

BILL ANALYSIS

Senate Research Center

C.S.H.B. 74
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Department of Housing and Rural Affairs must distinguish between rural and urban communities for the purpose of distributing federal low income housing tax credits. The existing definition of a rural area for this purpose is:

- (1) an area that is not within the boundaries of a metropolitan statistical area (MSA); or
- (2) an area that is within the boundaries of an MSA but has a population of fewer than 25,000 and does not share a border with an urban area.

Accordingly, a small community that borders an urban area within an MSA cannot qualify as rural, and is considered urban. Then, any small town that shares a border with that area also cannot qualify as rural according to the definition above. This creates a chain of "urban areas" that are not truly urban, which prohibits characteristically rural towns and cities from receiving low-income housing tax credits that are reserved by the Texas Department of Housing and Community Affairs (TDHCA) only for rural areas.

This bill would direct TDHCA to create, by rule, an alternative method for a small area within an MSA to qualify as a rural area.

C.S.H.B. 74 amends current law relating to certain financial assistance administered by the Texas Department of Housing and Community Affairs in certain rural areas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 2 (Section 2306.6740, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 2306.6702(a), Government Code, by adding Subdivisions (12) and (17), to define "rural area" and "urban area."

SECTION 2. Amends Subchapter DD, Chapter 2306, Government Code, by adding Section 2306.6740, as follows:

Sec. 2306.6740. DESIGNATION OF CERTAIN AREAS AS RURAL. (a) Requires the Texas Department of Housing and Community Affairs (TDHCA) by rule to provide for the designation by TDHCA of an area located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area as a rural area under Section 2306.6702(a)(12)(B) for purposes of receiving housing tax credits administered by TDHCA under this subchapter.

(b) Requires that rules adopted under this section ensure that any housing tax credits allocated to a designated rural area complies with any applicable federal requirements regarding that assistance.

SECTION 3. Effective date: September 1, 2015.