

By: Button

H.B. No. 1558

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

10 (1) prioritizes in descending order criteria  
11 regarding:

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

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

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

22 (ii) subject to Subparagraph (iii), the  
23 commissioners court of a county in which the proposed development  
24 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 not more than five miles from a veterans  
13 hospital, encourages applicants to provide a preference for leasing  
14 units in the development to low income veterans.

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

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