

By: Dutton

H.B. No. 2633

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the evaluation of applications for certain financial
3 assistance administered by the Texas Department of Housing and
4 Community Affairs.

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

6 SECTION 1. Section 2306.1114(a), Government Code, is
7 amended to read as follows:

8 (a) Not later than the 14th day after the date an
9 application or a proposed application for housing funds described
10 by Section 2306.111 has been filed, the department shall provide
11 written notice of the filing of the application or proposed
12 application to the following persons:

13 (1) the United States representative who represents
14 the community containing the development described in the
15 application;

16 (2) members of the legislature who represent the
17 community containing the development described in the application;

18 (3) the presiding officer of the governing body of the
19 political subdivision containing the development described in the
20 application;

21 (4) any member of the governing body of a political
22 subdivision who represents the area containing the development
23 described in the application;

24 (5) the superintendent and the presiding officer of

1 the board of trustees of the school district containing the
2 development described in the application; ~~and~~

3 (6) any neighborhood organization that is
4 ~~[organizations]~~ on record with the state or county in which the
5 development described in the application is to be located and that
6 has ~~[whose]~~ boundaries containing ~~[contain]~~ the proposed
7 development site or has a boundary located not more than 15 miles
8 from the proposed site; and

9 (7) any residence located not more than 15 miles from
10 the proposed development site.

11 SECTION 2. Section 2306.6704(b-1), Government Code, is
12 amended to read as follows:

13 (b-1) The preapplication process must require the applicant
14 to provide the department with evidence that the applicant has
15 notified the following entities with respect to the filing of the
16 application:

17 (1) any neighborhood organization that is
18 ~~[organizations]~~ on record with the state or county in which the
19 development is to be located and that has ~~[whose]~~ boundaries
20 containing ~~[contain]~~ the proposed development site or has a
21 boundary located not more than 15 miles from the proposed site;

22 (2) the superintendent and the presiding officer of
23 the board of trustees of the school district containing the
24 development;

25 (3) the presiding officer of the governing body of any
26 municipality containing the development and all elected members of
27 that body;

1 (4) the presiding officer of the governing body of the
2 county containing the development and all elected members of that
3 body; ~~and~~

4 (5) the state senator and state representative of the
5 district containing the development; and

6 (6) any residence located not more than 15 miles from
7 the proposed development site.

8 SECTION 3. Section 2306.6705, Government Code, is amended
9 to read as follows:

10 Sec. 2306.6705. GENERAL APPLICATION REQUIREMENTS. An
11 application must contain at a minimum the following written,
12 detailed information in a form prescribed by the board:

13 (1) a description of:

14 (A) the financing plan for the development,
15 including any nontraditional financing arrangements;

16 (B) the use of funds with respect to the
17 development;

18 (C) the funding sources for the development,
19 including:

20 (i) construction, permanent, and bridge
21 loans; and

22 (ii) rents, operating subsidies, and
23 replacement reserves; and

24 (D) the commitment status of the funding sources
25 for the development;

26 (2) if syndication costs are included in the eligible
27 basis, a justification of the syndication costs for each cost

1 category by an attorney or accountant specializing in tax matters;

2 (3) from a syndicator or a financial consultant of the
3 applicant, an estimate of the amount of equity dollars expected to
4 be raised for the development in conjunction with the amount of
5 housing tax credits requested for allocation to the applicant,
6 including:

7 (A) pay-in schedules; and

8 (B) syndicator consulting fees and other
9 syndication costs;

10 (4) if rental assistance, an operating subsidy, or an
11 annuity is proposed for the development, any related contract or
12 other agreement securing those funds and an identification of:

13 (A) the source and annual amount of the funds;

14 (B) the number of units receiving the funds; and

15 (C) the term and expiration date of the contract
16 or other agreement;

