

BILL ANALYSIS

Senate Research Center
83R10483 JAM-F

S.B. 1551
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Intergovernmental Relations
4/19/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1551 is the result of the Lower Rio Grande Valley Colonia Summit that was held on July 27, 2012, in the Texas Lower Rio Grande Valley (Lower Valley). The summit was a forum for colonia and community leaders to outline their most pressing problems and possible solutions for certain problems, include drainage problems with flooding, housing, economic development, and measures that will prevent substandard housing in the region.

S.B. 1551 seeks to provide cities, counties, and the council of governments in the Lower Valley the needed resources to address the substandard living conditions in the region's more than 1,500 impoverished colonias. The bill provides governmental entities in affected regions a number of tools to promote the provision of affordable housing and to more appropriately address the problems associated with colonias. The bill aims to allow incentives to encourage the annexation of colonias by municipalities. S.B. 1551 directs the development of plans and activities to encourage quality affordable residential development in areas adequately served by public facilities and services through a new division within the local council of government.

S.B. 1551 seeks to improve the quality of life and living conditions along affected communities by proposing a number of initiatives. S.B. 1551 establishes the Lower Rio Grande Valley Colonia and Regional Housing Development Initiative within the Lower Rio Grande Valley Development Council to undertake certain planning and development coordination activities. The bill seeks to maximize the use of existing funds which are intended to be used to address the needs of colonias with increased coordination and cooperation among local, state, and federal entities. S.B. 1551 requires the Lower Rio Grande Valley Development Council to provide the legislature a report concerning the implementation of activities authorized under the bill.

As proposed, S.B. 1551 amends current law relating to the provision of affordable housing and other services in the Lower Rio Grande Valley.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Lower Rio Grande Valley Development Council in SECTION 1 (Sections 394A.153 and 394A.157, Local Government Code) of this bill.

Rulemaking authority is expressly granted to the Land Use, Colonia, and Housing Authority in SECTION 1 (Section 394A.155, Local Government Code) of this bill.

Rulemaking authority is expressly granted to the Texas Workforce Commission in SECTION 4 of this bill.

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 4 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 301, Labor Code, adding Section 301.070, as follows:

Sec. 301.070. LOCAL HIRING PROGRAM IN LOWER RIO GRANDE VALLEY. (a) Provides that this section applies only to employment arising in connection with a federal or state contract or grant in relation to a public construction project in the Lower Rio Grande Valley.

(b) Requires the Texas Workforce Commission (TWC) to develop, promulgate, monitor, and enforce regulations necessary to ensure that, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, opportunities for training and employment are given to persons of low and very low income who reside in the census tract, metropolitan area, or county in which the project described by Subsection (a) is located.

(c) Requires TWC to use existing services or procedures to provide job information services, job referral, and reporting and tracking to support the goals and activities provided under this section.

(d) Requires TWC to establish uniform procedures for state agencies to use and provisions to include in contracts and grant agreements to implement this section. Requires TWC to establish uniform penalties and sanctions to be applied to secure the hiring and contracting outcomes required under this section.

(e) Authorizes TWC to establish incentives to be awarded to contractors who comply with the hiring and contracting requirements under this section.

(f) Requires TWC to give priority to establishing requirements that provide that:

(1) not less than 30 percent of the persons employed to carry out a project are persons of low and very low income residing within the smallest geographic service area in which the project is located; and

(2) not less than 15 percent of contracts or subcontracts are awarded to business concerns that provide economic opportunities for persons of low and very low income who reside in the area in which the project is located.

(g) Defines "a business concern that provides economic opportunities" in this section.

SECTION 2. Amends Subtitle C, Title 12, Local Government Code, by adding Chapter 394A, as follows:

CHAPTER 394A. LOWER RIO GRANDE VALLEY COLONIA AND REGIONAL HOUSING DEVELOPMENT INITIATIVE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 394A.001. DEFINITIONS. Defines "authority," "board," "council," "development district," and "district" in this chapter.

Sec. 394A.002. APPLICABILITY. Provides that this chapter applies only to Cameron, Hidalgo, and Willacy Counties and the Lower Rio Grande Valley Development Council (council).

