

AN ACT

relating to the continuation and functions of the Texas Department of Housing and Community Affairs.

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

SECTION 1. Section 2306.001, Government Code, is amended to read as follows:

Sec. 2306.001. PURPOSES. The purposes of the department are to:

(1) assist local governments in:

(A) providing essential public services for their residents; and

(B) overcoming financial, social, and environmental problems;

(2) provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income;

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;

(4) assist the governor and the legislature in coordinating federal and state programs affecting local government;

1 (5) inform state officials and the public of the needs
2 of local government; ~~and~~

3 (6) serve as the lead agency for:

4 (A) addressing at the state level the problem of
5 homelessness in this state;

6 (B) coordinating interagency efforts to address
7 homelessness; and

8 (C) addressing at the state level and
9 coordinating interagency efforts to address any problem associated
10 with homelessness, including hunger; and[-]

11 (7) [~~6~~] serve as a source of information to the
12 public regarding all affordable housing resources and community
13 support services in the state.

14 SECTION 2. Subsection (b), Section 2306.021, Government
15 Code, is amended to read as follows:

16 (b) The department is composed of:

17 (1) the community affairs division;

18 (2) the housing finance division;

19 (3) the manufactured housing division; and

20 (4) [~~the community development division, and~~

21 [~~5~~] any other division created by the director as
22 permitted by [~~under~~] Section 2306.0521.

23 SECTION 3. Section 2306.022, Government Code, is amended to
24 read as follows:

25 Sec. 2306.022. APPLICATION OF SUNSET ACT. The Texas
26 Department of Housing and Community Affairs is subject to Chapter
27 325 (Texas Sunset Act). Unless continued in existence as provided

1 by that chapter, the department is abolished and this chapter
2 expires September 1, 2011 [~~2003~~].

3 SECTION 4. Section 2306.0661, Government Code, is amended
4 by adding Subsection (f) to read as follows:

5 (f) The board shall adopt rules governing the topics that
6 may be considered at a public hearing. The rules must require the
7 department to consider the following topics in relation to a
8 proposed housing development:

- 9 (1) the developer market study;
- 10 (2) the location;
- 11 (3) the compliance history of the developer;
- 12 (4) the financial feasibility;
- 13 (5) the appropriateness of the development's size and
14 configuration in relation to the housing needs of the community in
15 which the development is located;
- 16 (6) the development's proximity to other low income
17 housing developments;
- 18 (7) the availability of adequate public facilities and
19 services;
- 20 (8) the anticipated impact on local school districts;
- 21 (9) zoning and other land use considerations; and
- 22 (10) any other topics that the board by rule
23 determines to be appropriate.

24 SECTION 5. Subsection (c), Section 2306.0721, Government
25 Code, is amended to read as follows:

- 26 (c) The plan must include:
 - 27 (1) an estimate and analysis of the housing needs of

1 the following populations in each uniform state service region:

2 (A) individuals and families of moderate, low,
3 very low, and extremely low income;

4 (B) individuals with special needs; and

5 (C) homeless individuals;

6 (2) a proposal to use all available housing resources
7 to address the housing needs of the populations described by
8 Subdivision (1) by establishing funding levels for all
9 housing-related programs;

10 (3) an estimate of the number of federally assisted
11 housing units available for individuals and families of low and
12 very low income and individuals with special needs in each uniform
13 state service region;

14 (4) a description of state programs that govern the
15 use of all available housing resources;

16 (5) a resource allocation plan that targets all
17 available housing resources to individuals and families of low and
18 very low income and individuals with special needs in each uniform
19 state service region;

20 (6) a description of the department's efforts to
21 monitor and analyze the unused or underused federal resources of
22 other state agencies for housing-related services and services for
23 homeless individuals and the department's recommendations to
24 ensure the full use by the state of all available federal resources
25 for those services in each uniform state service region;

26 (7) strategies to provide housing for individuals and
27 families with special needs in each uniform state service region;

1 (8) a description of the department's efforts to
2 encourage in each uniform state service region the construction of
3 housing units that incorporate energy efficient construction and
4 appliances;

5 (9) an estimate and analysis of the housing supply in
6 each uniform state service region;

7 (10) an inventory of all publicly and, where possible,
8 privately funded housing resources, including public housing
9 authorities, housing finance corporations, community housing
10 development organizations, and community action agencies;

11 (11) strategies for meeting rural housing needs;

12 (12) a biennial action plan for colonias that:

13 (A) addresses current policy goals for colonia
14 programs, strategies to meet the policy goals, and the projected
15 outcomes with respect to the policy goals; and

16 (B) includes information on the demand for
17 contract-for-deed conversions, services from self-help centers,
18 consumer education, and other colonia resident services in counties
19 some part of which is within 150 miles of the international border
20 of this state;

21 (13) a summary of public comments received at a
22 hearing under this chapter or from another source that concern the
23 demand for colonia resident services described by Subdivision (12);
24 and

25 (14) any other housing-related information that the
26 state is required to include in the one-year action plan of the
27 consolidated plan submitted annually to the United States

1 Department of Housing and Urban Development.

2 SECTION 6. Subsection (a), Section 2306.0722, Government
3 Code, is amended to read as follows:

4 (a) Before preparing the annual low income housing report
5 under Section 2306.072 and the state low income housing plan under
6 Section 2306.0721, the department shall meet with regional planning
7 commissions created under Chapter 391, Local Government Code,
8 representatives of groups with an interest in low income housing,
9 nonprofit housing organizations, managers, owners, and developers
10 of affordable housing, local government officials, ~~and~~ residents
11 of low income housing, and members of the Colonia Resident Advisory
12 Committee. The department shall obtain the comments and
13 suggestions of the representatives, officials, ~~and~~ residents,
14 and members about the prioritization and allocation of the
15 department's resources in regard to housing.

16 SECTION 7. Subchapter D, Chapter 2306, Government Code, is
17 amended by adding Section 2306.082 to read as follows:

18 Sec. 2306.082. NEGOTIATED RULEMAKING; ALTERNATIVE DISPUTE
19 RESOLUTION. (a) The department shall develop and implement a
20 policy to encourage the use of:

21 (1) negotiated rulemaking procedures under Chapter
22 2008 for the adoption of department rules; and

23 (2) appropriate alternative dispute resolution
24 procedures under Chapter 2009 to assist in the resolution of
25 internal and external disputes under the department's
26 jurisdiction.

27 (b) The department's procedures relating to alternative

1 dispute resolution must conform, to the extent possible, to any
2 model guidelines issued by the State Office of Administrative
3 Hearings for the use of alternative dispute resolution by state
4 agencies.

