

SUBJECT: Reducing restrictions on affordable housing tax credits

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 5 ayes — Button, J. González, Goodwin, E. Johnson, Morales

3 nays — Middleton, Patterson, Swanson

1 absent — Shaheen

WITNESSES: For — Mandy De Mayo, City of Austin; Ray Miller, City of Houston; Janine Sisak, TAAHP; Charlie Duncan, Texas Housers; (*Registered, but did not testify*: John Kroll, Bonner Carrington; TJ Patterson, City of Fort Worth; Jamaal Smith, City of Houston, Office of the Mayor; Christine Wright, City of San Antonio; Walter Moreau, Foundation Communities; Jeanne Talerico, TALHFA; Russell Schaffner, Tarrant County; Kendra Garrett and Michael Warner, Texas Affiliation of Affordable Housing Providers; David Mintz, Texas Apartment Association; Madison Sloan, Texas Appleseed; Billy Phenix, Texas Association of Builders; Monty Wynn, Texas Municipal League; Alexis Tatum, Travis County Commissioners Court; Matt Hull, Texas Assoc. of Community Development Corporations; Barry Kahn)

Against — (*Registered, but did not testify*: Demetria McCain, Inclusive Communities Project)

On — Michael Lyttle, Texas Department of Housing and Community Affairs; (*Registered, but did not testify*: Lora Myrick)

BACKGROUND: Government Code sec. 2306.6711 allows the Texas Department of Housing and Community Affairs (TDHCA) to allocate housing credits under a low-income housing tax credit program. In a community contained in a county with a population exceeding 1 million, TDHCA may grant credits to more than one development in the same calendar year only if the developments are or will be located more than 2 miles apart.

DIGEST: HB 1839 would allow the Texas Department of Housing and Community Affairs (TDHCA) to allocate housing tax credits in a single calendar year to developments less than 2 miles apart in communities in counties with populations greater than 1 million if the governing body of the municipality containing the development, or of the county containing the development if the development is outside the municipality, has by vote specifically authorized the allocation of housing tax credits for the development.

The bill would apply only to an application for low-income housing tax credits that was submitted to TDHCA during an application cycle that was based on the 2020 qualified allocation plan or a subsequent plan adopted by the governing board.

The bill would take effect September 1, 2019.

SUPPORTERS SAY: HB 1839 would increase the supply of affordable housing by allowing the Texas Department of Housing and Community Affairs to allocate additional housing tax credits. The original restrictions were put in place to prevent the concentration of low-income housing, but the current re-urbanization trend has increased the need for affordable housing and pushed developments further away from central corridors. People with low incomes often need to be near public transportation and should be able to have access the places where they work and shop. The current law, however, makes it more difficult to locate affordable housing in these locations. In allowing local governments to make exceptions to the distance requirement for particular projects, the bill would allow more Texans to live in cities.

OPPONENTS SAY: HB 1839 would further insert the government into the housing market, shifting the incentives that would allow economic forces to provide homes most efficiently and doing for people what they should be doing for themselves.

OTHER OPPONENTS HB 1839 would exacerbate the existing problem of housing built with low-income housing tax credits being disproportionately concentrated in

SAY: neighborhoods of color.