

1-1 By: Watson S.B. No. 545
 1-2 (In the Senate - Filed January 31, 2019; February 21, 2019,
 1-3 read first time and referred to Committee on Intergovernmental
 1-4 Relations; April 25, 2019, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 6, Nays 1;
 1-6 April 25, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15		X		

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 545 By: Alvarado

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the evaluation of applications for certain financial
 1-20 assistance administered by the Texas Department of Housing and
 1-21 Community Affairs.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 2306.1114(a), Government Code, is
 1-24 amended to read as follows:

1-25 (a) Not later than the 14th day after the date an
 1-26 application or a proposed application for housing funds described
 1-27 by Section 2306.111 has been filed, the department shall provide
 1-28 written notice of the filing of the application or proposed
 1-29 application to the following persons:

1-30 (1) the United States representative who represents
 1-31 the community containing the development described in the
 1-32 application;

1-33 (2) members of the legislature who represent the
 1-34 community containing the development described in the application;

1-35 (3) the presiding officer of the governing body of the
 1-36 political subdivision containing the development described in the
 1-37 application;

1-38 (4) any member of the governing body of a political
 1-39 subdivision who represents the area containing the development
 1-40 described in the application;

1-41 (5) the superintendent and the presiding officer of
 1-42 the board of trustees of the school district containing the
 1-43 development described in the application; and

1-44 (6) any neighborhood organization [~~organizations~~] on
 1-45 record and in good standing with the secretary of state or, if
 1-46 applicable and verifiable, the county in which the development
 1-47 described in the application is to be located and whose boundaries
 1-48 contain the proposed development site.

1-49 SECTION 2. Section 2306.6704(b-1), Government Code, is
 1-50 amended to read as follows:

1-51 (b-1) The preapplication process must require the applicant
 1-52 to provide the department with evidence that the applicant has
 1-53 notified the following entities with respect to the filing of the
 1-54 application:

1-55 (1) any neighborhood organization [~~organizations~~] on
 1-56 record and in good standing with the secretary of state or, if
 1-57 applicable and verifiable, the county in which the development is
 1-58 to be located and whose boundaries contain the proposed development
 1-59 site;

1-60 (2) the superintendent and the presiding officer of

2-1 the board of trustees of the school district containing the
2-2 development;

2-3 (3) the presiding officer of the governing body of any
2-4 municipality containing the development and all elected members of
2-5 that body;

2-6 (4) the presiding officer of the governing body of the
2-7 county containing the development and all elected members of that
2-8 body; and

2-9 (5) the state senator and state representative of the
2-10 district containing the development.

2-11 SECTION 3. Section 2306.6705, Government Code, is amended
2-12 to read as follows:

2-13 Sec. 2306.6705. GENERAL APPLICATION REQUIREMENTS. An
2-14 application must contain at a minimum the following written,
2-15 detailed information in a form prescribed by the board:

2-16 (1) a description of:

2-17 (A) the financing plan for the development,
2-18 including any nontraditional financing arrangements;

2-19 (B) the use of funds with respect to the
2-20 development;

2-21 (C) the funding sources for the development,
2-22 including:

2-23 (i) construction, permanent, and bridge
2-24 loans; and

2-25 (ii) rents, operating subsidies, and
2-26 replacement reserves; and

2-27 (D) the commitment status of the funding sources
2-28 for the development;

2-29 (2) if syndication costs are included in the eligible
2-30 basis, a justification of the syndication costs for each cost
2-31 category by an attorney or accountant specializing in tax matters;

2-32 (3) from a syndicator or a financial consultant of the
2-33 applicant, an estimate of the amount of equity dollars expected to
2-34 be raised for the development in conjunction with the amount of
2-35 housing tax credits requested for allocation to the applicant,
2-36 including:

2-37 (A) pay-in schedules; and

2-38 (B) syndicator consulting fees and other
2-39 syndication costs;

2-40 (4) if rental assistance, an operating subsidy, or an
2-41 annuity is proposed for the development, any related contract or
2-42 other agreement securing those funds and an identification of:

2-43 (A) the source and annual amount of the funds;

2-44 (B) the number of units receiving the funds; and

2-45 (C) the term and expiration date of the contract
2-46 or other agreement;

2-47 (5) if the development is located within the
2-48 boundaries of a political subdivision with a zoning ordinance,
2-49 evidence in the form of a letter from the chief executive officer of
2-50 the political subdivision or from another local official with
2-51 jurisdiction over zoning matters that states that:

2-52 (A) the development is permitted under the
2-53 provisions of the ordinance that apply to the location of the
2-54 development; or

2-55 (B) the applicant is in the process of seeking
2-56 the appropriate zoning and has signed and provided to the political
2-57 subdivision a release agreeing to hold the political subdivision
2-58 and all other parties harmless in the event that the appropriate
2-59 zoning is denied;