5 (c) The department shall designate a trained person to:

6 (1) coordinate the implementation of the policy
7 adopted under Subsection (a);

8 (2) serve as a resource for any training needed to
9 implement the procedures for negotiated rulemaking or alternative
10 dispute resolution; and

11 (3) collect data concerning the effectiveness of those
12 procedures, as implemented by the department.

13 SECTION 8. Section 2306.111, Government Code, is amended by
14 adding Subsections (c-1), (c-2), (d-1), and (i) to read as follows:

15 (c-1) The following entities are eligible to apply for
16 set-aside funds under Subsection (c):

17 (1) nonprofit providers of affordable housing,
18 including community housing development organizations; and

19 (2) for-profit providers of affordable housing.

20 (c-2) In allocating set-aside funds under Subsection (c),
21 the department may not give preference to nonprofit providers of
22 affordable housing, except as required by federal law.

23 (d-1) Funds or credits are not required to be allocated
24 according to the regional allocation formula under Subsection (d)
25 if:

26 (1) the funds or credits are reserved for
27 contract-for-deed conversions or for set-asides mandated by state

1 or federal law; and

2 (2) each contract-for-deed allocation or set-aside
3 allocation equals not more than 10 percent of the total allocation
4 of funds or credits for the applicable program.

5 (i) The director shall designate an employee of the
6 department to act as the information officer and as a liaison with
7 the public regarding each application seeking an allocation of
8 housing funds described by this section.

9 SECTION 9. Subsections (d) through (g), Section 2306.111,
10 Government Code, are amended to read as follows:

11 (d) The department shall allocate housing funds provided to
12 the state under the Cranston-Gonzalez National Affordable Housing
13 Act (42 U.S.C. Section 12701 et seq.), housing trust funds
14 administered by the department under Sections 2306.201-2306.206,
15 and commitments issued under the federal low income housing tax
16 credit program administered by the department under Subchapter DD
17 to all urban/exurban areas and rural areas of each uniform state
18 service region based on a formula developed by the department that
19 is based on the need for housing assistance and the availability of
20 housing resources in those urban/exurban areas and rural areas,
21 provided that the allocations are consistent with applicable
22 federal and state requirements and limitations. The department
23 shall use the information contained in its annual state low income
24 housing plan and shall use other appropriate data to develop the
25 formula. If the department determines under the formula that an
26 insufficient number of eligible applications for assistance out of
27 funds or credits allocable under this subsection are submitted to

1 the department from a particular uniform state service region, the
2 department shall use the unused funds or credits allocated to that
3 region for all urban/exurban areas and rural areas in other uniform
4 state service regions based on identified need and financial
5 feasibility.

6 (e) The department shall include in its annual low income
7 housing plan under Section 2306.0721:

8 (1) the formula developed by the department under
9 Subsection (d); and

10 (2) the allocation targets established under the
11 formula for the urban/exurban areas and rural areas of each uniform
12 state service region.

13 (f) The department shall include in its annual low income
14 housing report under Section 2306.072 the amounts of funds and
15 credits allocated to the urban/exurban areas and rural areas of
16 each uniform state service region in the preceding year for each
17 federal and state program affected by the requirements of
18 Subsection (d).

19 (g) For all urban/exurban areas and rural areas of each
20 uniform state service region, the department shall establish
21 funding priorities to ensure that:

22 (1) funds are awarded to project applicants who are
23 best able to meet recognized needs for affordable housing, as
24 determined by ~~the~~ department rule;

25 (2) when practicable and when authorized under Section
26 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), the least
27 restrictive funding sources are used to serve the lowest income

1 residents; and

2 (3) funds are awarded based on a project applicant's
3 ability, when consistent with Section 42, Internal Revenue Code of
4 1986 (26 U.S.C. Section 42), practicable, and economically
5 feasible, to:

6 (A) provide the greatest number of quality
7 residential units;

8 (B) serve persons with the lowest percent area
9 median family income;

10 (C) extend the duration of the project to serve a
11 continuing public need;

12 (D) use other local funding sources to minimize
13 the amount of state subsidy needed to complete the project; and

14 (E) provide integrated, affordable housing for
15 individuals and families with different levels of income.

16 SECTION 10. Section 2306.1113, Government Code, is amended
17 to read as follows:

18 Sec. 2306.1113. EX PARTE COMMUNICATIONS. (a) During the
19 period beginning on the date a project application is filed and
20 ending on the date the board makes a final decision with respect to
21 any approval of that application, a member of the board [~~or a member~~
22 ~~of the advisory committee established under Section 2306.1112]~~ may
23 not communicate with the following persons:

24 (1) the applicant or a related party, as defined by
25 state law, including board rules, and federal law; and

26 (2) any person who is:

27 (A) active in the construction, rehabilitation,

1 ownership, or control of the proposed project, including:

2 (i) a general partner or contractor; and

3 (ii) a principal or affiliate of a general
4 partner or contractor; or

5 (B) employed as a lobbyist by the applicant or a
6 related party.

7 (a-1) Subject to Subsection (a-2), during the period
8 beginning on the date a project application is filed and ending on
9 the date the board makes a final decision with respect to any
10 approval of that application, an employee of the department may
11 communicate about the application with the following persons:

12 (1) the applicant or a related party, as defined by
13 state law, including board rules, and federal law; and

14 (2) any person who is:

15 (A) active in the construction, rehabilitation,
16 ownership, or control of the proposed project, including:

17 (i) a general partner or contractor; and

18 (ii) a principal or affiliate of a general
19 partner or contractor; or

20 (B) employed as a lobbyist by the applicant or a
21 related party.

22 (a-2) A communication under Subsection (a-1) may be oral or
23 in any written form, including electronic communication through the
24 Internet, and must satisfy the following conditions:

25 (1) the communication must be restricted to technical
26 or administrative matters directly affecting the application;

27 (2) the communication must occur or be received on the

1 premises of the department during established business hours; and

2 (3) a record of the communication must be maintained
3 and included with the application for purposes of board review and
4 must contain the following information:

5 (A) the date, time, and means of communication;

6 (B) the names and position titles of the persons
7 involved in the communication and, if applicable, the person's
8 relationship to the applicant;

9 (C) the subject matter of the communication; and

10 (D) a summary of any action taken as a result of
11 the communication.

12 (b) Notwithstanding Subsection (a) or (a-1), a board member
13 or department employee [~~advisory committee member~~] may communicate
14 without restriction with a person listed in Subsection (a) or (a-1)
15 [~~described by that subsection~~] at any board meeting or public
16 hearing held with respect to the application.

