

**SUBJECT:** Revising tax exemption requirements for public facility corporations

**COMMITTEE:** Urban Affairs — committee substitute recommended

**VOTE:** 5 ayes — Lozano, Cortez, Cunningham, Hayes, Romero  
4 nays — Gates, Bernal, J. González, Tepper

**WITNESSES:** For —Stephen Tanner, City of Plano; Shelby Williams, Plano City Council; Courtney Gober, Plano ISD; Cara Mendelsohn (*Registered, but did not testify*: J.D. Hale, Texas Association of Builders)  
  
Against — Aaron Eaquinto, City of Dallas; Cynthia Bast, Texans for Workforce Housing (*Registered, but did not testify*: Michael Dunn, NRP Group; Todd Kercheval, Rural Rental Housing Association of Texas; Todd Kercheval, Texas Association of Local Housing Finance Agencies)  
  
On — Nathan Kelley, Texas Affiliation of Affordable Housing Providers; Zenobia Joseph (*Registered, but did not testify*: Whitney Parra, Roger Arriaga, Texas Affiliation of Affordable Housing Providers)

**BACKGROUND:** A property tax exemption under Local Government Code 302.042 applies to a multifamily residential development owned by a public facility corporation created by a housing authority that does not reserve at least 20 percent of its units for public housing only if the housing authority holds a public hearing to approve the development at a regular meeting of the authority’s governing body, and at least 50 percent of units in the development are reserved for households earning less than 80 percent of area median family income.  
  
Concerns have been raised that apartment complexes owned by public facility corporations may be exempted from property taxes without sufficient input from impacted local governments.

**DIGEST:** CSHB 2964 would extend the tax exemption requirements that apply to a development owned by a public facility corporation (PFC) created by a

housing authority under Local Government Code sec. 302.042 to developments owned by PFCs created by any sponsor.

Each municipality, or county if the development was not located within a municipality, authorized to impose taxes on the property containing a PFC development would have to hold a public hearing and adopt a resolution approving the development in order for the development to be exempted from property taxes.

The bill would take effect September 1, 2023, and would apply only to a development approved on or after that date.