

By: González of El Paso

H.B. No. 2405

A BILL TO BE ENTITLED

AN ACT

relating to the allocation of low income housing tax credits to developments in certain areas designated as rural.

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

SECTION 1. Section 2306.6740, Government Code, is amended to read as follows:

Sec. 2306.6740. DESIGNATION OF CERTAIN AREAS AS RURAL.

(a) The department by rule shall:

(1) provide for the designation by the department 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 the department under this subchapter; and

(2) designate the site of a proposed or existing development as a rural area under Section 2306.6702(a)(12)(B) for purposes of receiving housing tax credits allocated by the department under Sections 2306.111(d-2) and (d-3) if the development, before September 1, 2013, has been awarded or has received financial assistance under Section 514, 515, or 516 of the Housing Act of 1949 (42 U.S.C. Section 1484, 1485, or 1486).

(b) Rules adopted under this section must:

(1) provide procedures by which a political subdivision or a census-designated place may apply for a rural

1 designation under Subsection (a)(1);

2 (2) provide guidelines for designating an area as
3 rural under Subsection (a)(1), including specifying:

4 (A) conditions under which a rural designation is
5 not appropriate, including the proximity of the area to or the
6 presence of major amenities commonly associated with urban or
7 suburban areas; and

8 (B) conditions under which a rural designation is
9 appropriate, including areas with low population density, the
10 proximity of the area to or the absence of major amenities commonly
11 associated with urban or suburban areas, a high level of
12 undeveloped land, a significant presence of unimproved roads, or
13 significant agricultural activity; and

14 (3) ensure that any housing tax credits allocated to a
15 designated rural area described by Subsection (a)(1) or (2) comply
16 with applicable federal requirements regarding that assistance.

17 (c) The department shall remove a rural area designation
18 under this section on receipt of a request submitted on behalf of
19 the affected political subdivision, census-designated place, or
20 development site, as applicable.

21 SECTION 2. Section [2306.111\(d-4\)](#), Government Code, is
22 repealed.

23 SECTION 3. As soon as practicable after the effective date
24 of this Act, the Texas Department of Housing and Community Affairs
25 shall adopt rules to implement the changes in law made by this Act.

26 SECTION 4. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2017.