

1-1 By: Watson S.B. No. 1316
 1-2 (In the Senate - Filed March 11, 2015; March 18, 2015, read
 1-3 first time and referred to Committee on Intergovernmental
 1-4 Relations; May 6, 2015, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
 1-6 May 6, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Lucio	X			
1-9 Bettencourt			X	
1-10 Campbell	X			
1-11 Garcia	X			
1-12 Menéndez	X			
1-13 Nichols	X			
1-14 Taylor of Galveston			X	

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 1316 By: Lucio

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the system by which an application for a low income
 1-20 housing tax credit is scored.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Sections 2306.6710(b) and (f), Government Code,
 1-23 are amended to read as follows:

1-24 (b) If an application satisfies the threshold criteria, the
 1-25 department shall score and rank the application using a point
 1-26 system that:

1-27 (1) prioritizes in descending order criteria
 1-28 regarding:

1-29 (A) financial feasibility of the development
 1-30 based on the supporting financial data required in the application
 1-31 that will include a project underwriting pro forma from the
 1-32 permanent or construction lender;

1-33 (B) quantifiable community participation with
 1-34 respect to the development, evaluated on the basis of a resolution
 1-35 concerning the development that is voted on and adopted by the
 1-36 following, as applicable:

1-37 (i) the governing body of a municipality in
 1-38 which the proposed development site is to be located;

1-39 (ii) subject to Subparagraph (iii), the
 1-40 commissioners court of a county in which the proposed development
 1-41 site is to be located, if the proposed site is to be located in an
 1-42 area of a county that is not part of a municipality; or

1-43 (iii) the commissioners court of a county
 1-44 in which the proposed development site is to be located and the
 1-45 governing body of the applicable municipality, if the proposed site
 1-46 is to be located in the extraterritorial jurisdiction of a
 1-47 municipality;

1-48 (C) the income levels of tenants of the
 1-49 development;

1-50 (D) the size and quality of the units;

1-51 (E) ~~the commitment of development funding by~~
 1-52 ~~local political subdivisions;~~

1-53 ~~[(F)]~~ the rent levels of the units;

1-54 (F) ~~[(G)]~~ the cost of the development by square
 1-55 foot;

1-56 (G) ~~[(H)]~~ the services to be provided to tenants
 1-57 of the development;

1-58 (H) ~~[(I)]~~ whether, at the time the complete
 1-59 application is submitted or at any time within the two-year period
 1-60 preceding the date of submission, the proposed development site is

2-1 located in an area declared to be a disaster under Section 418.014;
2-2 (I) [~~(J)~~] quantifiable community participation
2-3 with respect to the development, evaluated on the basis of written
2-4 statements from any neighborhood organizations on record with the
2-5 state or county in which the development is to be located and whose
2-6 boundaries contain the proposed development site; and

2-7 (J) [~~(K)~~] the level of community support for the
2-8 application, evaluated on the basis of a written statement from the
2-9 state representative who represents the district containing the
2-10 proposed development site;

2-11 (2) uses criteria imposing penalties on applicants or
2-12 affiliates who have requested extensions of department deadlines
2-13 relating to developments supported by housing tax credit
2-14 allocations made in the application round preceding the current
2-15 round or a developer or principal of the applicant that has been
2-16 removed by the lender, equity provider, or limited partners for its
2-17 failure to perform its obligations under the loan documents or
2-18 limited partnership agreement; and

2-19 (3) encourages applicants to provide free notary
2-20 public service to the residents of the developments for which the
2-21 allocation of housing tax credits is requested.

2-22 (f) In evaluating the level of community support for an
2-23 application under Subsection (b)(1)(J) [~~(b)(1)(K)~~], the department
2-24 shall award:

- 2-25 (1) positive points for positive written statements
2-26 received;
- 2-27 (2) negative points for negative written statements
2-28 received; and
- 2-29 (3) zero points for neutral statements received.

2-30 SECTION 2. Section 2306.6725, Government Code, is amended
2-31 by amending Subsection (a) and adding Subsections (e) and (f) to
2-32 read as follows:

2-33 (a) In allocating low income housing tax credits, the
2-34 department shall score each application using a point system based
2-35 on criteria adopted by the department that are consistent with the
2-36 department's housing goals, including criteria addressing the
2-37 ability of the proposed project to:

- 2-38 (1) provide quality social support services to
2-39 residents;
- 2-40 (2) demonstrate community and neighborhood support as
2-41 defined by the qualified allocation plan;
- 2-42 (3) consistent with sound underwriting practices and
2-43 when economically feasible, serve individuals and families of
2-44 extremely low income by leveraging private and state and federal
2-45 resources, including federal HOPE VI grants received through the
2-46 United States Department of Housing and Urban Development;
- 2-47 (4) serve traditionally underserved areas;
- 2-48 (5) demonstrate support from local political
2-49 subdivisions based on the subdivisions' commitment of development
2-50 funding;

2-51 (6) remain affordable to qualified tenants for an
2-52 extended, economically feasible period; and

2-53 (7) [~~(6)~~] comply with the accessibility standards
2-54 that are required under Section 504, Rehabilitation Act of 1973 (29
2-55 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart
2-56 C.

2-57 (e) In establishing the scoring criterion in the 2016 and
2-58 2017 qualified allocation plans related to the commitment of
2-59 development funding by local political subdivisions, the
2-60 department shall significantly reduce for each place regardless of
2-61 population the amount in funding per low income unit required for a
2-62 proposed project to receive the applicable number of points for
2-63 that criterion. After the reduction, the amount of required
2-64 funding may be a de minimis amount.

2-65 (f) Subsection (e) and this subsection expire September 1,
2-66 2019.

2-67 SECTION 3. Section 2306.004(4-a), Government Code, is
2-68 repealed.

2-69 SECTION 4. The change in law made by this Act applies only

3-1 to an application for low income housing tax credits that is
3-2 submitted to the Texas Department of Housing and Community Affairs
3-3 during an application cycle that begins on or after the effective
3-4 date of this Act. An application that is submitted during an
3-5 application cycle that began before the effective date of this Act
3-6 is governed by the law in effect at the time the application cycle
3-7 began, and the former law is continued in effect for that purpose.

3-8 SECTION 5. This Act takes effect September 1, 2015.

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