

By: Watson

S.B. No. 1316

A BILL TO BE ENTITLED

AN ACT

relating to the system by which an application for a low income housing tax credit is scored.

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

SECTION 1. Section 2306.6710, Government Code, is amended by amending Subsections (b) and (f) to read as follows:

(b) If an application satisfies the threshold criteria, the department shall score and rank 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 a resolution concerning the development that is voted on and adopted by the following, as applicable:

(i) the governing body of a municipality in which the proposed development site is to be located;

(ii) subject to Subparagraph (iii), the commissioners court of a county in which the proposed development site is to be located, if the proposed site is to be located in an

1 area of a county that is not part of a municipality; or

2 (iii) the commissioners court of a county
3 in which the proposed development site is to be located and the
4 governing body of the applicable municipality, if the proposed site
5 is to be located in the extraterritorial jurisdiction of a
6 municipality;

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

9 (D) the size and quality of the units;

10 (E) ~~[the commitment of development funding by~~
11 ~~local political subdivisions,~~

12 ~~[(F)]~~ the rent levels of the units;

13 (F) ~~[(G)]~~ the cost of the development by square
14 foot;

15 (G) ~~[(H)]~~ the services to be provided to tenants
16 of the development;

17 (H) ~~[(I)]~~ whether, at the time the complete
18 application is submitted or at any time within the two-year period
19 preceding the date of submission, the proposed development site is
20 located in an area declared to be a disaster under Section 418.014;

21 (I) ~~[(J)]~~ quantifiable community participation
22 with respect to the development, evaluated on the basis of written
23 statements from any neighborhood organizations on record with the
24 state or county in which the development is to be located and whose
25 boundaries contain the proposed development site; and

26 (J) ~~[(K)]~~ the level of community support for the
27 application, evaluated on the basis of a written statement from the

1 state representative who represents the district containing the
2 proposed development site;

3 (2) uses criteria imposing penalties on applicants or
4 affiliates who have requested extensions of department deadlines
5 relating to developments supported by housing tax credit
6 allocations made in the application round preceding the current
7 round or a developer or principal of the applicant that has been
8 removed by the lender, equity provider, or limited partners for its
9 failure to perform its obligations under the loan documents or
10 limited partnership agreement; and

11 (3) encourages applicants to provide free notary
12 public service to the residents of the developments for which the
13 allocation of housing tax credits is requested.

14 (f) In evaluating the level of community support for an
15 application under Subsection (b)(1)(J) [~~(b)(1)(K)~~], the department
16 shall award:

17 (1) positive points for positive written statements
18 received;

19 (2) negative points for negative written statements
20 received; and

21 (3) zero points for neutral statements received.

22 SECTION 2. Section 2306.004(4-a), Government Code, is
23 repealed.

24 SECTION 3. The change in law made by this Act applies only
25 to an application for low income housing tax credits that is
26 submitted to the Texas Department of Housing and Community Affairs
27 during an application cycle that begins on or after the effective

1 date of this Act. An application that is submitted during an
2 application cycle that began before the effective date of this Act
3 is governed by the law in effect at the time the application cycle
4 began, and the former law is continued in effect for that purpose.

5 SECTION 4. This Act takes effect September 1, 2015.