2-60 (6) if an occupied development is proposed for
2-61 rehabilitation:

2-62 (A) an explanation of the process used to notify
2-63 and consult with the tenants in preparing the application;

2-64 (B) a relocation plan outlining:

2-65 (i) relocation requirements; and

2-66 (ii) a budget with an identified funding
2-67 source; and

2-68 (C) if applicable, evidence that the relocation
2-69 plan has been submitted to the appropriate local agency;

3-1 (7) a certification of the applicant's compliance with
3-2 appropriate state and federal laws, as required by other state law
3-3 or by the board;

3-4 (8) any other information required by the board in the
3-5 qualified allocation plan; and

3-6 (9) evidence that the applicant has notified the
3-7 following entities with respect to the filing of the application:

3-8 (A) any neighborhood organization
3-9 [~~organizations~~] on record and in good standing with the secretary
3-10 of state or, if applicable and verifiable, the county in which the
3-11 development is to be located and whose boundaries contain the
3-12 proposed development site;

3-13 (B) the superintendent and the presiding officer
3-14 of the board of trustees of the school district containing the
3-15 development;

3-16 (C) the presiding officer of the governing body
3-17 of any municipality containing the development and all elected
3-18 members of that body;

3-19 (D) the presiding officer of the governing body
3-20 of the county containing the development and all elected members of
3-21 that body; and

3-22 (E) the state senator and state representative of
3-23 the district containing the development.

3-24 SECTION 4. Section 2306.6710(b), Government Code, is
3-25 amended to read as follows:

3-26 (b) If an application satisfies the threshold criteria, the
3-27 department shall score and rank the application using a point
3-28 system that:

3-29 (1) prioritizes in descending order criteria
3-30 regarding:

3-31 (A) financial feasibility of the development
3-32 based on the supporting financial data required in the application
3-33 that will include a project underwriting pro forma from the
3-34 permanent or construction lender;

3-35 (B) quantifiable community participation with
3-36 respect to the development, evaluated on the basis of a resolution
3-37 concerning the development that is voted on and adopted by the
3-38 following, as applicable:

3-39 (i) the governing body of a municipality in
3-40 which the proposed development site is to be located;

3-41 (ii) subject to Subparagraph (iii), the
3-42 commissioners court of a county in which the proposed development
3-43 site is to be located, if the proposed site is to be located in an
3-44 area of a county that is not part of a municipality; or

3-45 (iii) the commissioners court of a county
3-46 in which the proposed development site is to be located and the
3-47 governing body of the applicable municipality, if the proposed site
3-48 is to be located in the extraterritorial jurisdiction of a
3-49 municipality;

3-50 (C) the income levels of tenants of the
3-51 development;

3-52 (D) the size and quality of the units;

3-53 (E) the rent levels of the units;

3-54 (F) the cost of the development by square foot;

3-55 (G) the services to be provided to tenants of the
3-56 development;

3-57 (H) whether, at the time the complete application
3-58 is submitted or at any time within the two-year period preceding the
3-59 date of submission, the proposed development site is located in an
3-60 area declared to be a disaster under Section 418.014;

3-61 (I) quantifiable community participation with
3-62 respect to the development, evaluated on the basis of written
3-63 statements from any neighborhood organization [~~organizations~~]
3-64 on record and in good standing with the secretary of state or, if
3-65 applicable and verifiable, the county in which the development is
3-66 to be located and whose boundaries contain the proposed development
3-67 site; and

3-68 (J) the level of community support for the
3-69 application, evaluated on the basis of a written statement from the

4-1 state representative who represents the district containing the
4-2 proposed development site;

4-3 (2) uses criteria imposing penalties on applicants or
4-4 affiliates who have requested extensions of department deadlines
4-5 relating to developments supported by housing tax credit
4-6 allocations made in the application round preceding the current
4-7 round or a developer or principal of the applicant that has been
4-8 removed by the lender, equity provider, or limited partners for its
4-9 failure to perform its obligations under the loan documents or
4-10 limited partnership agreement; and

4-11 (3) encourages applicants to provide free notary
4-12 public service to the residents of the developments for which the
4-13 allocation of housing tax credits is requested.

4-14 SECTION 5. The change in law made by this Act applies only
4-15 to an application for low income housing tax credits that is
4-16 submitted to the Texas Department of Housing and Community Affairs
4-17 during an application cycle that is based on the 2020 qualified
4-18 allocation plan or a subsequent plan adopted by the governing board
4-19 of the department under Section [2306.67022](#), Government Code. An
4-20 application that is submitted during an application cycle that is
4-21 based on an earlier qualified allocation plan is governed by the law
4-22 in effect on the date the application cycle began, and the former
4-23 law is continued in effect for that purpose.

4-24 SECTION 6. This Act takes effect September 1, 2019.

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