BILL ANALYSIS

BACKGROUND AND PURPOSE

Interested parties note that applications for low income housing tax credits are ranked based on scores and that points are given, in part, for development funding committed by local political subdivisions. The parties contend that such committed funding is not needed by a developer because the tax credits raise enough capital independent of the funding and that the political subdivisions could use the funding for other projects that actually need the funding to provide more affordable housing. C.S.S.B. 1316 seeks to address this issue.

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

C.S.S.B. 1316 amends the Government Code to remove from the criteria the Texas Department of Housing and Community Affairs (TDHCA) must use for scoring and ranking an application for a low income housing tax credit that satisfies the required threshold criteria the commitment of development funding by local political subdivisions. The bill includes criteria addressing the ability of the proposed project to demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding and to rehabilitate or perform an adaptive reuse of a historic building as part of the development among the criteria which are the basis for the point system TDHCA uses to score each low income housing tax credit application for the purpose of allocating those tax credits. The bill prohibits TDHCA from awarding points for the rehabilitation or the adaptive reuse of a historic building to more than two projects in the same application cycle.

C.S.S.B. 1316 adds a temporary provision, set to expire September 1, 2019, requiring TDHCA, in establishing for the 2016 and 2017 qualified allocation plans the scoring criterion related to the commitment of development funding by local political subdivisions, to significantly reduce for each place regardless of population the amount in funding, per low income unit, that is required for a proposed project to receive the applicable number of points for that criterion and authorizing the amount of required funding, after the reduction, to be a de minimis amount.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1316 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Sections 2306.6710(b) and (f), Government Code, are amended.	SECTION 1. Same as engrossed version.
SECTION 2. Section 2306.6725, Government Code, is amended by amending Subsection (a) and adding Subsections (e), (f), and (g) to read as follows: (a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to: (1) provide quality social support services to residents; (2) demonstrate community and neighborhood support as defined by the qualified allocation plan; (3) consistent with sound underwriting practices and when economically feasible, serve individuals and families of extremely low income by leveraging private and state and federal resources, including federal HOPE VI grants received through the United States Department of Housing and Urban Development; (4) serve traditionally underserved areas; (5) demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding; (6) rehabilitate or adaptive reuse a historic building as part of the development; (7) remain affordable to qualified tenants for an extended, economically feasible period; and (8) [(6)] comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. (e) In establishing the scoring criterion in the 2016 and 2017 qualified allocation plans related to the commitment of development funding by local political subdivisions, the department shall significantly reduce for each place regardless of population the	SECTION 2. Section 2306.6725, Government Code, is amended by amending Subsection (a) and adding Subsections (e), (f), and (g) to read as follows: (a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to: (1) provide quality social support services to residents; (2) demonstrate community and neighborhood support as defined by the qualified allocation plan; (3) consistent with sound underwriting practices and when economically feasible, serve individuals and families of extremely low income by leveraging private and state and federal resources, including federal HOPE VI grants received through the United States Department of Housing and Urban Development; (4) serve traditionally underserved areas; (5) demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding; (6) rehabilitate or perform an adaptive reuse of a historic building as part of the development; (7) remain affordable to qualified tenants for an extended, economically feasible period; and (8) [(6)] comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C. (f) In establishing for the 2016 and 2017 qualified allocation plans the scoring criterion related to the commitment of development funding by local political subdivisions, the department shall significantly reduce for each place

amount in funding per low income unit required for a proposed project to receive the applicable number of points for that criterion. After the reduction, the amount of required funding may be a de minimis amount.

(f) Subsection (e) and this subsection expire September 1, 2019.
(g) The department may not award points for the rehabilitation of a historic building under Subsection (a)(6) to more than two projects in the same application cycle.

SECTION 3. Section 2306.004(4-a), Government Code, is repealed.

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 begins on or after the effective date of this Act. An application that is submitted during an application cycle that began before the effective date of this Act is governed by the law in effect at the time the application cycle began, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2015.

regardless of population the amount in funding, per low income unit, that is required for a proposed project to receive the applicable number of points for that criterion. After the reduction, the amount of required funding may be a de minimis amount.
(g) Subsection (f) and this subsection expire September 1, 2019.
(e) The department may not award points for the rehabilitation or the adaptive reuse of a historic building under Subsection (a)(6) to more than two projects in the same application cycle.

No equivalent provision.

SECTION 3. Substantially the same as engrossed version.

SECTION 4. Same as engrossed version.