

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/30/2015

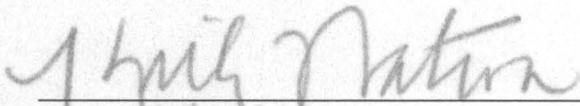
Date

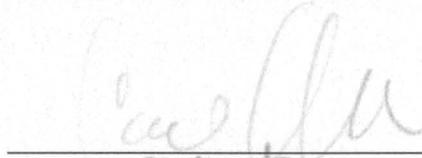
Honorable Dan Patrick
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

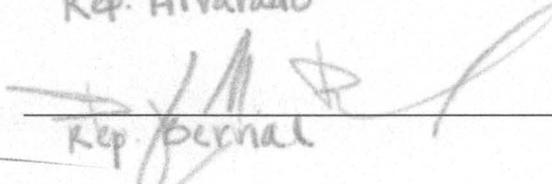
Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 1316 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

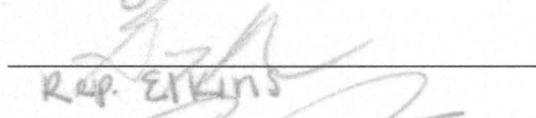

Sen. Watson


Rep. Alvarado

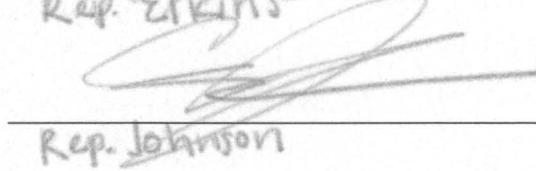
Sen. Bettencourt

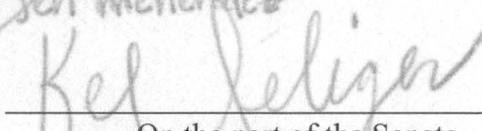

Rep. Bernal

Sen. Ertelt

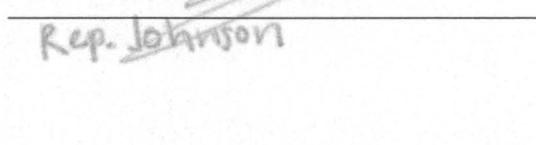

Rep. Etkins

Sen. Menendez


Rep. Johnson


Sen. Seliger

On the part of the Senate


Rep. Koop

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 1316

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the system by which an application for a low income
3 housing tax credit is scored.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Sections 2306.6710(b) and (f), Government Code,
6 are amended to read as follows:

7 (b) If an application satisfies the threshold criteria, the
8 department shall score and rank the application using a point
9 system that:

10 (1) prioritizes in descending order criteria
11 regarding:

12 (A) financial feasibility of the development
13 based on the supporting financial data required in the application
14 that will include a project underwriting pro forma from the
15 permanent or construction lender;

16 (B) quantifiable community participation with
17 respect to the development, evaluated on the basis of a resolution
18 concerning the development that is voted on and adopted by the
19 following, as applicable:

20 (i) the governing body of a municipality in
21 which the proposed development site is to be located;

22 (ii) subject to Subparagraph (iii), the
23 commissioners court of a county in which the proposed development
24 site is to be located, if the proposed site is to be located in an

1 area of a county that is not part of a municipality; or

2 (iii) the commissioners court of a county
3 in which the proposed development site is to be located and the
4 governing body of the applicable municipality, if the proposed site
5 is to be located in the extraterritorial jurisdiction of a
6 municipality;

7 (C) the income levels of tenants of the
8 development;

9 (D) the size and quality of the units;

10 (E) ~~[the commitment of development funding by~~
11 ~~local political subdivisions,~~

12 [~~F~~] the rent levels of the units;

13 (F) [~~G~~] the cost of the development by square
14 foot;

15 (G) [~~H~~] the services to be provided to tenants
16 of the development;

17 (H) [~~I~~] whether, at the time the complete
18 application is submitted or at any time within the two-year period
19 preceding the date of submission, the proposed development site is
20 located in an area declared to be a disaster under Section 418.014;

