

## **BILL ANALYSIS**

H.B. 1261  
By: Gervin-Hawkins  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

A public housing authority may enter into a public-private partnership with a private partner for a low income housing tax credit development. The private partner provides the financial guarantees and manages the property for compliance issues, which can leave the authority with little control over compliance. However, if the development is found to be noncompliant with Texas Department of Housing and Community Affairs (TDHCA) standards, the authority will receive a demerit. This may happen even if the authority is not the managing entity and does not have the opportunity or authority to address a deficiency.

To address these situations, TDHCA rules provide that for certain application scoring purposes, events of noncompliance associated with a development for which a public housing authority is not in control are excluded from the combined portfolio of the authority for compliance history review. This allows the TDHCA to appropriately regulate compliance issues with the responsible parties without demerits aggregating for the authority and making the authority ineligible for future tax credits, but this practice is not codified in statute. H.B. 1261 seeks to codify this current TDHCA practice by prohibiting the TDHCA from including in its compliance assessment report certain instances of noncompliance for certain project applications and under certain conditions.

### **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. 1261 amends the Government Code to prohibit the Texas Department of Housing and Community Affairs (TDHCA), for a project application seeking financial assistance administered through TDHCA multifamily housing programs, from including in its compliance assessment report any instance of noncompliance associated with a project of the applicant or affiliate of the applicant if the applicant or affiliate has submitted documentation in an acceptable format demonstrating that the responsibility for project compliance was delegated to another participant in the project, including, if applicable, a related party as defined for the low income housing tax credit program. The bill clarifies that the documentation and disclosure requirement for the TDHCA relating to any instances in which a project application is approved despite noncompliance applies to noncompliance that is provided in a written compliance assessment report to the TDHCA.

H.B. 1261 applies only to an application for financial assistance that is submitted to the TDHCA on or after January 1, 2022.

**EFFECTIVE DATE**

September 1, 2021.