SUBCHAPTER B. POWERS AND DUTIES OF COUNCIL

Sec. 394A.051. POWERS AND DUTIES OF COUNCIL. Requires the council, in administering this chapter, to:

(1) employ staff to carry out housing planning and program contracting activities;

(2) provide for the maximum feasible participation of persons of low, very low, and extremely low income and residents of colonias, colonia improvement districts, and enhanced urban residential development districts in the programs established under this chapter;

(3) utilize nonprofit housing providers located within the region to carry out housing activities unless the Land Use, Colonia, and Housing Authority (authority) makes a determination through a competitive procurement process that nonprofit housing providers in the region cannot provide the services, or the cost of services would be materially in excess of that of other providers;

(4) prepare a regional analysis of impediments to fair housing in a manner consistent with the requirements of the United States Department of Housing and Urban Development (HUD) and:

(A) adopt plans, administer programs, and expend resources in a manner that addresses the issues identified in the analysis; and

(B) provide an annual statement on its website detailing the progress made implementing action steps to overcome the impediments identified in the analysis;

(5) provide information to state and federal agencies, as needed;

(6) maintain on its website a list of associations representing low-income persons and colonias;

(7) maintain and post on its website all transcripts, accounts, minutes, and other records related to the meetings of the authority; and

(8) adopt and implement a local and regional hiring plan that is consistent with:

(A) Section 394A.057;

(B) Section 301.070, Labor Code; and

(C) standards and regulations adopted by HUD and the General Land Office (GLO).

Sec. 394A.052. HOUSING AND COMMUNITY DEVELOPMENT INVENTORY AND MARKET ASSESSMENT. (a) Requires the council, every five years, to prepare for review and approval by the authority a regional assessment of community development conditions in colonias that includes an assessment of public services and facilities and housing availability, affordability, conditions, needs, and market demand.

(b) Requires the council, to determine housing needs under Subsection (a), to use the methodology established by HUD to assess worst-case housing needs of homeowners and renters.

Sec. 394A.053. AFFORDABLE HOUSING PLAN. (a) Requires the council to annually develop for review and approval by the authority a plan to expend resources made available to the council under this chapter for owner and renter occupied housing.

(b) Requires that the council's housing program allocations, housing policies, and community development policies impacting housing be consistent with those necessary to prioritize assistance to worst-case housing needs of homeowners and renters identified through the assessment conducted under Section 394A.052.

Sec. 394A.054. ADMINISTRATION OF FUNDS. (a) Requires the council, in administering funds under this chapter, to:

- (1) expend no more than eight percent of available funds for program administration purposes;
- (2) ensure that administrative expenses are consistent with any requirements or restrictions imposed by a grant or funding source;
- (3) expend funds in a manner that benefits households of low, very low, and extremely low income at levels proportionate to their percentage of households in the region that have worst-case housing needs;
- (4) ensure that programs are efficiently and promptly administered; and
- (5) allocate money in a manner that is consistent with an affordable housing plan adopted under Section 394A.053.

(b) Authorizes a state agency that transfers funds to the council, to ensure efficient implementation of the programs provided under this chapter, to:

- (1) establish expenditure schedules for money provided to the council under this chapter;
- (2) reclaim funds that are not spent in a manner consistent with a schedule established under Subdivision (1); and
- (3) redistribute funds reclaimed under Subdivision (2) to support affordable housing in the region in a manner that is consistent with this chapter.

Sec. 394A.055. COOPERATION WITH COLONIA OMBUDSPERSONS. (a) Requires the council to enter into an agreement with the secretary of state (SOS) to assign colonia ombudspersons currently working in the region to cooperate with the council to carry out the purposes, activities, and plans established in this chapter.

(b) Requires the colonia ombudspersons to support the council in carrying out this chapter by producing, updating, and maintaining an accurate publicly available database of colonias that documents the availability, conditions, and adequacy of housing and public services in those colonias, including streetlights, storm drainage, garbage collection, public transportation, roads, sidewalks, distance to the schools that serve the colonia, commute times for students to those schools, and distance to essential services, including hospitals and grocery stores.

Sec. 394A.056. MODEL SUBDIVISION RULES; STUDY, MODIFICATION, AND ENFORCEMENT. (a) Requires the council, in conjunction with the colonia ombudspersons, to review ongoing compliance with existing model subdivision rules in colonias and new subdivisions and survey the effectiveness of existing model subdivision rules by examining health and safety conditions in subdivisions developed under existing rules.

(b) Requires the council, based on the review conducted under Subsection (a), to recommend to the counties in its jurisdiction any necessary changes to model subdivision rules needed to:

- (1) protect the health, safety, and financial condition of the residents of affected subdivisions and colonias; and
- (2) ensure that colonias are provided infrastructure that will facilitate their annexation into adjacent incorporated cities.

(c) Requires the council to determine and recommend to a county commissioners court any necessary additional public improvements to the model subdivision rules not currently required in order to provide essential public safety amenities, including sidewalks, streetlights, safe roads, access to public transportation and schools, and proper interconnection with transportation systems.

(d) Requires the council to investigate issues of noncompliance with the model subdivision rules, refer noncompliance issues to the appropriate county attorney, and consider initiating enforcement actions.

(e) Authorizes the council, with the approval of the authority, on receipt of a petition filed in a manner prescribed by the council and signed by residents comprising five percent of the total households residing in a colonia, to initiate a legal action on behalf of residents of the colonia to enforce model subdivision rules by suing the developer of the colonia for a violation of the rules.

