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By:  Menéndez S.B. No. 1480

A BILL TO BE ENTITLED

AN ACT

relating to the allocation of low income housing tax credits.

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

SECTION 1.  Sections 2306.6710(b), (f), and (g), Government Code, are 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 area of a county that is not part of a municipality; or

(iii)  the commissioners court of a county in which the proposed development site is to be located and the governing body of the applicable municipality, if the proposed site is to be located in the extraterritorial jurisdiction of a municipality;

(C)  the income levels of tenants of the development;

(D)  the size and quality of the units;

(E)  the rent levels of the units;

(F)  [~~the cost of the development by square foot;~~

[~~(G)~~]  the services to be provided to tenants of the development;

(G) [~~(H)~~]  whether, at the time the complete application is submitted or at any time within the two-year period preceding the date of submission, the proposed development site is located in an area declared to be a disaster under Section 418.014;

(H) [~~(I)~~]  quantifiable community participation with respect to the development, evaluated on the basis of written statements from any neighborhood organizations on record with the state or county in which the development is to be located and whose boundaries contain the proposed development site; and

(I) [~~(J)~~]  the level of community support for the application, evaluated on the basis of a written statement from the state representative who represents the district containing the proposed development site;

(2)  uses criteria imposing penalties on applicants or affiliates who have requested extensions of department deadlines relating to developments supported by housing tax credit allocations made in the application round preceding the current round or a developer or principal of the applicant that has been removed by the lender, equity provider, or limited partners for its failure to perform its obligations under the loan documents or limited partnership agreement;

(3)  encourages applicants to provide free notary public service to the residents of the developments for which the allocation of housing tax credits is requested; and

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

(f)  In evaluating the level of community support for an application under Subsection (b)(1)(I) [~~(b)(1)(J)~~], the department shall award:

(1)  positive points for positive written statements received;

(2)  negative points for negative written statements received; and

(3)  zero points for neutral statements received.

(g)  If no written statement is received for an application under Subsection (b)(1)(I) [~~(b)(1)(J)~~], the department shall use the maximum number of points that could have been awarded under that paragraph to increase the maximum number of points that may be awarded for that application under Subsection (b)(1)(B). If awarding points under Subsection (b)(1)(B)(iii), the department shall reallocate the points from the scoring category provided by Subsection (b)(1)(I) [~~(b)(1)(J)~~] equally between the political subdivisions described by Subsection (b)(1)(B)(iii). In awarding points transferred under this subsection from the scoring category provided by Subsection (b)(1)(I) [~~(b)(1)(J)~~] to the scoring category provided by Subsection (b)(1)(B), the department shall award:

(1)  positive points for positive resolutions adopted;

(2)  negative points for negative resolutions adopted; and

(3)  zero points for neutral resolutions adopted.

SECTION 2.  Section 2306.6711(b), Government Code, is amended to read as follows:

(b)  Not later than the deadline specified in the qualified allocation plan, the board shall issue commitments for available housing tax credits based on the application evaluation process provided by Section 2306.6710.  The board may not allocate to an applicant housing tax credits in any unnecessary amount, as determined by the department's underwriting policy and by federal law, and in any event may not allocate to the applicant housing tax credits in an amount greater than $4 [~~$3~~] million in a single application round or to an individual development more than $2 million in a single application round.

SECTION 3.  Section 2306.6725(b), Government Code, is amended to read as follows:

(b)  The department shall provide appropriate incentives as determined through the qualified allocation plan to reward applicants who agree to:

(1)  equip the development that is the basis of the application with energy saving devices that meet the standards established by the state energy conservation office; or

(2)  provide to a qualified entity, in a land use restriction agreement in accordance with Section 2306.6726, a right of first refusal to purchase the development at the minimum price provided in, and in accordance with the requirements of, Section 42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section 42(i)(7))[~~; and~~

[~~(2)  locate the development in a census tract in which there are no other existing developments supported by housing tax credits~~].

SECTION 4.  The change in law made by this Act applies only to an application for low income housing tax credits that is submitted to the Texas Department of Housing and Community Affairs during an application cycle that is based on the 2024 qualified allocation plan or a subsequent plan adopted by the governing board of the department. An application that is submitted during an application cycle that is based on an earlier qualified allocation plan is governed by the law in effect on the date the application cycle began, and the former law is continued in effect for that purpose.

SECTION 5.  This Act takes effect September 1, 2023.