

By: Isaac

H.B. No. 3779

A BILL TO BE ENTITLED

AN ACT

relating to affordable housing.

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

SECTION 1. Chapter 1231, Government Code, is amended by adding Subchapter C-1 to read as follows:

SUBCHAPTER C-1. BOARD APPROVAL OF ISSUANCE OF CERTAIN LOCAL SECURITIES

Sec. 1231.051. APPROVAL OF ISSUANCE. The board shall approve the issuance of a security issued under Subchapter E, Chapter 394, Local Government Code, if, after examining the application and documents or items of information required by the board, the board determines that the issuance is advisable.

SECTION 2. 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 3. Section 2306.6710, Government Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

1 (d) Subject to Subsection (d-1), the [~~The~~] department shall
2 underwrite the applications ranked under Subsection (b) beginning
3 with the applications with the highest scores in each region
4 described by Section 2306.111(d) and in each set-aside category
5 described in the qualified allocation plan. Based on application
6 rankings, the department shall continue to underwrite applications
7 until the department has processed enough applications satisfying
8 the department's underwriting criteria to enable the allocation of
9 all available housing tax credits according to regional allocation
10 goals and set-aside categories. To enable the board to establish an
11 applications waiting list under Section 2306.6711, the department
12 shall underwrite as many additional applications as the board
13 considers necessary to ensure that all available housing tax
14 credits are allocated within the period required by law. The
15 department shall underwrite an application to determine the
16 financial feasibility of the development and an appropriate level
17 of housing tax credits. In determining an appropriate level of
18 housing tax credits, the department shall evaluate the cost of the
19 development based on acceptable cost parameters as adjusted for
20 inflation and as established by historical final cost
21 certifications of all previous housing tax credit allocations for:

22 (1) the county in which the development is to be
23 located;

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

27 (3) if certifications are unavailable under

1 Subdivisions (1) and (2), the uniform state service region in which
2 the development is to be located.

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

6 (1) for new construction, the application received a
7 score equal to or greater than the highest score awarded to any
8 application for housing tax credits for a development that will not
9 be supported through the bond program; or

10 (2) for rehabilitation or reconstruction, the
11 application received a score not lower than the lowest score
12 awarded to any application for housing tax credits for a
13 development that will not be supported through the bond program.

14 SECTION 4. Subchapter E, Chapter 394, Local Government
15 Code, is amended by adding Sections 394.058 and 394.059 to read as
16 follows:

17 Sec. 394.058. APPROVAL OF BONDS BY BOND REVIEW BOARD.
18 Notwithstanding any other law, a bond may not be issued under this
19 chapter unless approved by the Bond Review Board.

20 Sec. 394.059. APPROVAL OF BONDS BY LOCAL GOVERNMENT. (a)
21 Notwithstanding Chapter 1372, Government Code, or any other law, a
22 private activity bond used to finance all or part of a residential
23 development under this chapter may not be issued unless the
24 issuance is approved by all local governments whose boundaries
25 contain the development.

26 (b) A local government whose boundaries contain a proposed
27 residential development with respect to which the issuance of a

1 private activity bond is sought:

2 (1) must consider any public comment made at a hearing
3 held required by the Tax Equity and Fiscal Responsibility Act of
4 1982 (TEFRA); and

5 (2) following the hearing, may refuse to approve the
6 issuance of a private activity bond for purposes of financing the
7 development.

8 SECTION 5. Section 11.182, Tax Code, is amended by adding
9 Subsection (h-1) to read as follows:

10 (h-1) Money received by a school district from a payment in
11 lieu of taxes made under Subsection (h)(1)(A) is subject to the same
12 limitations and restrictions as ad valorem tax revenue received by
13 the district.

14 SECTION 6. Section 394.9025(b), Local Government Code, is
15 repealed.

16 SECTION 7. The change in law made by this Act in amending
17 Sections 2306.67021 and 2306.6710, Government Code, applies only to
18 an application for low income housing tax credits that is submitted
19 to the Texas Department of Housing and Community Affairs during an
20 application cycle that begins on or after the effective date of this
21 Act. An application that is submitted during an application cycle
22 that began before the effective date of this Act is governed by the
23 law in effect at the time the application cycle began, and the
24 former law is continued in effect for that purpose.

25 SECTION 8. This Act takes effect September 1, 2013.