

88th LEGISLATIVE SESSION MCALLEN DAY IN AUSTIN

Affordable Housing

McAllen needs additional affordable housing. Affordable Housing needs are growing every day. Studies show that housing costs continue to rise while incomes grow at a much slower pace. With almost half of Texans spending more than 30% of their household income on housing costs, the need for Affordable Housing is more important now than ever before. However, current policies do not go far enough to fill the gap of affordable units needed.

McAllen must promote bipartisan policy options to expand the supply of homes and improve housing affordability, especially for low- and moderate-income households. Texas needs innovative solutions to fix the housing affordability gap. Below are TAAHP's four legislative priorities for the upcoming Texas 88th Legislature in 2023.

Legislative Priorities:

Streamline Tax Credit Program Regulations to Increase Affordable Housing:

Reducing the cost of development through streamlining regulations and removing rules that inhibit development in the areas of greatest need. These include census tract restrictions, insufficient project funding caps, and infeasible allowances for cost per square foot.

Support increasing the annual funding cap per competitive housing tax credit developments. Currently, state statute allows TDHCA to allocate \$2 million in competitive housing tax credits per development, but only allows \$3 million per developer/sponsor.

Protect & Improve Public Facility Corporations (PFC) to Ensure Workforce Housing for Texans:

The Texas Local Government Code provides 100 percent tax exemptions to private developers in return for building affordable units in mixed-income developments. The resulting program allows private developers to sell their land to a public facility corporation which leases the land and apartment complex back to the developer through a public-private partnership. Because the PFC owns the land, the Texas government code permits a 100% property tax exemption approved by the local jurisdiction. In exchange, the PFC partnership offers half of the units to people earning at or below 80 percent of the Area Median Income (AMI). There are growing concerns that the program in its current form creates opportunities for some to misuse it and violate its original intent.

Support a comprehensive amendment to Section 303.042 heighten transparency for those utilizing the PFC tool by adding stricter guidelines including: refining the affordability requirements, ensuring responsible use of the structure in the acquisition & rehabilitation of existing properties, standardizing income requirements, improving access for Section 8 voucher holders, enhancing tenant rights, and establishing robust reporting and compliance requirements.

• Tax-Exempt Bond Program

Chapter 1372 of the Texas Government Code is titled "Private Activity Bonds and Certain Other Bonds," which is not specific to housing. Affordable housing developers and advocates recognize tax-exempt bond financing as an invaluable financing tool that allows for the production of thousands of units across the state each year. Because this law covers a wide range of activities and stakeholders with different interests, it is difficult to make sweeping changes. That said, the program's administration has evolved with the market over the years, with broader adjustments made to the amount of volume cap going to different categories of uses and more specific (and more recent) changes to the reservation limits and closing deadlines for residential rental transactions.

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