**BILL ANALYSIS**

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| Senate Research Center | S.B. 1238 |
|  | By: Rodríguez |
|  | Intergovernmental Relations |
|  | 6/20/2017 |
|  | Enrolled |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Department of Housing and Community Affairs (TDHCA)'s Housing Tax Credit (HTC) Program is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households. Tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing. There are two types of tax credits: competitive (nine percent) and non-competitive (four percent). There are separate pools of competitive (nine percent) tax credits reserved to qualified nonprofit developments and for an "at-risk set-aside."

S.B. 1238 amends the definition of "at-risk development" to clarify that a Texas public housing authority (PHA) and/or a public facility corporation (PFC) of a PHA is eligible to seek low-income housing tax credits (LIHTC) in the separate, at-risk set-aside tax credits awarded through TDHCA. The bill also allows a Texas PHA that has previously converted units through the federal Rental Assistance Demonstration (RAD) program with at-risk set-aside LIHTC to convert any remaining public housing units in the development.

S.B. 1238 amends current law relating to the eligibility of certain at-risk developments to receive low income housing tax credits.

**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 2306.6702(a)(5), Government Code, to redefine "at-risk development."

SECTION 2. Amends Section 2306.6714, Government Code, by adding Subsection (a-2), as follows:

(a-2) Provides that, notwithstanding any other provision of law, an at-risk development described by Section 2306.6702(a)(5)(B) (relating to defining "at-risk development" as a development that proposes to rehabilitate or reconstruct certain housing units) that was previously allocated housing tax credits set aside under Subsection (a) (relating to requiring the Texas Department of Housing and Community Affairs to set aside housing tax credits for eligible at-risk development) does not lose eligibility for those credits if the portion of units reserved for public housing as a condition of eligibility for the credits under Subsection (a-1)(2) (relating to the eligibility of an at-risk development for housing tax credits) are later converted under the Rental Assistance Demonstration program administered by the United States Department of Housing and Urban Development as specified by the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. No. 112-55) and its subsequent amendments.

SECTION 3. Effective date: upon passage or September 1, 2017.