21 (I) [~~J~~] quantifiable community participation
22 with respect to the development, evaluated on the basis of written
23 statements from any neighborhood organizations on record with the
24 state or county in which the development is to be located and whose
25 boundaries contain the proposed development site; and

26 (J) [~~K~~] the level of community support for the
27 application, evaluated on the basis of a written statement from the

1 state representative who represents the district containing the
2 proposed development site;

3 (2) uses criteria imposing penalties on applicants or
4 affiliates who have requested extensions of department deadlines
5 relating to developments supported by housing tax credit
6 allocations made in the application round preceding the current
7 round or a developer or principal of the applicant that has been
8 removed by the lender, equity provider, or limited partners for its
9 failure to perform its obligations under the loan documents or
10 limited partnership agreement; and

11 (3) encourages applicants to provide free notary
12 public service to the residents of the developments for which the
13 allocation of housing tax credits is requested.

14 (f) In evaluating the level of community support for an
15 application under Subsection (b)(1)(J) [~~(b)(1)(K)~~], the department
16 shall award:

17 (1) positive points for positive written statements
18 received;

19 (2) negative points for negative written statements
20 received; and

21 (3) zero points for neutral statements received.

22 SECTION 2. Section 2306.6725, Government Code, is amended
23 by amending Subsection (a) and adding Subsections (e) and (f) to
24 read as follows:

25 (a) In allocating low income housing tax credits, the
26 department shall score each application using a point system based
27 on criteria adopted by the department that are consistent with the

1 department's housing goals, including criteria addressing the
2 ability of the proposed project to:

3 (1) provide quality social support services to
4 residents;

5 (2) demonstrate community and neighborhood support as
6 defined by the qualified allocation plan;

7 (3) consistent with sound underwriting practices and
8 when economically feasible, serve individuals and families of
9 extremely low income by leveraging private and state and federal
10 resources, including federal HOPE VI grants received through the
11 United States Department of Housing and Urban Development;

12 (4) serve traditionally underserved areas;

13 (5) demonstrate support from local political
14 subdivisions based on the subdivisions' commitment of development
15 funding;

16 (6) rehabilitate or perform an adaptive reuse of a
17 certified historic structure, as defined by Section 171.901(1), Tax
18 Code, as part of the development;

19 (7) remain affordable to qualified tenants for an
20 extended, economically feasible period; and

21 (8) [~~6~~] comply with the accessibility standards
22 that are required under Section 504, Rehabilitation Act of 1973 (29
23 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart
24 C.

25 (e) In establishing for the 2016 and 2017 qualified
26 allocation plans the scoring criterion related to the commitment of
27 development funding by local political subdivisions, the

1 department shall significantly reduce for each place regardless of
2 population the amount in funding, per low income unit, that is
3 required for a proposed project to receive the applicable number of
4 points for that criterion. After the reduction, the amount of
5 required funding may be a de minimis amount.

6 (f) Subsection (e) and this subsection expire September 1,
7 2019.

8 SECTION 3. The change in law made by this Act applies only
9 to an application for a low income housing tax credit that is
10 submitted to the Texas Department of Housing and Community Affairs
11 during an application cycle that begins on or after the effective
12 date of this Act. An application that is submitted during an
13 application cycle that began before the effective date of this Act
14 is governed by the law in effect at the time the application cycle
15 began, and the former law is continued in effect for that purpose.

16 SECTION 4. This Act takes effect September 1, 2015.

Senate Bill 1316
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

SECTION 1. Sections 2306.6710(b) and (f), Government Code, are amended to read as follows:

(b), (f)

No equivalent provision.

SECTION 2. Section 2306.6725, Government Code, is amended by amending Subsection (a) and adding Subsections (e), (f), and (g) to read as follows:

(a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to:

- (1) provide quality social support services to residents;
- (2) demonstrate community and neighborhood support as defined by the qualified allocation plan;
- (3) consistent with sound underwriting practices and when economically feasible, serve individuals and families of

SECTION 1. Same as Senate version.

