

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1316
By: Watson
Intergovernmental Relations
5/4/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.S.B. 1316 removes the scoring item related to local political subdivision contributions to an affordable housing project from Section 2306.6710 of the Government Code and adds it to Section 2306.6725. The bill additionally instructs the Texas Department of Housing and Community Affairs (TDHCA) to reduce the required funding per affordable unit required under this scoring item.

Affordable housing projects are awarded federal tax credits based on a scoring system in a Qualified Allocation Plan (QAP) issued by TDHCA. Under the current QAP, an affordable housing project receives points on its application if the local political subdivision, such as the city in which it is located, commits a certain level of funding for the project. These changes reduce the importance of that scoring item and free capital that is currently tied up in projects that do not necessarily need it.

C.S.S.B. 1316 amends current law relating to the system by which an application for a low income housing tax credit is scored.

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 Sections 2306.6710(b) and (f), Government Code, as follows:

(b) Deletes existing Paragraph (E), which included the commitment of development funding by local political subdivisions among the criteria used by the Texas Department of Housing and Community Affairs (TDHCA) or any successor agency to score and rank an application using a point system that prioritizes in descending order certain criteria, and reletters the remaining paragraphs accordingly.

(f) Requires TDHCA, in evaluating the level of community support for an application under Subsection (b)(1)(J), rather than under Subsection (b)(1)(K), to award positive points for positive written statements received, negative points for negative written statements received, and zero points for neutral statements received.

SECTION 2. Amends Section 2306.6725, Government Code, by amending Subsection (a) and adding Subsections (e) and (f), as follows:

(a) Requires TDHCA, in allocating low income housing tax credits, to score each application using a point system based on criteria adopted by TDHCA that are consistent with TDHCA's housing goals, including criteria addressing the ability of the proposed project to perform certain tasks, including to demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding. Makes nonsubstantive changes.

(e) Requires TDHCA, in establishing the scoring criterion in the 2016 and 2017 qualified allocation plans related to the commitment of development funding by local political subdivisions, to significantly reduce for each place regardless of population the amount in funding per low income unit required for a proposed project to receive the applicable number of points for that criterion. Provides that after reduction, the amount of required funding may be a de minimis amount.

(f) Provides that Subsection (e) and this subsection expire September 1, 2019.

SECTION 3. Repealer: Section 2306.004(4-a) (defining "development funding"), Government Code.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2015.