

BILL ANALYSIS

Senate Research Center

C.S.S.B. 929
By: Bernsen
Intergovernmental Relations
4/18/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Housing finance corporations are non-profit entities created by local governments to encourage the development of affordable housing. Currently, housing finance corporations are exempt from taxes for developing and owning affordable housing. However, current law does not contain provisions that create a standard for the level of affordability, similar to other programs, where in order to qualify, the development must provide housing to a certain percentage of low- or very low-income residents. As a result, some housing finance corporations have developed “market rate” housing that is tax-exempt, which in effect creates tax-subsidized competition with private entities. C.S.S.B. 929 authorizes a housing finance corporation to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation if at least half of the units in multifamily developments funded through a housing finance corporation are reserved for persons earning less than 80 percent of the area median family income, or if the housing finance corporation receives approval of the governing body of the local government to issue bonds in accordance with Section 394.004 (Application of Chapter to Certain Residential Developments), Local Government Code .

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 303.042, Local Government Code, as follows:

Sec. 303.042. Provides that an exemption under this section for certain multifamily residential developments applies only under certain conditions. Defines “public housing unit” under this section.

SECTION 2. Amends Section 392.005, Local Government Code, as follows:

Sec. 392.005. Provides that an exemption under this section for certain multifamily residential developments applies only under certain conditions. Defines “public housing unit” under this section.”

SECTION 3. Amends Chapter 394Z, Local Government Code, by adding Section 394.9025, as follows:

Sec. 394.9025. MULTIFAMILY RESIDENTIAL DEVELOPMENT. Authorizes a housing finance corporation, following public hearing, to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation under certain conditions. Authorizes a housing finance corporation, following a public hearing by the governing body of the local government, to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with Section 394.004 under certain conditions.

SECTION 4. (a) Provides that the change in law made by Section 303.042(d), Local Government Code, as added by this Act, applies only to a multifamily residential development that is developed as a result of an official decision by a housing authority or an entity created by the housing authority to develop the property that occurs on or after the effective date of this Act.

(b) Provides that the change in law made by Section 392.005(c), Local Government Code, as added by this Act, applies only to a multifamily residential development that is developed as a result of an official decision by a housing authority or an entity created by the housing authority to develop the property that occurs on or after the effective date of this Act.

(c) Provides that the change in law made by Section 394.9025, Local Government Code, as added by this Act, applies only to a multifamily residential development that is financed by bonds issued under Chapter 394 (Housing Finance Corporations in Municipalities and Counties), Local Government Code, as a result of an official decision to issue bonds that occurs on or after the effective date of this act.

SECTION 5. Effective date: August 31, 2002.

SUMMARY OF COMMITTEE CHANGES

Amends As Filed S.B. 292 as follows:

Original SECTIONS 1 - 3. Omitted.

Adds new SECTIONS 1 - 2.

SECTION 3. Redesignates original SECTION 1 as SECTION 3 and amends text as follows:

Sec. 394.9025. Omits original text. Authorizes a housing finance corporation, following public hearing, to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation under certain conditions. Authorizes a housing finance corporation, following a public hearing by the governing body of the local government, to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with Section 394.004 under certain conditions.

SECTION 4. Redesignates some text from original SECTION 2 as SECTION 4. Adds text regarding the change in law made by Section 303.042(d), Local Government Code, as added by this Act, and Section 392.005(c), Local Government Code, as added by this Act.

SECTION 5. Redesignates original SECTION 3 as SECTION 5. No changes in text.