17 SECTION 11. Subchapter F, Chapter 2306, Government Code, is
18 amended by adding Section 2306.1114 to read as follows:

19 Sec. 2306.1114. NOTICE OF RECEIPT OF APPLICATION OR
20 PROPOSED APPLICATION. (a) Not later than the 14th day after the
21 date an application or a proposed application for housing funds
22 described by Section 2306.111 has been filed, the department shall
23 provide written notice of the filing of the application or proposed
24 application to the following persons:

25 (1) the United States representative who represents
26 the community containing the development described in the
27 application;

1 (2) members of the legislature who represent the
2 community containing the development described in the application;

3 (3) the presiding officer of the governing body of the
4 political subdivision containing the development described in the
5 application;

6 (4) any member of the governing body of a political
7 subdivision who represents the area containing the development
8 described in the application;

9 (5) the superintendent and the presiding officer of
10 the board of trustees of the school district containing the
11 development described in the application; and

12 (6) any neighborhood organizations on record with the
13 state or county in which the development described in the
14 application is to be located and whose boundaries contain the
15 proposed development site.

16 (b) The notice provided under Subsection (a) must include
17 the following information:

18 (1) the relevant dates affecting the application,
19 including:

20 (A) the date on which the application was filed;

21 (B) the date or dates on which any hearings on the
22 application will be held; and

23 (C) the date by which a decision on the
24 application will be made;

25 (2) a summary of relevant facts associated with the
26 development;

27 (3) a summary of any public benefits provided as a

1 result of the development, including rent subsidies and tenant
2 services; and

3 (4) the name and contact information of the employee
4 of the department designated by the director to act as the
5 information officer and liaison with the public regarding the
6 application.

7 SECTION 12. Section 2306.185, Government Code, is amended
8 by amending Subsections (a) and (e) and adding Subsection (h) to
9 read as follows:

10 (a) The department shall adopt policies and procedures to
11 ensure that, for a multifamily rental housing development funded
12 through loans, grants, or tax credits under this chapter, the owner
13 of the development:

14 (1) keeps the rents affordable for low income tenants
15 for the longest period that is economically feasible; and

16 (2) provides regular maintenance to keep the
17 development sanitary, decent, and safe and otherwise complies with
18 the requirements of Section 2306.186.

19 (e) Subsections (c) and (d) and Section 2306.269 apply only
20 to multifamily rental housing developments to which the department
21 is providing one or more of the following forms of assistance:

22 (1) a loan or grant in an amount greater than 33
23 percent of the market value of the development on the date the
24 recipient completed the construction [~~took legal possession~~] of the
25 development;

26 (2) a loan guarantee for a loan in an amount greater
27 than 33 percent of the market value of the development on the date

1 the recipient took legal title to the development; or

2 (3) a low income housing tax credit.

3 (h) The department shall monitor a development owner's
4 compliance with this section.

5 SECTION 13. Subchapter H, Chapter 2306, Government Code, is
6 amended by adding Section 2306.186 to read as follows:

7 Sec. 2306.186. MANDATORY DEPOSITS TO FUND NECESSARY
8 REPAIRS. (a) In this section:

9 (1) "Bank trustee" means a bank authorized to do
10 business in this state, with the power to act as trustee.

11 (2) "Department assistance" means any state or federal
12 assistance administered by or through the department, including low
13 income housing tax credits.

14 (3) "First lien lender" means a lender whose lien has
15 first priority.

16 (4) "Reserve account" means an individual account:

17 (A) created to fund any necessary repairs for a
18 multifamily rental housing development; and

19 (B) maintained by a first lien lender or bank
20 trustee.

21 (b) If the department is the first lien lender with respect
22 to the development, each owner who receives department assistance
23 for a multifamily rental housing development that contains 25 or
24 more rental units shall deposit annually into a reserve account:

25 (1) for the year 2004:

26 (A) not less than \$150 per unit per year for units
27 one to five years old; and

1 (B) not less than \$200 per unit per year for units
2 six or more years old; and

3 (2) for each year following the year 2004, the amounts
4 per unit per year as described by Subdivision (1).

5 (c) A land use restriction agreement or restrictive
6 covenant between the owner and the department must require the
7 owner to begin making annual deposits to the reserve account on the
8 date that occupancy of the multifamily rental housing development
9 stabilizes or the date that permanent financing for the development
10 is completely in place, whichever occurs later, and shall continue
11 making deposits until the earliest of the following dates:

12 (1) the date of any involuntary change in ownership of
13 the development;

14 (2) the date on which the owner suffers a total
15 casualty loss with respect to the development or the date on which
16 the development becomes functionally obsolete, if the development
17 cannot be or is not restored;

18 (3) the date on which the development is demolished;

19 (4) the date on which the development ceases to be used
20 as multifamily rental property; or

21 (5) the end of the affordability period specified by
22 the land use restriction agreement or restrictive covenant.

23 (d) With respect to multifamily rental developments, if the
24 establishment of a reserve fund for repairs has not been required by
25 the first lien lender, the development owner shall set aside the
26 repair reserve amount as a reserve for capital improvements. The
27 reserve must be established for each unit in the development,

1 regardless of the amount of rent charged for the unit.

2 (e) Beginning with the 11th year after the awarding of any
3 financial assistance for the development by the department, the
4 owner of a multifamily rental housing development shall contract
5 for a third-party physical needs assessment at appropriate
6 intervals that are consistent with lender requirements with respect
7 to the development. If the first lien lender does not require a
8 third-party physical needs assessment or if the department is the
9 first lien lender, the owner shall contract with a third party to
10 conduct a physical needs assessment at least once during each
11 five-year period beginning with the 11th year after the awarding of
12 any financial assistance for the development by the department.
13 The owner of the development shall submit to the department copies
14 of the most recent third-party physical needs assessment conducted
15 on the development, any response by the owner to the assessment, any
16 repairs made in response to the assessment, and information on any
17 necessary changes to the required reserve based on the assessment.

18 (f) The department may complete necessary repairs if the
19 owner fails to complete the repairs as required by Subsection (e).
20 Payment for those repairs must be made directly by the owner of the
21 development or through a reserve account established for the
22 development under this section.

23 (g) If notified of the development owner's failure to comply
24 with a local health, safety, or building code, the department may
25 enter on the property and complete any repairs necessary to correct
26 a violation of that code, as identified in the applicable violation
27 report, and may pay for those repairs through a reserve account

1 established for the development under this section.

2 (h) The duties of the owner of a multifamily rental housing
3 development under this section cease on the date of a voluntary
4 change in ownership of the development, but the subsequent owner of
5 the development is subject to the deposit, inspection, and
6 notification requirements of Subsections (b), (c), (d), and (e).

7 (i) The first lien lender shall maintain the reserve
8 account. In the event there is no longer a first lien lender, then
9 Subsections (b) and (d) no longer apply.

