

SUBJECT: Criteria for financing certain multifamily housing developments

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 7 ayes — Dutton, Alvarado, P. King, Mallory Caraway, Parker, Paxton, Simpson
0 nays
2 absent — Callegari, Gutierrez

WITNESSES: For — Charles Woods, Alief ISD

Against — (*Registered, but did not testify*: Jim T. Brown, Texas Affiliation of Affordable Housing Providers; David Mintz, Texas Apartment Association)

BACKGROUND: Under Government Code, sec. 2306.223, the Texas Department of Housing and Community Affairs (TDHCA) may not finance a housing development undertaken by a housing sponsor unless the department certifies that the sponsor meets certain criteria.

DIGEST: HB 741 would amend Government Code, sec. 2306.223, to add a criterion for financing a housing development.

Before financing a general multifamily housing development located within the boundaries of a small school district and consisting only of new construction, TDHCA would have to determine that the new development would not cause the total number of housing units within the district to exceed 60 units per square mile.

The bill would define “general multifamily housing development” as one that would not primarily serve elderly individuals. A “small school district” would mean a school district that measured 50 square miles or less.

The bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

Population density is overburdening the public school and social service systems in certain small municipalities in Texas. HB 741 would limit the new construction of multifamily developments and would help school districts and social services operate more effectively. Access to affordable housing is important, but we must ensure that our school districts have the services and means to support the current population.

Some densely populated areas of the state already have an adequate supply of empty apartments for rent and do not need new ones. HB 741 would help business owners in these areas to fill their existing units. It would be more efficient to invest in renovation projects for existing developments than to build new projects.

The state's Qualified Allocation Plan does not adequately address the density concerns of certain areas of Texas, and HB 741 is necessary to address those concerns.

It is appropriate to treat tax credit developments differently than other types of multifamily developments, because some tax credit developments are exempt from paying property taxes and therefore do not support the local school districts.

**OPPONENTS
SAY:**

HB 741 would create an economic roadblock for small municipalities, particularly in rural areas, that are trying to attract new industry and create jobs. The bill would prevent a small municipality from developing adequate housing inventory, which could discourage new industry from coming to the community.

The U.S. Fair Housing Act protects against discrimination on the basis of familial status, and HB 741 would clearly restrict housing choices for families.

In the administration of the state's multifamily tax credits, TDHCA's Qualified Allocation Plan restricts the number of tax credit units that can exist for a certain population in a particular area, taking into account the number of vacant units. Density issues already are mitigated through this plan, so HB 741 is unnecessary.

Although school overcrowding is an important issue in some areas, this bill would have the unintended consequence of hurting economic development municipalities where no such issue exists. The bill should be

more narrowly bracketed to avoid negatively affecting other cities. If the bill is intended to solve school overcrowding, then the bill should address that issue directly.

Housing tax credit developments should not be distinguished from other multifamily developments, because both are paying taxes into the local economy to help support the local school district.