

BILL ANALYSIS

Senate Research Center

C.S.H.B. 3535
By: Collier et al. (Menéndez)
Intergovernmental Relations
5/19/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties explain that the Texas Department of Housing and Community Affairs administers a housing tax credit program as a means of directing private capital toward the development and preservation of affordable rental housing for low income households. The parties further explain that under this program tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the development or preservation of affordable rental housing. Given the need for such credits in regions with a high poverty rate, the parties are concerned that there is an insufficient level of tax credits used for developments in those areas. C.S.H.B. 3535 addresses this concern.

The committee substitute changes the language in section one, subsection two from "high opportunity area" to "census tract with the lowest percentage of poverty".

C.S.H.B. 3535 amends current law relating to low income housing tax credits awarded for certain developments.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2306.6711, Government Code, by adding Subsection (g), as follows:

(g) Provides that, except as necessary to comply with the nonprofit set-aside required by Section 42(h)(5), Internal Revenue Code of 1986 (26 U.S.C. Section 42(h)(5)), in an urban subregion of a uniform state service region that contains a county with a population of more than 1,700,000, the governing board of the Texas Department of Housing and Community Affairs (TDHCA) shall allocate housing tax credits to:

- (1) the highest scoring development, if any, that is part of a concerted plan of revitalization and is located in that urban subregion in a municipality with a population of 500,000 or more; and
- (2) the highest scoring development, if any, that is located in the census tract with the lowest percentage of poverty in that urban subregion, as determined by TDHCA.

SECTION 2. Provides that the change in law made by this Act applies only to the allocation of low income housing tax credits for an application cycle that begins on or after January 1, 2017. Makes application of this Act prospective to January 1, 2017.

SECTION 3. Effective date: September 1, 2015.