10 (j) The department shall adopt rules that:

11 (1) establish requirements and standards regarding:

12 (A) for first lien lenders and bank trustees:

13 (i) maintenance of reserve accounts and
14 reasonable costs of that maintenance;

15 (ii) asset management;

16 (iii) transfer of money in reserve accounts
17 to the department to fund necessary repairs; and

18 (iv) oversight of reserve accounts and the
19 provision of financial data and other information to the
20 department; and

21 (B) for owners, inspections of the multifamily
22 rental housing developments and identification of necessary
23 repairs, including requirements and standards regarding
24 construction, rehabilitation, and occupancy that may enable
25 quicker identification of those repairs;

26 (2) identify circumstances in which money in the
27 reserve accounts may:

1 (A) be used for expenses other than necessary
2 repairs, including property taxes or insurance; and

3 (B) fall below mandatory deposit levels without
4 resulting in department action;

5 (3) define the scope of department oversight of
6 reserve accounts and the repair process;

7 (4) provide the consequences of any failure to make a
8 required deposit, including a definition of good cause, if any, for
9 a failure to make a required deposit;

10 (5) specify or create processes and standards to be
11 used by the department to obtain repairs for developments;

12 (6) define for purposes of Subsection (c) the date on
13 which occupancy of a development is considered to have stabilized
14 and the date on which permanent financing is considered to be
15 completely in place; and

16 (7) provide for appointment of a bank trustee as
17 necessary under this section.

18 (k) The department shall assess an administrative penalty
19 on development owners who fail to contract for the third-party
20 physical needs assessment and make the identified repairs as
21 required by this section. The department may assess the
22 administrative penalty in the same manner as an administrative
23 penalty assessed under Section 2306.6023. The penalty is computed
24 by multiplying \$200 by the number of dwelling units in the
25 development and must be paid to the department. The office of the
26 attorney general shall assist the department in the collection of
27 the penalty and the enforcement of this subsection.

1 (1) This section does not apply to a development for which
2 an owner is required to maintain a reserve account under any other
3 provision of federal or state law.

4 SECTION 14. Subsection (b), Section 2306.252, Government
5 Code, is amended to read as follows:

6 (b) The department, through the center, shall:

7 (1) provide educational material prepared in plain
8 language to housing advocates, housing sponsors, borrowers, and
9 tenants;

10 (2) provide technical assistance to nonprofit housing
11 sponsors;

12 (3) assist in the development of housing policy,
13 including the annual state low income housing plan and report and
14 the consolidated plan; and

15 (4) ~~[maintain communication with local governments~~
16 ~~and act as an advocate for local governments at the state and~~
17 ~~federal levels,~~

18 ~~[(5) assist local governments with advisory and~~
19 ~~technical services,~~

20 ~~[(6) provide financial aid to local governments and~~
21 ~~combinations of local governments for programs that are authorized~~
22 ~~to receive assistance,~~

23 ~~[(7) provide information about and referrals for state~~
24 ~~and federal programs and services that affect local governments,~~

25 ~~[(8) administer, conduct, or jointly sponsor~~
26 ~~educational and training programs for local government officials,~~

27 ~~[(9) conduct research on problems of general concern~~

- 1 ~~to local governments,~~
- 2 ~~[(10) collect, publish, and distribute information~~
- 3 ~~useful to local governments, including information on:~~
- 4 ~~[(A) local government finances and employment,~~
- 5 ~~[(B) housing,~~
- 6 ~~[(C) population characteristics, and~~
- 7 ~~[(D) land-use patterns,~~
- 8 ~~[(11) encourage cooperation among local governments~~
- 9 ~~as appropriate,~~
- 10 ~~[(12) advise and inform the governor and the~~
- 11 ~~legislature about the affairs of local governments and recommend~~
- 12 ~~necessary action,~~
- 13 ~~[(13) assist the governor in coordinating federal and~~
- 14 ~~state activities affecting local governments,~~
- 15 ~~[(14) provide appropriate information regarding:~~
- 16 ~~[(A) state responsibilities for programs created~~
- 17 ~~under the federal Economic Opportunity Act of 1964 (42 U.S.C.~~
- 18 ~~Section 2701 et seq.),~~
- 19 ~~[(B) programs assigned to the department under~~
- 20 ~~the Omnibus Budget Reconciliation Act of 1981 (Pub. L. No. 97-35),~~
- 21 ~~and~~
- 22 ~~[(C) other federal acts creating economic~~
- 23 ~~opportunity programs assigned to the department,~~
- 24 ~~[(15) develop a consumer education program to educate~~
- 25 ~~consumers on executory contract transactions for the conveyance of~~
- 26 ~~real property used or to be used as the consumer's residence,~~
- 27 ~~[(16) adopt rules that are necessary and proper to~~

1 ~~carry out programs and responsibilities assigned by the legislature~~
2 ~~or the governor,~~

3 [~~(17)~~] provide, in cooperation with the state energy
4 conservation office, the Texas [~~Natural Resource Conservation~~]
5 Commission on Environmental Quality, and other governmental
6 entities, information on the use of sustainable and energy
7 efficient housing construction products and assist local
8 governments and nonprofits in identifying information on
9 sustainable and energy efficient housing construction and energy
10 efficient resources and techniques[~~, and~~

11 [~~(18)~~ ~~perform other duties relating to local~~
12 ~~governments that are assigned by the legislature or the governor~~].

13 SECTION 15. Subchapter P, Chapter 2306, Government Code, is
14 amended by adding Section 2306.359 to read as follows:

15 Sec. 2306.359. ISSUANCE OF PRIVATE ACTIVITY BONDS. (a) In
16 evaluating an application for an issuance of private activity
17 bonds, the department shall score and rank the application using a
18 point system based on criteria that are adopted by the department,
19 including criteria:

20 (1) regarding:

21 (A) the income levels of tenants of the
22 development, consistent with the funding priorities provided by
23 Section 1372.0321;

24 (B) the rent levels of the units;

25 (C) the level of community support for the
26 application;

27 (D) the period of guaranteed affordability for

1 low income tenants;

2 (E) the cost per unit of the development;

3 (F) the size, quality, and amenities of the
4 units;

5 (G) the services to be provided to tenants of the
6 development;

7 (H) the commitment of development funding by
8 local political subdivisions that enables additional units for
9 individuals and families of very low income; and

10 (I) other criteria as developed by the board; and

11 (2) imposing penalties on applicants who have
12 requested extensions of department deadlines relating to
13 developments supported by an issuance of private activity bonds
14 made in the application round preceding the current round.

15 (b) The department shall make available on its website
16 details of the scoring system used by the department to score
17 applications.

