BILL ANALYSIS

Senate Research Center H.B. 1888
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Housing Tax Credit (HTC) Program is a federal program administered by the Texas Department of Housing and Community Affairs (TDHCA). Current federal law weights certain kinds of investments in affordable housing units for the purpose of allocating housing tax credits. These tax credits are competitively awarded by TDHCA.

Within the HTC program are certain statutorily mandated “set-asides” which the TDHCA is required to allocate. These are differing types of developments, and, for example, include set-asides for nonprofit housing developers, housing developments that are funded by the United States Department of Agriculture, and investment in housing units that are “at-risk” of being removed from the housing pool.

H.B. 1888 will allow Public Housing Authority properties to be included in the definition of an "at-risk development" and be eligible for the “at-risk set-aside” of tax credits. This means that additional resources will be made available to rehab or replace public housing units that are "at-risk" for demolition or disposition in the near term. In addition, H.B. 1888 reflects the current TDHCA qualified allocation plan requirements for the number of public housing units required for at-risk developments, and provides TDHCA needed flexibility to address market conditions when awarding credits under the HTC Program.

These are federal tax credit programs that are administered by the state through TDHCA. This legislation was amended into the 2011 Sunset bill for TDHCA (H.B. 2608). That bill, with the at-risk language included, was adopted unanimously by both the House and the Senate, but was vetoed by Governor Perry due to unrelated provisions dealing with natural disaster preparedness planning. The agency was extended for two years and placed back under Sunset review.

H.B. 1888 amends current law relating to low income housing tax credits awarded to at-risk developments.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2306.6702(a)(5), Government Code, to redefine "at-risk development."

SECTION 2. Amends Section 2306.6714, Government Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

> (a) Requires the Texas Department of Housing and Community Affairs (TDHCA) to set aside for eligible at-risk developments not less than 15 percent of the housing tax credits available for allocation in the calendar year.
>
> (a-1) Provides that an at-risk development is eligible for housing tax credits set aside under Subsection (a) only if:

(1) a portion of the public housing operating subsidy received from TDHCA is retained for the development; and

(2) a portion of the units of the development are reserved for public housing as specified in the qualified housing plan.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2013.