**BILL ANALYSIS**

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| Senate Research Center | H.B. 4550 |
| 88R18201 JAM-F | By: Cunningham (Alvarado) |
|  | Local Government |
|  | 5/20/2023 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the Texas Department of Housing and Community Affairs (TDHCA) issues a qualified allocation plan (QAP) annually specifying the criteria that all low income housing tax credit (LIHTC) applications must meet. The QAP also establishes the criteria for earning extra points such as agreeing to longer affordability terms or providing tenant services. With the possibility of a new plan every year, there are concerns that the annual changes to the QAP negatively impact the competitive nature of applications and the quality and cost of viable sites for affordable housing opportunities. Additionally, months of feasibility analysis and vetting are at risk due to the timing requirements and annual modifications to the plan.

H.B. 4550 reduces how often the TDHCA board may adopt a QAP and manual for the allocation of LIHTC from annually to biennially. H.B. 4550 also adjusts the qualification for LIHTC by requiring that the acceptable cost of a development by square foot listed in the plan account for inflation. A biennial adoption of a QAP will benefit both TDHCA and the applicants by allotting more time to undergo the process. Additionally, the additional time will abate the sharp increase of the cost of sites that occurs due to short-term bidding wars over land.

H.B. 4550 amends current law relating to the qualified allocation plan and manual adopted for the allocation of low income housing tax credits.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2306.67022, Government Code, as follows:

Sec. 2306.67022. QUALIFIED ALLOCATION PLAN; MANUAL. (a) Requires the governing board of the Texas Department of Housing and Community Affairs (board) biennially, rather than at least biennially, to adopt a qualified allocation plan and a corresponding manual to provide information regarding the administration of and eligibility for the low income housing tax credit program. Prohibits the board from adopting a plan and manual more frequently than once during each biennium, rather than authorizing the board to adopt the plan and manual annually, as considered appropriate by the board. Makes a nonsubstantive change.

(b) Requires the board biennially to adjust to reflect inflation any amount specified in the qualified allocation plan relating to the acceptable cost of a development by square foot. Requires the board to use 2021 as the base year for the adjustment.

(c) Requires the board, in making the computation under Subsection (b), to consider the Consumer Price Index for All Urban Consumers, or its successor in function, published by the United States Bureau of Labor Statistics.

SECTION 2. Provides that the change in law made by this Act applies to the adoption of a qualified allocation plan and corresponding manual for the state fiscal biennium beginning September 1, 2023.

SECTION 3. Effective date: September 1, 2023.