



# CITY OF HOUSTON

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April 17, 2023

The Honorable J.M. Lozano  
Chairman, House Committee on Urban Affairs  
P.O. Box 2910  
Capitol Station  
Austin, Texas 78768

Re: Opposing House Bill 2856

Dear Chairman Lozano and Members of the Committee,

On behalf of the City of Houston, I write in opposition to House Bill 2856 relating to the requirements for applications for low income housing tax credits for developments financed through the private activity bond program. I ask that this written testimony be included in the formal legislative record for HB 2856. The City and I thank the Committee and Chairman for the opportunity to comment regarding this legislation.

My name is Kene Chinweze. I am a Senior Assistant City Attorney for the City of Houston. I testify with the City's full authority to speak on its behalf as part of my role and responsibility.

The City of Houston opposes HB 2856. HB 2856 would amend Section 2306.67071 of the Texas Government Code to require that before submitting to the Texas Department of Housing and Community Affairs (TDHCA) an application for housing tax credits for developments financed through the private activity bond program, an applicant must provide notice of the intent to file the application to the state representative who represents the district containing the proposed development site. Presently, any such applicant is required to provide notice only to a municipality or a county in which the proposed development site is to be located, as applicable. Furthermore, regardless if an applicant for housing tax credits submits a resolution certifying that the governing body of the local government does not object to the proposed development as required under Section 2306.67071, HB 2856 would amend Section 2306.67071 by prohibiting the TDHCA board from approving an application for housing tax credits if the state representative who represents the district containing the proposed development site submits to the TDHCA a letter opposing the development.

The City opposes HB 2856 because the proposed legislation grants local state representatives veto power over the City's resolution of support or resolution of no objection to an applicant for housing tax credits. If granted unilateral veto power, state representatives would strongly diminish the City's ability to support affordable housing developments funded by low income housing tax credits. In all likelihood, if the City provides a resolution of support or a resolution of no objection to an applicant for housing tax credits, opponents of the applicant's development will then voice their opposition to their state representative requesting the representative to submit a letter of opposition to the TDHCA, which would ultimately prevent the application from receiving final approval from the TDHCA. Even more so, a state representative with this particular veto power could submit a letter of opposition to the TDHCA without hearing any opposition from the public regarding the application.

The City's Housing and Community Development Department (HCDD) conducts a detailed and thorough reviewing process<sup>1</sup> when considering whether to support an applicant for housing tax credits for a development in the City of Houston. As required by Section 2306.67071 of the Texas Government Code, the City holds a public hearing to hear questions or concerns about the applicant's proposed development. The City gives great consideration to public comments and sentiments. To better serve the Houston public, the City uses questions and concerns heard during public hearings to seek additional information from applicants regarding any questions and concerns about the proposed development. Based on the City's thorough reviewing process for an applicant seeking City support, the City's resolution of support or resolution of no objection should remain paramount to any other consideration presented to the TDHCA in an application for housing tax credits.

HCDD prides itself in its transparency with applicants for housing tax credits as they seek support from the City. The City's website details what factors the City evaluates for each applicant for housing tax credits and provides the following HCDD application information to applicants:

- HCDD Application Instructions
- Scoring Instructions
- Proposed Development Information
- Multifamily Development Information
- Uses – Cost Allocation
- Summary Sources and Uses of Funds
- Developer Experience

It cannot be assumed that there is any transparency between a state representative with veto power over an applicant for housing tax credits and the applicant itself. Unlike local governments, state representatives are not legally required to hold public hearings or seek information from the applicants regarding any questions or concerns about the proposed development.

Developing affordable housing remains a strong priority and objective for the City as many Houston residents continue to recover from the long-lasting effects of Hurricane Harvey and the COVID-19 pandemic. As the City of Houston as well as other local governments consider an applicant's request for a resolution of support or resolution of no objection, a state representative's ability to veto an application for housing tax credits that has been thoroughly vetted and reviewed by a local government would completely undermine a local government's reviewing process and thoughtful consideration given to each applicant for housing tax credits.

For the reasons stated above, the City of Houston respectfully opposes HB 2856.

Sincerely,  
Signed by:



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Kene Chinweze

Senior Assistant City Attorney  
City of Houston Legal Department

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<sup>1</sup> Documentation, including request for City resolution of support or resolution of no objection, for City consideration of applications seeking 4% and 9% housing tax credits can be found here: <https://houstontx.gov/housing/multifamily.html>.