18 (c) The department shall underwrite the applications by
19 determining:

20 (1) that the general contractor's profit, overhead,
21 and general requirements are within the maximum limit published by
22 the department;

23 (2) that the developer fee for the proposed project
24 does not exceed the maximum amount allowed by the department; and

25 (3) if applicable, the amount of tax credits available
26 to the proposed development.

27 (d) In adopting criteria for underwriting applications

1 under this section, the department shall attach additional weight
2 to criteria that will determine the maximum amount that can be
3 awarded that will:

4 (1) result in an issuance of private activity bonds
5 for developments serving the lowest income tenants; and

6 (2) produce the greatest number of high-quality units
7 committed to remaining affordable to qualified tenants for extended
8 periods.

9 SECTION 16. Subsection (c), Section 2306.589, Government
10 Code, is amended to read as follows:

11 (c) The department may use money in the colonia set-aside
12 fund for specific activities that assist colonias, including:

13 (1) the operation and activities of the self-help
14 centers established under this subchapter;

15 (2) reimbursement of colonia resident advisory
16 committee members [~~and colonia initiatives advisory committee~~
17 ~~members~~] for their reasonable expenses in the manner provided by
18 Chapter 2110 or the General Appropriations Act; and

19 (3) funding for the provision of water and sewer
20 service connections in accordance with Subsection (b).

21 SECTION 17. Subdivisions (5), (10), and (16), Subsection
22 (a), Section 2306.6702, Government Code, are amended to read as
23 follows:

24 (5) "At-risk development" means a development that:

25 (A) has received [~~receives~~] the benefit of a
26 subsidy in the form of a below-market interest rate loan, interest
27 rate reduction, rental subsidy, Section 8 housing assistance

1 payment, rental supplement payment, [~~or~~] rental assistance
2 payment, or equity incentive under the following federal laws, as
3 applicable:

4 (i) Sections 221(d)(3) and (5), National
5 Housing Act (12 U.S.C. Section 17151);

6 (ii) Section 236, National Housing Act (12
7 U.S.C. Section 1715z-1);

8 (iii) Section 202, Housing Act of 1959 (12
9 U.S.C. Section 1701q);

10 (iv) Section 101, Housing and Urban
11 Development Act of 1965 (12 U.S.C. Section 1701s);

12 (v) the Section 8 Additional Assistance
13 Program for housing developments with HUD-Insured and HUD-Held
14 Mortgages administered by the United States Department of Housing
15 and Urban Development;

16 (vi) the Section 8 Housing Assistance
17 Program for the Disposition of HUD-Owned Projects administered by
18 the United States Department of Housing and Urban Development; [~~or~~]

19 (vii) Sections 514, 515, and 516, Housing
20 Act of 1949 (42 U.S.C. Sections 1484, 1485, and 1486); or

21 (viii) Section 42, Internal Revenue Code of
22 1986 (26 U.S.C. Section 42); and

23 (B) is subject to the following conditions:

24 (i) the stipulation to maintain
25 affordability in the contract granting the subsidy is nearing
26 expiration; or

27 (ii) the federally insured mortgage on the

1 development is eligible for prepayment or is nearing the end of its
2 term.

3 (10) "Qualified allocation plan" means a plan adopted
4 by the board under this subchapter that:

5 (A) provides the threshold, scoring, and
6 underwriting criteria based on housing priorities of the department
7 that are appropriate to local conditions;

8 (B) consistent with Section 2306.6710(e), gives
9 preference in housing tax credit allocations to developments that,
10 as compared to the other developments:

11 (i) when practicable and feasible based on
12 documented, committed, and available third-party funding sources,
13 serve the lowest income tenants per housing tax credit; and

14 (ii) produce [~~are affordable to qualified~~
15 ~~tenants~~] for the longest economically feasible period the greatest
16 number of high quality units committed to remaining affordable to
17 any tenants who are income-eligible under the low income housing
18 tax credit program; and

19 (C) provides a procedure for the department, the
20 department's agent, or another private contractor of the department
21 to use in monitoring compliance with the qualified allocation plan
22 and this subchapter.

23 (16) "Unit" means any residential rental unit in a
24 development consisting of an accommodation, including a single room
25 used as an accommodation on a non-transient basis, that contains
26 [~~separate and~~] complete physical facilities and fixtures for
27 living, sleeping, eating, cooking, and sanitation.

1 SECTION 18. Section 2306.6703, Government Code, is amended
2 to read as follows:

3 Sec. 2306.6703. INELIGIBILITY FOR CONSIDERATION. (a) An
4 application is ineligible for consideration under the low income
5 housing tax credit program if:

6 (1) at the time of application or at any time during
7 the two-year period preceding the date the application round
8 begins, the applicant or a related party is or has been:

9 (A) a member of the board; or

10 (B) the director, a deputy director, the director
11 of housing programs, the director of compliance, the director of
12 underwriting, or the low income housing tax credit program manager
13 employed by the department; [~~or~~]

14 (2) the applicant proposes to replace in less than 15
15 years any private activity bond financing of the development
16 described by the application, unless:

17 (A) the applicant proposes to maintain for a
18 period of 30 years or more 100 percent of the development units
19 supported by [~~low income~~] housing tax credits as rent-restricted
20 and exclusively for occupancy by individuals and families earning
21 not more than 50 percent of the area median income, adjusted for
22 family size; and

23 (B) at least one-third of all the units in the
24 development are public housing units or Section 8 project-based
25 units;

26 (3) the applicant proposes to construct a new
27 development that is located one linear mile or less from a

1 development that:

2 (A) serves the same type of household as the new
3 development, regardless of whether the developments serve
4 families, elderly individuals, or another type of household;

5 (B) has received an allocation of housing tax
6 credits for new construction at any time during the three-year
7 period preceding the date the application round begins; and

8 (C) has not been withdrawn or terminated from the
9 low income housing tax credit program; or

10 (4) the development is located in a municipality or,
11 if located outside a municipality, a county that has more than twice
12 the state average of units per capita supported by housing tax
13 credits or private activity bonds, unless the applicant:

14 (A) has obtained prior approval of the
15 development from the governing body of the appropriate municipality
16 or county containing the development; and

17 (B) has included in the application a written
18 statement of support from that governing body referencing this
19 section and authorizing an allocation of housing tax credits for
20 the development.

21 (b) Subsection (a)(3) does not apply to a development:

22 (1) that is using:

23 (A) federal HOPE VI funds received through the
24 United States Department of Housing and Urban Development;

25 (B) locally approved funds received from a public
26 improvement district or a tax increment financing district;

27 (C) funds provided to the state under the

1 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.
2 Section 12701 et seq.); or

3 (D) funds provided to the state and participating
4 jurisdictions under the Housing and Community Development Act of
5 1974 (42 U.S.C. Section 5301 et seq.); or

6 (2) that is located in a county with a population of
7 less than one million.

