BILL ANALYSIS

C.S.H.B. 1853
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The low income housing tax credit program administered by the Texas Department of Housing and Community Affairs (TDHCA) is a public-private partnership program that provides a federal income tax credit for the purpose of generating private equity investment for the construction of affordable housing developments. In applying for these tax credits, affordable housing developers submit applications that are scored and ranked in accordance with the rules and laws outlined in the qualified allocation plan. This plan is adopted at least biennially by the TDHCA governing board. However, if the plan were to be adopted on a more set time frame, such as biennially, greater predictability would be provided in this highly competitive process. This would allow for greater clarity and due diligence in development planning for developers and community stakeholders and would result in stronger applications to address housing needs. C.S.H.B. 1853 seeks to address this issue by changing the frequency with which the governing board adopts the plan.

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

C.S.H.B. 1853 amends the Government Code to change the frequency with which the governing board of the Texas Department of Housing and Community Affairs (TDHCA) must adopt a qualified allocation plan and a corresponding manual for the low income housing tax credit program from at least biennially to biennially. The bill explicitly prohibits the governing board from adopting a plan and manual more frequently than once during each biennium.

C.S.H.B. 1853 requires the governing board to do the following:

- biennially adjust to reflect inflation any amount specified in the qualified allocation plan relating to the acceptable cost of a development by square foot;
- use 2021 as the base year for the adjustment; and
- in making the computation, consider the Consumer Price Index for All Urban Consumers, or its successor in function, published by the U.S. Bureau of Labor Statistics.

C.S.H.B. 1853 applies to the adoption of a qualified allocation plan and corresponding manual for the state fiscal biennium beginning September 1, 2021.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1853 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision requiring the governing board to biennially adjust to reflect inflation any amount specified in the qualified allocation plan relating to the acceptable cost of a development by square foot and includes related provisions.

The substitute changes the bill's applicability provision from making the bill applicable only to an application for low income housing tax credits that is submitted to the TDHCA during an application cycle that is based on the 2020 qualified allocation plan or a subsequent plan adopted by the governing board to making the bill applicable to the adoption of a qualified allocation plan and corresponding manual for the state fiscal biennium beginning September 1, 2021.