SECTION __. Section 2306.6714(a), Government Code, is amended to read as follows:

(a) The department shall set aside for eligible at-risk developments not less than 20 [~~15~~] percent of the housing tax credits available for allocation in the calendar year. One-fourth of the housing tax credits set aside under this section shall be made available only with respect to developments that receive the benefit of a subsidy under the Section 8 Housing Assistance Payments Program administered by the United States Department of Housing and Urban Development as specified by 24 C.F.R. Part 886. [FA2]

SECTION 2. Section 2306.6725, Government Code, is amended by amending Subsection (a) and adding Subsections (e) and (f) to read as follows: [FA1(1)]

(a) In allocating low income housing tax credits, the department shall score each application using a point system based on criteria adopted by the department that are consistent with the department's housing goals, including criteria addressing the ability of the proposed project to:

- (1) provide quality social support services to residents;
- (2) demonstrate community and neighborhood support as defined by the qualified allocation plan;
- (3) consistent with sound underwriting practices and when economically feasible, serve individuals and families of

SECTION 1. Same as Senate version.

Same as Senate version.

SECTION 2. Same as Senate version except as follows:

Senate Bill 1316
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

extremely low income by leveraging private and state and federal resources, including federal HOPE VI grants received through the United States Department of Housing and Urban Development;

(4) serve traditionally underserved areas;

(5) demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding;

(6) rehabilitate or adaptive reuse a historic *building* as part of the development;

(7) remain affordable to qualified tenants for an extended, economically feasible period; and

(8) ~~[(6)]~~ comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C.

(e) In establishing *the scoring criterion* in the 2016 and 2017 qualified allocation plans related to the commitment of development funding by local political subdivisions, the department shall 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. After the reduction, the amount of required funding may be a de minimis amount.

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

(g) *The department may not award points for the rehabilitation of a historic building under Subsection (a)(6) to more than two projects in the same application cycle.*

SECTION 3. Section 2306.004(4-a), Government Code, is

HOUSE VERSION (IE)

extremely low income by leveraging private and state and federal resources, including federal HOPE VI grants received through the United States Department of Housing and Urban Development;

(4) serve traditionally underserved areas;

(5) demonstrate support from local political subdivisions based on the subdivisions' commitment of development funding;

[Deleted by FA1(2)]

(7) remain affordable to qualified tenants for an extended, economically feasible period; and

(8) ~~[(6)]~~ comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C.

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

(g) Subsection (f) and this subsection expire September 1, 2019.

(e) [Deleted by FA1(3)]

No equivalent provision.

CONFERENCE

(6) rehabilitate or *perform an* adaptive reuse of a certified historic structure, as defined by Section 171.901(1), Tax Code, as part of the development;

(e) Same as House version.

(f) Same as Senate version.

Same as House version.

Same as House version.

Senate Bill 1316
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

repealed.

SECTION 4. The change in law made by this Act applies only to an application for low income housing tax *credits* that is submitted to the Texas Department of Housing and Community Affairs during an application cycle that begins on or after the effective date of this Act. An application that is submitted during an application cycle that began before the effective date of this Act is governed by the law in effect at the time the application cycle began, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2015.

SECTION 3. The change in law made by this Act applies only to an application for *a* low income housing tax *credit* that is submitted to the Texas Department of Housing and Community Affairs during an application cycle that begins on or after the effective date of this Act. An application that is submitted during an application cycle that began before the effective date of this Act is governed by the law in effect at the time the application cycle began, and the former law is continued in effect for that purpose.

SECTION 4. Same as Senate version.

SECTION 3. Same as House version.

SECTION 4. Same as Senate version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1316 by Watson (Relating to the system by which an application for a low income housing tax credit is scored.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill amends the Government Code relating to the system by which an application for a low income housing tax credit is scored. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: UP, KVe, JSm

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on SB1314 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

Carol Alvarado
(name)

5/30/15
(date)