

SUBJECT: Removing school quality from affordable housing tax credit criteria

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 8 ayes — Button, Shaheen, J. González, Goodwin, Middleton, Morales,  
Patterson, Swanson

0 nays

1 absent — E. Johnson

WITNESSES: For — Debra Guerrero and Janine Sisak, Texas Affiliation of Affordable Housing Providers; (*Registered, but did not testify*: TJ Patterson, City of Fort Worth; Lisa Stephens and Michael Warner, Texas Affiliation of Affordable Housing Providers; Billy Phenix, Texas Association of Builders; Jeanne Talerico, TALHFA; Barry Kahn; Lora Myrick)

Against — Walter Moreau, Foundation Communities; Charlie Duncan, Texas Housers; (*Registered, but did not testify*: Demetria McCain, Inclusive Communities Project)

On — Marni Holloway, Texas Department of Housing and Community Affairs

BACKGROUND: Government Code sec. 2306.6702(10) defines a "qualified allocation plan" as a plan adopted by the governing board of the Department of Housing and Community Affairs that provides the threshold, scoring, and underwriting criteria for assessing applications to the low-income housing tax credit program. Sec. 2306.67022 requires the board to adopt a qualified allocation plan at least biennially and allows it to adopt one annually.

Under sec. 2306.6710(a), the department may include educational quality as part of the threshold criteria required by a qualified action plan but is prohibited from including it as a scoring factor. This subsection is effective until September 1, 2019.

**DIGEST:** CSHB 1215 would allow the Department of Housing and Community Affairs to require that a proposed development satisfy certain criteria related to educational quality as part of the threshold criteria under a qualified allocation plan. The department could not adopt a qualified allocation plan that used a scoring system that awarded points to an application based on criteria related to educational quality.

The bill would take effect September 1, 2019, and would apply only to applications submitted to the department for the application cycle based on the 2020 qualified allocation plan or a subsequent plan.

**SUPPORTERS SAY:** CSHB 1215 would solidify standards set in the 2017 legislative session to increase the construction of affordable housing in Texas by expanding the areas in which developers can qualify for certain tax credits.

In the state's growing urban areas, the supply of affordable housing has not kept up with demand. Because low-performing schools are often concentrated in cities, tax credits that include educational quality in their application scoring criteria have been harder to obtain in certain urban areas. This has incentivized the construction of affordable housing in suburban and exurban areas, which are often distant from public transportation and other necessary amenities.

The 85th Legislature in 2017 enacted HB 3574 by Collier, which allowed educational quality to remain part of the threshold criteria in the qualified allocation plan for low-income housing tax credits but no longer allowed it to be used as a scoring item. The act contained an expiration provision so that this approach could be adopted for two years and then evaluated. This trial has successfully brought in more applications for low-income housing tax credits from areas that previously would not have qualified, which will help bring more affordable housing to the urban areas that need it most. CSHB 1215 would make the elimination of school quality as a scoring item for low-income housing tax credit applications permanent, further increasing access to affordable housing.

OPPONENTS  
SAY:

CSHB 1215 would decrease low-income families' access to high quality education. There is no reason to believe that those who need affordable housing have different priorities than other families who prioritize their children's education above many other considerations. Texas developers should be building low-income housing near good schools in order to provide opportunities for children of low-income families, and CSHB 1215 would make that more difficult.