

BILL ANALYSIS

Senate Research Center
86R24777 JG-D

C.S.S.B. 542
By: Watson
Intergovernmental Relations
4/9/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 542 amends the rule that prohibits more than one housing tax credit applicant from being awarded credits within two linear miles of each other. This rule was originally put in place in order to avoid the over-concentration of affordable housing in high poverty areas. However, since its implementation, rules governing how these projects are to be awarded have changed to both prevent a concentration in low opportunity areas and rather promote their construction in areas with good schools, low poverty rates, and other metrics that make the area "high opportunity." Due to these changes, the current rule needlessly excludes developments from being located in areas that would be well served by affordable housing, especially in rapidly gentrifying areas.

This bill addresses this issue by allowing for multiple applications to be awarded within the two-mile radius in areas that have experienced a certain level of gentrification if approval is given by the governing body of the municipality in which the application is located—either the city council or commissioners court. Further, the bill removes the bracket to counties with a population of one million or more, to address concerns by the agency that they do not have authority to address any geographic restrictions for counties under this size. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 542 amends current law relating to the allocation housing tax credits to developments within proximate geographical areas.

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 2306.6711(f), Government Code, as follows:

(f) Authorizes the governing board of the Texas Department of Housing and Community Affairs (board; TDHCA) to allocate housing tax credits to more than one development in a single community, as defined by TDHCA rule, in the same calendar year if:

(1) creates this subdivision from existing text and makes a nonsubstantive change.

(2) the following conditions are met:

(A) at least one of the developments will be located wholly within a census tract:

(i) that has a poverty rate above 15 percent; and

(ii) in which the median value of owner-occupied homes has increased by 15 percent or more within the five years preceding the date of the application; and

(B) the applicant for the development:

(i) has obtained prior approval of the development from the governing body of the appropriate municipality or county containing the development; and

(ii) has included in the application a written statement of support from that governing body referencing this section (Allocation of Housing Tax Credits) and authorizing an allocation of housing tax credits for the development. Deletes existing text providing that this subsection applies only to communities contained within counties with populations exceeding one million.

SECTION 2. Provides that the change in law made by this Act applies only to an application for low income housing tax credits that is submitted to TDHCA during an application cycle that is based on the 2020 qualified allocation plan or a subsequent plan adopted by the board. Provides that an application that is submitted during an application cycle that is based on an earlier qualified allocation plan is governed by the law in effect on the date the application cycle began, and the former law is continued in effect for that purpose.

SECTION 3. Effective date: September 1, 2019.