8 SECTION 19. Section 2306.6704, Government Code, is amended
9 by adding Subsection (b-1) to read as follows:

10 (b-1) The preapplication process must require the applicant
11 to provide the department with evidence that the applicant has
12 notified the following entities with respect to the filing of the
13 application:

14 (1) any neighborhood organizations on record with the
15 state or county in which the development is to be located and whose
16 boundaries contain the proposed development site;

17 (2) the superintendent and the presiding officer of
18 the board of trustees of the school district containing the
19 development;

20 (3) the presiding officer of the governing body of any
21 municipality containing the development and all elected members of
22 that body;

23 (4) the presiding officer of the governing body of the
24 county containing the development and all elected members of that
25 body; and

26 (5) the state senator and state representative of the
27 district containing the development.

1 SECTION 20. Section 2306.6705, Government Code, is amended
2 to read as follows:

3 Sec. 2306.6705. GENERAL APPLICATION REQUIREMENTS. An
4 application must contain at a minimum the following written,
5 detailed information in a form prescribed by the board:

6 (1) a description of:

7 (A) the financing plan for the development,
8 including any nontraditional financing arrangements;

9 (B) the use of funds with respect to the
10 development;

11 (C) the funding sources for the development,
12 including:

13 (i) construction, permanent, and bridge
14 loans; and

15 (ii) rents, operating subsidies, and
16 replacement reserves; and

17 (D) the commitment status of the funding sources
18 for the development;

19 (2) if syndication costs are included in the eligible
20 basis, a justification of the syndication costs for each cost
21 category by an attorney or accountant specializing in tax matters;

22 (3) from a syndicator or a financial consultant of the
23 applicant, an estimate of the amount of equity dollars expected to
24 be raised for the development in conjunction with the amount of
25 housing tax credits requested for allocation to the applicant,
26 including:

27 (A) pay-in schedules; and

1 (B) syndicator consulting fees and other
2 syndication costs;

3 (4) if rental assistance, an operating subsidy, or an
4 annuity is proposed for the development, any related contract or
5 other agreement securing those funds and an identification of:

6 (A) the source and annual amount of the funds;

7 (B) the number of units receiving the funds; and

8 (C) the term and expiration date of the contract
9 or other agreement;

10 (5) if the development is located within the
11 boundaries of a political subdivision with a zoning ordinance,
12 evidence in the form of a letter from the chief executive officer of
13 the political subdivision or from another local official with
14 jurisdiction over zoning matters that states that:

15 (A) the development is permitted under the
16 provisions of the ordinance that apply to the location of the
17 development; or

18 (B) the applicant is in the process of seeking
19 the appropriate zoning and has signed and provided to the political
20 subdivision a release agreeing to hold the political subdivision
21 and all other parties harmless in the event that the appropriate
22 zoning is denied;

23 (6) if an occupied development is proposed for
24 rehabilitation:

25 (A) an explanation of the process used to notify
26 and consult with the tenants in preparing the application;

27 (B) a relocation plan outlining:

1 (i) relocation requirements; and
2 (ii) a budget with an identified funding
3 source; and

4 (C) if applicable, evidence that the relocation
5 plan has been submitted to the appropriate local agency;

6 (7) a certification of the applicant's compliance with
7 appropriate state and federal laws, as required by other state law
8 or by the board; ~~and~~

9 (8) any other information required by the board in the
10 qualified allocation plan; and

11 (9) evidence that the applicant has notified the
12 following entities with respect to the filing of the application:

13 (A) any neighborhood organizations on record
14 with the state or county in which the development is to be located
15 and whose boundaries contain the proposed development site;

16 (B) the superintendent and the presiding officer
17 of the board of trustees of the school district containing the
18 development;

19 (C) the presiding officer of the governing body
20 of any municipality containing the development and all elected
21 members of that body;

22 (D) the presiding officer of the governing body
23 of the county containing the development and all elected members of
24 that body; and

25 (E) the state senator and state representative of
26 the district containing the development.

27 SECTION 21. Subchapter DD, Chapter 2306, Government Code,

1 is amended by adding Section 2306.67055 to read as follows:

2 Sec. 2306.67055. MARKET ANALYSIS. (a) A market analysis
 3 submitted in conjunction with an application for housing tax
 4 credits must:

5 (1) be prepared by a market analyst approved by the
 6 department; and

7 (2) include an assessment of other developments that
 8 are supported by housing tax credits within the market area.

9 (b) The department, through the qualified allocation plan,
 10 shall develop:

11 (1) a process for approving market analysts; and

12 (2) a methodology for determining the market area to
 13 be examined in a market analysis.

14 SECTION 22. Section 2306.6710, Government Code, is amended
 15 by amending Subsections (b), (d), and (e) and adding Subsections
 16 (f) and (g) to read as follows:

17 (b) If an application satisfies the threshold criteria, the
 18 department shall score and rank the application using a point
 19 system that:

20 (1) prioritizes in descending order criteria ~~[based on~~
 21 ~~criteria that are adapted to regional market conditions and adopted~~
 22 ~~by the department, including criteria.~~

23 [(1)] regarding:

24 (A) financial feasibility of ~~[the income levels~~
 25 ~~of tenants of]~~ the development based on the supporting financial
 26 data required in the application that will include a project
 27 underwriting pro forma from the permanent or construction lender;

1 (B) quantifiable community participation with
2 respect to the development, evaluated on the basis of written
3 statements from any neighborhood organizations on record with the
4 state or county in which the development is to be located and whose
5 boundaries contain the proposed development site [~~the rent levels~~
6 ~~of the units~~];

7 (C) the income levels of tenants of the
8 development [~~period of guaranteed affordability for low income~~
9 ~~tenants~~];

10 (D) the size and quality of the units [~~cost by~~
11 ~~square foot of the development~~];

12 (E) the commitment of development funding by
13 local political subdivisions [~~size, quality, and amenities of the~~
14 ~~units~~];

15 (F) the level of community support for the
16 application, evaluated on the basis of written statements from
17 state elected officials [~~the services to be provided to tenants of~~
18 ~~the development~~];

19 (G) the rent levels of the units [~~commitment of~~
20 ~~development funding by local political subdivisions that enables~~
21 ~~additional units for individuals and families of very low income~~];
22 [~~and~~]

23 (H) the cost of the development by square foot
24 [~~level of community support for the application, evaluated on the~~
25 ~~basis of written statements of support from local and state elected~~
26 ~~officials representing constituents in areas that include the~~
27 ~~location of the development~~]; and

1 (I) the services to be provided to tenants of the
2 development; and

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.

