

By: Guerra

H.B. No. 416

A BILL TO BE ENTITLED

1 AN ACT

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

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

5 SECTION 1. Section 2306.6710(b), Government Code, is
6 amended to read as follows:

7 (b) If an application satisfies the threshold criteria, the
8 department shall score and rank the application using a point
9 system that:

10 (1) prioritizes in descending order criteria
11 regarding:

12 (A) financial feasibility of the development
13 based on the supporting financial data required in the application
14 that will include a project underwriting pro forma from the
15 permanent or construction lender;

16 (B) quantifiable community participation with
17 respect to the development, evaluated on the basis of a resolution
18 concerning the development that is voted on and adopted by the
19 following, as applicable:

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

22 (ii) subject to Subparagraph (iii), the
23 commissioners court of a county in which the proposed development
24 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 rent levels of the units;

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

12 (G) the services to be provided to tenants of the
13 development;

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

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

23 ~~[(J) the level of community support for the~~
24 ~~application, evaluated on the basis of a written statement from the~~
25 ~~state representative who represents the district containing the~~
26 ~~proposed development site,]~~

27 (2) uses criteria imposing penalties on applicants or

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

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

11 SECTION 2. Section 2306.6718(b), Government Code, is
12 amended to read as follows:

13 (b) The department shall provide the elected officials with
14 an opportunity to comment on the application during the application
15 evaluation process [~~provided by Section 2306.6710~~] and shall
16 consider those comments in evaluating applications [~~under that~~
17 ~~section~~].

18 SECTION 3. Section 2306.6710(f), Government Code, is
19 repealed.

20 SECTION 4. The change in law made by this Act applies only
21 to an application for low income housing tax credits that is
22 submitted to the Texas Department of Housing and Community Affairs
23 during an application cycle that is based on the 2020 qualified
24 allocation plan or a subsequent plan adopted by the governing board
25 of the department. An application that is submitted during an
26 application cycle that is based on an earlier qualified allocation
27 plan is governed by the law in effect on the date the application

1 cycle began, and the former law is continued in effect for that
2 purpose.

3 SECTION 5. This Act takes effect September 1, 2019.