

AN ACT

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

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

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

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

(1) prioritizes in descending order criteria regarding:

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

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

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

(ii) subject to Subparagraph (iii), the commissioners court of a county in which the proposed development 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](#);

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; and

11 (4) for an application concerning a development that  
12 is or will be located in a county with a population of 1 million or  
13 more but less than 4 million and that is or will be located not more  
14 than two miles from a veterans hospital, veterans affairs medical  
15 center, or veterans affairs health care center, encourages  
16 applicants to provide a preference for leasing units in the  
17 development to low income veterans.

18 SECTION 2. The change in law made by this Act applies only  
19 to an application for low income housing tax credits that is  
20 submitted to the Texas Department of Housing and Community Affairs  
21 during an application cycle that is based on the 2022 qualified  
22 allocation plan or a subsequent plan adopted by the governing board  
23 of the department. An application that is submitted during an  
24 application cycle that is based on an earlier qualified allocation  
25 plan is governed by the law in effect on the date the application  
26 cycle began, and the former law is continued in effect for that  
27 purpose.

1 SECTION 3. This Act takes effect September 1, 2021.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1558 was passed by the House on April 23, 2021, by the following vote: Yeas 122, Nays 24, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1558 on May 28, 2021, by the following vote: Yeas 100, Nays 44, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1558 was passed by the Senate, with amendments, on May 27, 2021, by the following vote: Yeas 30, Nays 1.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor