

BILL ANALYSIS

H.B. 3753
By: Cunningham
Intergovernmental Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Administrative Code designates the presence of a public school that is not awarded an accountability rating from the Texas Education Agency (TEA) as a neighborhood risk factor for a proposed development site for multifamily housing seeking housing tax credits from the Texas Department of Housing and Community Affairs (TDHCA), and the bill author has informed the committee that this could render a development site ineligible to receive credits. The bill author has informed the committee that, while aimed at promoting better educational outcomes, this rule has restricted the development of affordable workforce housing in urban areas, many of which have the highest demand for such housing. The bill author has also informed the committee that COVID-19 disrupted TEA's accountability ratings, creating gaps in years for which ratings are available and making evaluation of school performance challenging because TDHCA has been evaluating tax credit applications based on outdated rating information. H.B. 3753 seeks to address this issue by prohibiting TDHCA from using criteria in a qualified allocation plan that relate to the educational quality of a public school campus with an attendance zone that contains a proposed development.

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

H.B. 3753 amends the Government Code to prohibit the Texas Department of Housing and Community Affairs (TDHCA) from doing the following:

- requiring as part of the threshold criteria under a qualified allocation plan that a public school campus with an attendance zone that contains the proposed development site satisfy certain criteria relating to educational quality, as specified by TDHCA in that plan; or
- adopting a qualified allocation plan that uses a scoring system that awards points to an application based on criteria relating to the educational quality of a public school campus with an attendance zone that contains the proposed development site.

These provisions expire September 1, 2027.

H.B. 3753 requires TDHCA to conduct a study of the effects that the implementation of the bill's provisions have on the allocation of low income housing tax credits in Texas and to submit, not later than November 1, 2027, a report regarding the study to each standing committee of the legislature with jurisdiction over affordable housing.

H.B. 3753 applies only to an application for low income housing tax credits that is submitted to TDHCA during an application cycle that is based on the 2026 or 2027 qualified allocation plan adopted by the governing board of TDHCA.

EFFECTIVE DATE

September 1, 2025.