17 (5) if the development is located within the
18 boundaries of a political subdivision with a zoning ordinance,
19 evidence in the form of a letter from the chief executive officer of
20 the political subdivision or from another local official with
21 jurisdiction over zoning matters that states that:

22 (A) the development is permitted under the
23 provisions of the ordinance that apply to the location of the
24 development; or

25 (B) the applicant is in the process of seeking
26 the appropriate zoning and has signed and provided to the political
27 subdivision a release agreeing to hold the political subdivision

1 and all other parties harmless in the event that the appropriate
2 zoning is denied;

3 (6) if an occupied development is proposed for
4 rehabilitation:

5 (A) an explanation of the process used to notify
6 and consult with the tenants in preparing the application;

7 (B) a relocation plan outlining:

8 (i) relocation requirements; and

9 (ii) a budget with an identified funding
10 source; and

11 (C) if applicable, evidence that the relocation
12 plan has been submitted to the appropriate local agency;

13 (7) a certification of the applicant's compliance with
14 appropriate state and federal laws, as required by other state law
15 or by the board;

16 (8) any other information required by the board in the
17 qualified allocation plan; and

18 (9) evidence that the applicant has notified the
19 following entities with respect to the filing of the application:

20 (A) any neighborhood organization that is
21 ~~[organizations]~~ on record with the state or county in which the
22 development is to be located and that has ~~[whose]~~ boundaries
23 containing ~~[contain]~~ the proposed development site or has a
24 boundary located not more than 15 miles from the proposed
25 development site;

26 (B) the superintendent and the presiding officer
27 of the board of trustees of the school district containing the

1 development;

2 (C) the presiding officer of the governing body
3 of any municipality containing the development and all elected
4 members of that body;

5 (D) the presiding officer of the governing body
6 of the county containing the development and all elected members of
7 that body; ~~and~~

8 (E) the state senator and state representative of
9 the district containing the development; and

10 (F) any residence located not more than 15 miles
11 from the proposed development site.

12 SECTION 4. Section 2306.6710(b), Government Code, is
13 amended to read as follows:

14 (b) If an application satisfies the threshold criteria, the
15 department shall score and rank the application using a point
16 system that:

17 (1) prioritizes in descending order criteria
18 regarding:

19 (A) financial feasibility of the development
20 based on the supporting financial data required in the application
21 that will include a project underwriting pro forma from the
22 permanent or construction lender;

23 (B) quantifiable community participation with
24 respect to the development, evaluated on the basis of a resolution
25 concerning the development that is voted on and adopted by the
26 following, as applicable:

27 (i) the governing body of a municipality in

1 which the proposed development site is to be located;

2 (ii) subject to Subparagraph (iii), the
3 commissioners court of a county in which the proposed development
4 site is to be located, if the proposed site is to be located in an
5 area of a county that is not part of a municipality; or

6 (iii) the commissioners court of a county
7 in which the proposed development site is to be located and the
8 governing body of the applicable municipality, if the proposed site
9 is to be located in the extraterritorial jurisdiction of a
10 municipality;

11 (C) the income levels of tenants of the
12 development;

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

14 (E) the rent levels of the units;

15 (F) the cost of the development by square foot;

16 (G) the services to be provided to tenants of the
17 development;

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

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

1 boundary located not more than 15 miles from the proposed site; and

2 (J) the level of community support for the
3 application, evaluated on the basis of a written statement from the
4 state representative who represents the district containing the
5 proposed development site;

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

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

17 SECTION 5. The change in law made by this Act applies only
18 to an application for low income housing tax credits that is
19 submitted to the Texas Department of Housing and Community Affairs
20 during an application cycle that is based on the 2018 qualified
21 allocation plan or a subsequent plan adopted by the governing board
22 of the department. An application that is submitted during an
23 application cycle that is based on an earlier qualified allocation
24 plan is governed by the law in effect on the date the application
25 cycle began, and the former law is continued in effect for that
26 purpose.

27 SECTION 6. This Act takes effect September 1, 2017.