11 (d) The department shall underwrite the applications ranked
12 under Subsection (b) beginning with the applications with the
13 highest scores in each region described by Section 2306.111(d) and
14 in each set-aside category described in the qualified allocation
15 plan. Based on application rankings, the department shall continue
16 to underwrite applications until the department has processed
17 enough applications satisfying the department's underwriting
18 criteria to enable the allocation of all available housing tax
19 credits according to regional allocation goals and set-aside
20 categories. To enable the board to establish an applications
21 waiting list under Section 2306.6711, the department shall
22 underwrite as many additional applications as the board considers
23 necessary to ensure that all available housing tax credits are
24 allocated within the period required by law. The department shall
25 underwrite an application to determine the financial feasibility of
26 the development and an appropriate level of housing tax credits. In
27 determining an appropriate level of housing tax credits, the

1 department shall evaluate the cost of the development based on
2 acceptable cost parameters as adjusted for inflation and as
3 established by historical final cost certifications of all previous
4 housing tax credit allocations for:

5 (1) the county in which the development is to be
6 located;

7 (2) if certifications are unavailable under
8 Subdivision (1), the metropolitan statistical area in which the
9 development is to be located; or

10 (3) if certifications are unavailable under
11 Subdivisions (1) and (2), the uniform state service region in which
12 the development is to be located.

13 (e) In [~~adopting criteria for~~] scoring [~~and underwriting~~]
14 applications for purposes of housing tax credit allocations, the
15 department shall award [~~attach~~], consistent with Section 42,
16 Internal Revenue Code of 1986 (26 U.S.C. Section 42), preference
17 points to a development that [~~the most weight to criteria that~~]
18 will:

19 (1) when practicable and feasible based on documented,
20 committed, and available third-party funding sources, serve
21 [~~result in an allocation of housing tax credits for developments~~
22 ~~servng~~] the lowest income tenants per housing tax credit, if the
23 development is to be located outside a qualified census tract; and

24 (2) produce for the longest economically feasible
25 period the greatest number of high quality units committed to
26 remaining affordable to any [~~qualified~~] tenants who are
27 income-eligible under the low income housing tax credit program

1 [~~for extended periods~~].

2 (f) In evaluating the level of community support for an
3 application under Subsection (b)(1)(F), the department shall
4 award:

5 (1) positive points for positive written statements
6 received;

7 (2) negative points for negative written statements
8 received; and

9 (3) zero points for neutral statements received.

10 (g) In awarding points under Subsection (f), the department
11 shall give equal weight to each written statement received.

12 SECTION 23. Section 2306.6711, Government Code, is amended
13 by amending Subsection (b) and adding Subsection (f) to read as
14 follows:

15 (b) Not later than the deadline specified in the qualified
16 allocation plan, the board shall issue commitments for available
17 housing tax credits based on the application evaluation process
18 provided by Section 2306.6710. The board may not allocate to an
19 applicant housing tax credits in any unnecessary amount, as
20 determined by the department's underwriting policy and by federal
21 law, and in any event may not allocate to the applicant housing tax
22 credits in an amount greater than \$2 [~~\$1.6~~] million in a single
23 application round.

24 (f) The board may allocate housing tax credits to more than
25 one development in a single community, as defined by department
26 rule, in the same calendar year only if the developments are or will
27 be located more than one linear mile apart. This subsection applies

1 only to communities contained within counties with populations
2 exceeding one million.

3 SECTION 24. Subsection (b), Section 2306.6716, Government
4 Code, is amended to read as follows:

5 (b) The department shall publish [~~not later than July 1 of~~]
6 each year an updated [a] schedule of application fees that
7 specifies the amount to be charged at each stage of the application
8 process.

9 SECTION 25. Subsection (b), Section 2306.6717, Government
10 Code, is amended to read as follows:

11 (b) The department shall make available on the department's
12 website [~~provide~~] information regarding the low income housing tax
13 credit program, including notice regarding public hearings,
14 [~~board~~] meetings, [~~and~~] the opening and closing dates for
15 applications, submitted applications, and applications approved
16 for underwriting and recommended to the board, and shall provide
17 that information to:

18 (1) locally affected community groups;

19 (2) local and state elected officials;

20 (3) local housing departments;

21 (4) any appropriate [~~2~~] newspapers of general or
22 limited circulation that serve the community in which the
23 development is to be located;

24 (5) [~~3~~] nonprofit and for-profit organizations;

25 (6) [~~4~~] on-site property managers of occupied
26 developments that are the subject of applications for posting in
27 prominent locations in those developments; and

1 (7) [~~45~~] any other interested persons and [~~7~~
2 ~~including~~] community groups that [~~who~~] request the information.

3 SECTION 26. Subsection (b), Section 2306.6725, Government
4 Code, is amended to read as follows:

5 (b) The department shall provide appropriate incentives as
6 determined through the qualified allocation plan to reward
7 applicants who agree to:

8 (1) equip the property that is the basis of the
9 application with energy saving devices that meet the standards
10 established by the state energy conservation office or to provide
11 to a qualified nonprofit organization or tenant organization a
12 right of first refusal to purchase the property at the minimum price
13 provided in, and in accordance with the requirements of, Section
14 42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. Section
15 42(i)(7)); and

16 (2) locate the development in a census tract in which
17 there are no other existing developments supported by housing tax
18 credits.

19 SECTION 27. Section 1372.0231, Government Code, is amended
20 by amending Subsection (b) and adding Subsection (h) to read as
21 follows:

22 (b) With respect to the amount of the state ceiling set
23 aside under Subsection (a)(1), the board shall grant reservations
24 at the direction of the Texas Department of Housing and Community
25 Affairs as provided by Section 2306.359 and [+

26 ~~[(1) in the order determined by the board by lot, and~~

27 ~~[(2) in a manner that ensures that:~~

1 (1) [~~(A)~~] the set-aside amount is used for proposed
2 projects that are located throughout the state; and

3 (2) [~~(B)~~] not more than 50 percent of the set-aside
4 amount is used for proposed projects that are located in qualified
5 census tracts as defined by Section 143(j), Internal Revenue Code
6 of 1986.

7 (h) Allocations by the board at the direction of the Texas
8 Department of Housing and Community Affairs under Subsection (b)
9 are subject to review and approval by the board as provided by
10 Section 1231.041.

