BILL ANALYSIS

Senate Research Center
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S.B. 2608
By: Blanco
Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Department of Housing and Community Affairs has established a program called the "At Risk Set Aside" as a special, limited pool of tax credit funding opportunities for the rehabilitation or reconstruction of aging housing developments that face the loss of rental subsidies provided for low-income residents.

Thus, public housing authorities by using "At Risk Set Aside" are able to access funds primarily for the benefit of housing authorities and non-profits for multifamily apartments that are aging, in need of renovation, and at risk of becoming dilapidated as the subsidy program ends. With the high demand for affordable and workforce housing in Texas, hundreds of units operated by public housing authorities would benefit from these "At Risk Set Aside" funds by renovating and revitalizing older neighborhoods facing loss of subsidies attached to these units.

S.B. 2608 will permit public housing authorities in Texas to seek valuable tax credits from the "At Risk Set Aside" program for aging, federally subsidized housing for very-low-income family households. Specifically, this bill expands the definition of "at risk developments" to encompass two federal housing programs operated by public housing authorities in Texas that would not otherwise be eligible for this type of allocation. These are found under Section 2306.6702(a)(5) of the Government Code and include a new proposed Subsection (g) "New Construction," as specified by 24 C.F.R., part 880, and proposed Subsection (h) "Substantial Rehabilitation," as specified by 24 C.F.R., part 881. These are important clarifications of existing affordable housing programs in Texas. Broadening the eligibility criteria for developments considered "at risk" potentially increases the number of projects eligible for support.

As proposed, S.B. 2608 amends current law relating to the eligibility of certain at-risk developments to receive 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 2306.6702(a)(5), Government Code, as follows:

> (5) Provides that "at-risk development" means a development that has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under certain federal laws, as applicable, including the Section 8 Housing Assistance Payments Program for New Construction administered by the United States Department of Housing and Urban Development as specified by 24 C.F.R. Part 880 or the Section 8 Housing Assistance Payments Program for Substantial Rehabilitation administered by the United States Department of Housing and Urban Development as specified by 24 C.F.R. Part 881. Makes nonsubstantive changes.

SECTION 2. Provides that 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 2026 qualified allocation plan or a subsequent plan adopted by the governing board of the department under Section 2306.67022 (Qualified Allocation Plan), Government Code. Provides that 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 3. Effective date: September 1, 2025.