

SUBJECT: Revising scoring system for low-income housing tax credit program

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 9 ayes — Button, Shaheen, J. González, Goodwin, E. Johnson, Middleton, Morales, Patterson, Swanson

0 nays

WITNESSES: For — Seth Sullivan, Rural Rental Housing Association of Texas; (*Registered, but did not testify*: David Mintz, Texas Apartment Association; Billy Phenix, Texas Association of Builders; Jeanne Talerico, Texas Association of Local Housing Finance Agencies; Barry Kahn; Lora Myrick)

Against — (*Registered, but did not testify*: John Kroll, Bonner Carrington; Madison Sloan, Texas Appleseed; Alexis Tatum, Travis County Commissioners Court)

On — Christa Walikonis, Disability Rights Texas; (*Registered, but did not testify*: Charlie Duncan, Texas Housers)

BACKGROUND: Government Code sec. 2306.6710(b) requires the Texas Department of Housing and Community Affairs to score and rank applications for the low-income housing tax credit program using a point system that includes, among other criteria, separate considerations for:

- quantifiable community participation with respect to the proposed development, evaluated on the basis of a resolution or resolutions that have been voted on and adopted by, depending on the location of the development, the city and/or county governing the proposed development site; and
- the level of community support for the application as evaluated on the basis of a written statement from the state representative who represents the district containing the proposed development site.

Sec. 2306.6710(f) requires the department, in evaluating the level of community participation on the basis of resolutions from the governing bodies of the county, city, or both, to award positive points for positive resolutions adopted, negative points for negative resolutions adopted, and zero points for neutral resolutions adopted.

DIGEST: CSHB 1973 would make changes to the system by which an application for a low-income housing tax credit is scored.

Under the bill, if the state representative who represented the district containing the proposed site of a low-income housing development declined to write a letter on behalf of a development's application, the Texas Department of Housing and Community Affairs would be required to use the maximum number of points that could have been awarded for the application because of the letter to increase the maximum number of points that could be awarded because of a resolution adopted by the city and/or county that governed the proposed development site.

If the department was awarding points for resolutions adopted by both a city and county government for a development site located in a city's extraterritorial jurisdiction, the department would be required to reallocate the points from the letter equally between both resolutions.

The bill would take effect September 1, 2019, and would apply only to applications submitted to the department for the 2020 application cycle or later.

SUPPORTERS SAY: CSHB 1973 would respect the preferences of state representatives who may not feel they have the expertise or the resources to weigh in on the merits of a proposed low-income housing development application while still honoring the view that their input provides valuable information in assessing an application.

The bill would neither force representatives to weigh in on projects about which they might have little knowledge nor remove them from the process. In allowing representatives to choose whether to write a letter

relating to a possible low-income housing development and reallocating the points to other elected officials if they decide not to do so, the bill strikes the right balance.

OPPONENTS
SAY:

CSHB 1973 should do away entirely with the letter from a state representative as a factor in whether to give tax credits to a proposed low-income housing development. The program that awards the credits is highly competitive, so a negative letter from a representative can effectively doom the project, giving one person too much power over the construction of affordable housing. The Legislature in 2013 followed the recommendation of the Sunset Advisory Commission and eliminated letters of support from senators from this process; the current Legislature should do the same with regard to House members.

OTHER
OPPONENTS
SAY:

CSHB 1973 should not turn the letter from a state representative into an optional part of the application process for low-income housing tax credits. Developers who have taken the time to build a relationship with the community and its representatives should be rewarded for their commitment, a function that letters from state representatives currently perform.