11 SECTION 28. Section 1372.0321, Government Code, as added by
12 Chapters 1367 and 1420, Acts of the 77th Legislature, Regular
13 Session, 2001, is reenacted and amended to read as follows:

14 Sec. 1372.0321. PRIORITIES FOR RESERVATIONS AMONG ISSUERS
15 OF QUALIFIED RESIDENTIAL RENTAL PROJECT ISSUES. (a) In granting
16 reservations to issuers of qualified residential rental project
17 issues, the board shall[+]

18 [~~(1)~~] give first priority to:

19 (1) [~~(A)~~] projects in which:

20 (A) 50 [~~100~~] percent of the residential units in
21 the project [~~projects~~] are:

22 (i) under the restriction that the maximum
23 allowable rents are an amount equal to 30 percent of 50 percent of
24 the area median family income minus an allowance for utility costs
25 authorized under the federal low-income housing tax credit program;
26 and

27 (ii) reserved for families and individuals

1 earning not more than 50 percent of the area median income; and

2 (B) the remaining 50 percent of the residential
3 units in the project are:

4 (i) under the restriction that the maximum
5 allowable rents are an amount equal to 30 percent of 60 percent of
6 the area median family income minus an allowance for utility costs
7 authorized under the federal low-income housing tax credit program;
8 and

9 (ii) reserved for families and individuals
10 earning not more than 60 percent of the area median income;

11 (2) projects in which:

12 (A) 15 percent of the residential units in the
13 project are:

14 (i) under the restriction that the maximum
15 allowable rents are an amount equal to 30 percent of 30 percent of
16 the area median family income minus an allowance for utility costs
17 authorized under the federal low-income housing tax credit program;
18 and

19 (ii) reserved for families and individuals
20 earning not more than 30 percent of the area median income; and

21 (B) the remaining 85 percent of the residential
22 units in the project are:

23 (i) under the restriction that the maximum
24 allowable rents are an amount equal to 30 percent of 60 percent of
25 the area median family income minus an allowance for utility costs
26 authorized under the federal low-income housing tax credit program;
27 and

1 (ii) reserved for families and individuals
2 earning not more than 60 percent of the area median income;

3 (3) projects:

4 (A) in which 100 percent of the residential units
5 in the project are:

6 (i) under the restriction that the maximum
7 allowable rents are an amount equal to 30 percent of 60 percent of
8 the area median family income minus an allowance for utility costs
9 authorized under the federal low-income housing tax credit program;
10 and

11 (ii) reserved for families and individuals
12 earning not more than 60 percent of the area median income; and

13 (B) which are located in a census tract in which
14 the median income, based on the most recent information published
15 by the United States Bureau of the Census, is higher than the median
16 income for the county, metropolitan statistical area, or primary
17 metropolitan statistical area in which the census tract is located
18 as established by the United States Department of Housing and Urban
19 Development; or

20 (4) [~~B~~] on or after June 1, projects that are
21 located in counties, metropolitan statistical areas, or primary
22 metropolitan statistical areas with area median family incomes at
23 or below the statewide median family income established by the
24 United States Department of Housing and Urban Development.

25 (a-1) In granting reservations to issuers of qualified
26 residential rental project issues, the board shall[~~r~~

27 [~~2~~] give second priority to projects in which 100

1 percent of the residential units in the project [~~projects~~] are:

2 (1) under the restriction that the maximum allowable
3 rents are an amount equal to 30 percent of 60 percent of the area
4 median family income minus an allowance for utility costs
5 authorized under the federal low-income housing tax credit program;
6 and

7 (2) reserved for families and individuals earning not
8 more than 60 percent of the area median income.

9 (a-2) In granting reservations to issuers of qualified
10 residential rental project issues, the board shall [~~and~~

11 [~~3~~] give third priority to any other qualified
12 residential rental project.

13 (b) The board may not reserve a portion of the state ceiling
14 for a first or second priority project described by this section
15 [~~Subsection (a)~~] unless the board receives evidence that an
16 application has been filed with the Texas Department of Housing and
17 Community Affairs for the low-income housing tax credit that is
18 available for multifamily transactions that are at least 51 percent
19 financed by tax-exempt private activity bonds.

20 SECTION 29. (a) Except as otherwise provided by this
21 section, the changes in law made by this Act relating to the
22 awarding of financial assistance administered by the Texas
23 Department of Housing and Community Affairs apply only to an
24 application for that assistance submitted on or after the effective
25 date of this Act.

26 (b) The Texas Department of Housing and Community Affairs
27 shall adopt the rules required by Section 2306.186, Government

1 Code, as added by this Act, not later than December 1, 2003.

2 (c) The change in law made by Section 2306.186, Government
3 Code, as added by this Act, applies only to multifamily rental
4 housing developments that receive assistance from the Texas
5 Department of Housing and Community Affairs on or after January 1,
6 2004.

7 (d) The change in law made by this Act in amending Chapter
8 1372, Government Code, applies only to an application for an amount
9 of the state ceiling set aside for issuers of qualified residential
10 rental project bonds in a year beginning on or after January 1,
11 2004. An application for an amount of the state ceiling set aside
12 for issuers of qualified residential rental project bonds in 2003
13 is governed by the law in effect immediately before the effective
14 date of this Act, and the former law is continued in effect for that
15 purpose.

16 SECTION 30. (a) The Senate Committee on Intergovernmental
17 Relations and the House Urban Affairs Committee jointly shall
18 investigate whether subdividing uniform state service regions into
19 urban/exurban areas and rural areas would impact the provision of
20 state and federal financial assistance to meet the housing needs of
21 rural areas.

22 (b) Not later than January 1, 2005, the Senate Committee on
23 Intergovernmental Relations and the House Urban Affairs Committee
24 shall submit a report giving details of the investigation's
25 findings to the lieutenant governor and the speaker of the house of
26 representatives. The findings of the investigation must include:

27 (1) a proposed definition for exurban areas; and

1 (2) an assessment of the housing needs of exurban
2 areas and recommended solutions to address those needs.

3 SECTION 31. The following provisions of the Government Code
4 are repealed:

5 (1) Subsection (d), Section 2306.072, and Subsection
6 (g), Section 2306.185;

7 (2) Section 2306.590, as added by Chapter 1367, Acts
8 of the 77th Legislature, Regular Session, 2001; and

9 (3) Sections 2306.591 and 2306.6732.

10 SECTION 32. This Act takes effect September 1, 2003.

David Newkum
President of the Senate

Jim Cusick
Speaker of the House

I hereby certify that S.B. No. 264 passed the Senate on April 1, 2003, by a viva-voce vote; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 30, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by a viva-voce vote.

Lacey Spaw
Secretary of the Senate

I hereby certify that S.B. No. 264 passed the House, with amendments, on May 25, 2003, by a non-record vote; May 30, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by a non-record vote.

Robert Haney
Chief Clerk of the House

Approved:

18 JUNE '03

Date

Rick Perry
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
8:30 PM O'CLOCK

June Shea
Secretary of State
JUN 18 2003