifications are unavailable under
17 Subdivision (1), the metropolitan statistical area in which the
18 development is to be located; or

19 (3) if certifications are unavailable under
20 Subdivisions (1) and (2), the uniform state service region in which
21 the development is to be located.

22 (d-1) A development to be financed through the private
23 activity bond program is eligible for housing tax credits only if,
24 with respect to other applications received in the subregion:

25 (1) for new construction, the application received a
26 score equal to or greater than the highest score awarded to any
27 application for housing tax credits for a development that will not

1 be supported through the bond program; or
2 (2) for rehabilitation or reconstruction, the
3 application received a score not lower than the lowest score
4 awarded to any application for housing tax credits for a
5 development that will not be supported through the bond program.

6 SECTION 3. The change in law made by this Act applies only
7 to an application for low income housing tax credits that is
8 submitted to the Texas Department of Housing and Community Affairs
9 during an application cycle that begins on or after the effective
10 date of this Act. An application that is submitted during an
11 application cycle that began before the effective date of this Act
12 is governed by the law in effect at the time the application cycle
13 began, and the former law is continued in effect for that purpose.

14 SECTION 4. This Act takes effect September 1, 2013.