

## **BILL ANALYSIS**

C.S.H.B. 4550  
By: Cunningham  
Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Each year, the Texas Department of Housing and Community Affairs (TDHCA) issues a new qualified allocation plan (QAP) that sets forth baseline criteria that all low income housing tax credit applications must meet. The QAP also establishes criteria by which nine percent of credit applicants can earn extra points, such as agreeing to longer affordability terms or providing tenant services. Concerns have been raised that annual changes to the QAP significantly impact the competitive nature of applications, impact viable sites for affordable housing opportunities, and put months of feasibility analysis and vetting at risk. Additionally, there is concern that the acceptable cost per square foot for developments is not adjusted to reflect inflation. Given recent market forces, including the rise in inflation, the TDHCA board needs to adjust the acceptable cost of a development by square foot. C.S.H.B. 4550 seeks to address this issue by changing the frequency with which the governing board of TDHCA is required to adopt a QAP and a corresponding manual for the low income housing tax credit program.

### **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. 4550 amends the Government Code to change the frequency with which the governing board of the Texas Department of Housing and Community Affairs must adopt a qualified allocation plan (QAP) 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 QAP and manual more frequently than once during each biennium.

C.S.H.B. 4550 requires the governing board to do the following:

- biennially adjust to reflect inflation any amount specified in the QAP 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.

C.S.H.B. 4550 applies to the adoption of a QAP and corresponding manual for the 2024-2025 state fiscal biennium.

**EFFECTIVE DATE**

September 1, 2023.

**COMPARISON OF INTRODUCED AND SUBSTITUTE**

C.S.H.B. 4550 differs from the introduced only by including a Texas Legislative Council draft number in the footer.