BILL ANALYSIS

H.B. 663
By: Cortez
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Department of Housing and Community Affairs administers the low income housing tax credit program, which is tasked with funding multifamily affordable housing developments in Texas. The qualified allocation plan governs which applications for funding will be selected based on criteria in the Texas Administrative Code (TAC) and annual policy initiatives outside of set legislation. Under the TAC, there is an at-risk development set-aside that helps facilitate the preservation of existing affordable housing. Without this set-aside, it is nearly impossible for these projects to be competitive in the regional pools that primarily fund new construction. It has been suggested that the eligibility requirements for the set-aside are currently too narrow. H.B. 663 seeks to prevent existing affordable housing developments from falling into disrepair or converting to market rate housing by expanding eligibility for the at-risk development set-aside under the low income housing tax credit program.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 663 amends the Government Code to extend eligibility for the at-risk development set-aside under the low income housing tax credit program to the following types of subsidized developments:

- developments whose contract or regulatory agreement has an expired stipulation to maintain affordability and whose restricted housing units have not yet been converted to market rate units; and
- developments with a HUD-insured or HUD-held mortgage that has been fully paid, prepaid, or refinanced.

The bill clarifies, for purposes of the set-aside eligibility condition based on the approaching expiration of a stipulation to maintain affordability, that such a stipulation may be in either a regulatory agreement or a contract.

H.B. 663 applies only to an application for low income housing tax credits that is submitted to the Texas Department of Housing and Community Affairs (TDHCA) during an application cycle that is based on the 2022 qualified allocation plan or a subsequent plan adopted by the TDHCA governing board.

EFFECTIVE DATE

September 1, 2021.