By: Bernal H.B. No. 1101

A BILL TO BE ENTITLED

AN ACT

relating to the evaluation of applications for certain financial assistance administered by the Texas Department of Housing and Community Affairs.

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

SECTION 1. Section 2306.359(a), Government Code, is amended to read as follows:

(a) In evaluating an application for an issuance of private activity bonds, the department shall score and rank the application using a point system based on criteria that are adopted by the department, including criteria regarding:

(1) the income levels of tenants of the development, consistent with the funding priorities provided by Section 1372.0321;

(2) the rent levels of the units;

(3) the level of community support for the application;

(4) the period of guaranteed affordability for low income tenants;

(5) the cost per unit of the development;

(6) the size, quality, and amenities of the units;

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

(8) whether, at the time the complete application is

submitted, all units that are:

(A) owned by the applicant are equipped with air conditioning; and

(B) owned or operated by a housing authority or other governmental entity, from which the applicant receives financial assistance or with which the applicant participates in projects for the development of affordable housing, are equipped with air conditioning; and

(9) other criteria as developed by the board.

SECTION 2. Section 2306.6710, Government Code, is amended by amending Subsection (b) and adding Subsections (h) and (i) 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;

(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;

(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~~]

(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; and

(K) whether, at the time the complete application is submitted, all units that are:

(i) owned by the applicant are equipped with air conditioning; and

(ii) owned or operated by a housing authority or other governmental entity, from which the applicant receives financial assistance or with which the applicant participates in projects for the development of affordable housing, are equipped with air conditioning;

(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 1.2 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.

(h) If an applicant requests in writing a statement of support under Subsection (b)(1)(J) from the state representative who represents the district containing the proposed development site, the request from the applicant must include information disclosing the percentage of units owned or operated as described by Subsection (b)(1)(K) that are equipped with air conditioning.

(i) In assigning points to an application under Subsection (b)(1)(K), the department shall award negative points if any of the units that are owned or operated as described by that paragraph are not equipped with air conditioning.

SECTION 3. 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 2028 qualified allocation plan or a subsequent plan adopted by the governing board of the department under Section 2306.67022, Government Code. 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 4. This Act takes effect September 1, 2027.