

BILL ANALYSIS

C.S.H.B. 2027
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A statewide housing shortage has been compounded due to the economic impact of the COVID-19 pandemic. With almost half of Texans reportedly spending more than 30 percent of their household income on housing costs, increasing the supply of affordable housing through adjustments to the low income housing tax credit program may help stimulate economic growth. C.S.H.B. 2027 seeks to adjust the application process for the low income housing tax credit program by replacing provisions requiring a resolution of no objection with a certification process relating to the program. Additionally, C.S.H.B. 2027 seeks to effect the scoring process for a certain low income housing tax credit program by removing census tract limitations for scoring purposes and by giving the Texas Department of Housing and Community Affairs greater discretion in prioritizing the scoring elements.

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 rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 2027 amends the Government Code to revise provisions governing the low income housing tax credit program relating to an application for housing tax credits for developments financed through the private activity bond program as follows:

- repeals the requirement that a county or municipality, as applicable, hold a hearing at which public comment may be made on the application;
- requires each applicable governing body to submit to the Texas Department of Housing and Community Affairs (TDHCA) a certification, rather than the applicant submitting a certified copy of a resolution from each applicable governing body, stating that the governing body has been provided required notice of the intent to file an application and the governing body has had sufficient opportunity to obtain a response regarding any questions or concerns; and
- removing a statement that the governing body does not object to the proposed application from the items to be documented by the applicable governing body.

C.S.H.B. 2027 authorizes the TDHCA governing board to approve an application for housing tax credits without receiving each such required certification if, after the 60th day following the date on which all applicable governing bodies have received notice, the applicant submits a certification to the TDHCA stating that the governing body has had sufficient opportunity to obtain a response from the applicant regarding any questions or concerns about the proposed

development. The bill authorizes the TDHCA by rule to provide for additional requirements relating to the time and manner of the submission to the TDHCA of a required certification.

C.S.H.B. 2027, with respect to the point system used by the TDHCA in scoring and ranking an application under the low income housing tax credit program, removes the requirement that certain prescribed criteria be prioritized in a specified order. The bill removes the requirement that incentives be provided by the TDHCA to reward an applicant that agrees to locate the development in a census tract in which there are no other existing developments supported by housing tax credits.

C.S.H.B. 2027 applies 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 2022 qualified allocation plan or a subsequent plan adopted by the TDHCA governing board.

C.S.H.B. 2027 repeals Section 2306.67071(b), Government Code.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2027 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 the following, which were absent from the original:

- an authorization for the TDHCA governing board to approve an application for housing tax credits without receiving each requisite certification under certain conditions; and
- a specification that the authorization for the TDHCA by rule to provide for the time and manner of the submission of a required certification is for additional requirements relating to the time and manner of that submission.

Whereas the original retained the applicant as the sender of the required certification made by each applicable governing body to the TDHCA, the substitute specifies that each applicable governing body submits the certification to the TDHCA.