

By: Watson

S.B. No. 1316

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the system by which an application for a low income
3 housing tax credit is scored.

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

5 SECTION 1. Sections 2306.6710(b) and (f), Government Code,
6 are amended to read as follows:

7 (b) If an application satisfies the threshold criteria, the
8 department shall score and rank the application using a point
9 system that:

10 (1) prioritizes in descending order criteria
11 regarding:

12 (A) financial feasibility of the development
13 based on the supporting financial data required in the application
14 that will include a project underwriting pro forma from the
15 permanent or construction lender;

16 (B) quantifiable community participation with
17 respect to the development, evaluated on the basis of a resolution
18 concerning the development that is voted on and adopted by the
19 following, as applicable:

20 (i) the governing body of a municipality in
21 which the proposed development site is to be located;

22 (ii) subject to Subparagraph (iii), the
23 commissioners court of a county in which the proposed development
24 site is to be located, if the proposed site is to be located in an

1 area of a county that is not part of a municipality; or

2 (iii) the commissioners court of a county
3 in which the proposed development site is to be located and the
4 governing body of the applicable municipality, if the proposed site
5 is to be located in the extraterritorial jurisdiction of a
6 municipality;

7 (C) the income levels of tenants of the
8 development;

9 (D) the size and quality of the units;

10 (E) ~~[the commitment of development funding by~~
11 ~~local political subdivisions,~~

12 ~~[(F)]~~ the rent levels of the units;

13 (F) ~~[(G)]~~ the cost of the development by square
14 foot;

15 (G) ~~[(H)]~~ the services to be provided to tenants
16 of the development;

17 (H) ~~[(I)]~~ whether, at the time the complete
18 application is submitted or at any time within the two-year period
19 preceding the date of submission, the proposed development site is
20 located in an area declared to be a disaster under Section 418.014;

21 (I) ~~[(J)]~~ quantifiable community participation
22 with respect to the development, evaluated on the basis of written
23 statements from any neighborhood organizations on record with the
24 state or county in which the development is to be located and whose
25 boundaries contain the proposed development site; and

26 (J) ~~[(K)]~~ the level of community support for the
27 application, evaluated on the basis of a written statement from the

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

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

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

14 (f) In evaluating the level of community support for an
15 application under Subsection (b)(1)(J) [~~(b)(1)(K)~~], the department
16 shall award:

17 (1) positive points for positive written statements
18 received;

19 (2) negative points for negative written statements
20 received; and

21 (3) zero points for neutral statements received.

22 SECTION 2. Section [2306.6725](#), Government Code, is amended
23 by amending Subsection (a) and adding Subsections (e), (f), and (g)
24 to read as follows:

25 (a) In allocating low income housing tax credits, the
26 department shall score each application using a point system based
27 on criteria adopted by the department that are consistent with the

1 department's housing goals, including criteria addressing the
2 ability of the proposed project to:

3 (1) provide quality social support services to
4 residents;

5 (2) demonstrate community and neighborhood support as
6 defined by the qualified allocation plan;

7 (3) consistent with sound underwriting practices and
8 when economically feasible, serve individuals and families of
9 extremely low income by leveraging private and state and federal
10 resources, including federal HOPE VI grants received through the
11 United States Department of Housing and Urban Development;

12 (4) serve traditionally underserved areas;

13 (5) demonstrate support from local political
14 subdivisions based on the subdivisions' commitment of development
15 funding;

16 (6) rehabilitate or adaptive reuse a historic building
17 as part of the development;

18 (7) remain affordable to qualified tenants for an
19 extended, economically feasible period; and

20 (8) [~~(6)~~] comply with the accessibility standards
21 that are required under Section 504, Rehabilitation Act of 1973 (29
22 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart
23 C.

24 (e) In establishing the scoring criterion in the 2016 and
25 2017 qualified allocation plans related to the commitment of
26 development funding by local political subdivisions, the
27 department shall significantly reduce for each place regardless of

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

5 (f) Subsection (e) and this subsection expire September 1,
6 2019.

7 (g) The department may not award points for the
8 rehabilitation of a historic building under Subsection (a)(6) to
9 more than two projects in the same application cycle.

10 SECTION 3. Section [2306.004\(4-a\)](#), Government Code, is
11 repealed.

12 SECTION 4. The change in law made by this Act applies only
13 to an application for low income housing tax credits that is
14 submitted to the Texas Department of Housing and Community Affairs
15 during an application cycle that begins on or after the effective
16 date of this Act. An application that is submitted during an
17 application cycle that began before the effective date of this Act
18 is governed by the law in effect at the time the application cycle
19 began, and the former law is continued in effect for that purpose.

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