

By: Morales of Harris

H.B. No. 492

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting the allocation of low income housing tax credits for certain developments.

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

SECTION 1. Section 2306.6703(a), Government Code, is amended to read as follows:

(a) An application is ineligible for consideration under the low income housing tax credit program if:

(1) at the time of application or at any time during the two-year period preceding the date the application round begins, the applicant or a related party is or has been:

(A) a member of the board; or

(B) the director, a deputy director, the director of housing programs, the director of compliance, the director of underwriting, or the low income housing tax credit program manager employed by the department;

(2) the applicant proposes to replace in less than 15 years any private activity bond financing of the development described by the application, unless:

(A) at least one-third of all the units in the development are public housing units or Section 8 project-based units and the applicant proposes to maintain for a period of 30 years or more 100 percent of the units supported by housing tax credits as rent-restricted and exclusively for occupancy by

1 individuals and families earning not more than 50 percent of the
2 area median income, adjusted for family size;

3 (B) the applicable private activity bonds will be
4 redeemed only in an amount consistent with their proportionate
5 amortization; or

6 (C) if the redemption of the applicable private
7 activity bonds will occur in the first five years of the operation
8 of the development and complies with Section 42(h)(4), Internal
9 Revenue Code of 1986:

10 (i) on the date the certificate of
11 reservation is issued, the Bond Review Board determines that there
12 is not a waiting list for private activity bonds in the same
13 priority level established under Section [1372.0321](#) or, if
14 applicable, in the same uniform state service region, as referenced
15 in Section [1372.0231](#), that is served by the proposed development;
16 and

17 (ii) the applicable private activity bonds
18 will be redeemed according to underwriting criteria, if any,
19 established by the department;

20 (3) the applicant proposes to construct a new
21 development that is located one linear mile or less from a
22 development that:

23 (A) serves the same type of household as the new
24 development, regardless of whether the developments serve
25 families, elderly individuals, or another type of household;

26 (B) has received an allocation of housing tax
27 credits for new construction at any time during the three-year

1 period preceding the date the application round begins; and

2 (C) has not been withdrawn or terminated from the
3 low income housing tax credit program; ~~[or]~~

4 (4) the development is located in a municipality or,
5 if located outside a municipality, a county that has more than twice
6 the state average of units per capita supported by housing tax
7 credits or private activity bonds, unless the applicant:

8 (A) has obtained prior approval of the
9 development from the governing body of the appropriate municipality
10 or county containing the development; and

11 (B) has included in the application a written
12 statement of support from that governing body referencing this
13 section and authorizing an allocation of housing tax credits for
14 the development; or

15 (5) the development is not located within two miles of
16 a grocery store.

17 SECTION 2. The change in law made by this Act applies only
18 to an application for low income housing tax credits that is
19 submitted to the Texas Department of Housing and Community Affairs
20 during an application cycle that is based on the 2026 qualified
21 allocation plan or a subsequent plan adopted by the governing board
22 of the department under Section 2306.67022, Government Code. An
23 application that is submitted during an application cycle that is
24 based on an earlier qualified allocation plan is governed by the law
25 in effect on the date the application cycle began, and the former
26 law is continued in effect for that purpose.

27 SECTION 3. This Act takes effect September 1, 2025.