(f) Authorizes the council to utilize available funds and apply for grants and other funding sources to support the cost of dedicated personnel within the county attorney's office to enforce model subdivision rules.

Sec. 394A.057. REGIONAL HIRING PLAN; ADVISORY COMMITTEE. (a) Requires the council, with the approval of the authority, to establish a regional hiring plan that complies with Section 301.070, Labor Code. Requires that the plan provide for outreach to workers and qualified businesses, public information, job training activities, compliance certification, and reporting requirements for hiring for projects using financial assistance provided by the council.

(b) Requires that reporting requirements under the plan provide for monthly reports which detail for each grant or contract the number of workers hired and retained, the number of hours worked, and the amount of gross wages paid.

(c) Requires the council to establish a monitoring and advisory committee to review reports submitted under this section. Requires the committee to advise the council and the authority regarding the effectiveness of the plan and the plan's compliance with Section 301.070, Labor Code.

SUBCHAPTER C. FINANCING OF PROGRAMS

Sec. 394A.101. COMMUNITY DEVELOPMENT BLOCK GRANT COLONIA SET-ASIDE. Requires the Texas Department of Agriculture (TDA) to transfer to the council each year a portion of the community development block grant allocation received from HUD that is required under federal law to be used in colonias. Requires that the amount transferred be calculated based on Cameron, Hidalgo, and Willacy Counties' pro rata share of the number of colonia residents in this state as determined by the secretary of state. Requires the council to provide reports and maintain records as required by TDA for purposes of accounting, compliance, and reporting to HUD. Requires TDA to transfer a proportionate share of the state's community development block grant allocation of administrative funds to the council to carry out activities under this chapter.

Sec. 394A.102. TRANSPORTATION AND PUBLIC SAFETY RESOURCES. Requires the Texas Department of Transportation (TxDOT) and the Department of Public Safety of the State of Texas (DPS) to cooperate with the council to identify funding resources and prioritize existing regional funding for a colonia public safety program.

Sec. 394A.103. SETTLEMENT FUNDS FROM COLONIA ENFORCEMENT LITIGATION. Requires the attorney general to transfer to the council for use in carrying out activities authorized under this chapter funds in excess of attorney's fees secured through litigation related to colonias and model subdivision rules in cases arising in Cameron, Hidalgo, and Willacy Counties.

Sec. 394A.104. OTHER FUNDS. Authorizes the council to apply for grants and use other funds available to it to carry out the purposes of this chapter.

SUBCHAPTER D. LAND USE, COLONIA, AND HOUSING AUTHORITY

Sec. 394A.151. LAND USE, COLONIA, AND HOUSING AUTHORITY. Requires the council to establish an authority.

Sec. 394A.152. POWERS AND DUTIES OF AUTHORITY. Requires the authority to:

- (1) review and approve the housing and community development inventory and market assessment developed under Section 394A.052;
- (2) review and approve the affordable housing plan developed under Section 394A.053;
- (3) review and approve the regional low-income housing tax credit enhancements provided under Section 2306.67251, Government Code;
- (4) cooperate with existing local housing finance corporations;
- (5) approve the establishment of colonia improvement districts under Subchapter E;
- (6) approve colonia improvement district plans;
- (7) assess the effectiveness of and make recommendations for the model subdivision rules;
- (8) approve enhanced urban residential development districts and related incentives;
- (9) oversee the colonia covenant enactment and enforcement program;
- (10) monitor and advise the council on all activities under the authority's jurisdiction;
- (11) develop a plan for the allocation of resources provided under Section 394A.102; and
- (12) establish a citizen participation process designed to secure effective involvement of the intended beneficiaries of the activities, funds, programs, and policies established by or administered under this chapter.

Sec. 394A.153. BOARD; QUALIFICATIONS OF MEMBERS. (a) Provides that the authority is governed by a board of directors (board) appointed by the council.

(b) Requires the council to appoint to the board from each county:

- (1) the county judge;
- (2) the mayor of the most populous municipality;
- (3) an elected official from a municipality not described by Subdivision (2);
- (4) a county director of planning;
- (5) a resident of a colonia;

(6) a representative of a nonprofit organization representing colonia residents; and

(7) a person of extremely low or very low income living in an incorporated area.

(c) Requires that at least one member selected under Subsection (b)(3) be from a municipality with a population of less than 5,000.

(d) Requires the council to establish rules and procedures to prevent conflicts of interest on the part of members. Prohibits a person from being a member of the board if the person or the person's spouse:

(1) is employed by or participates in the management of a business entity or other organization regulated by or receiving money from the authority;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization regulated by or receiving money from the authority; or

(3) uses or receives a substantial amount of tangible goods, services, or money from the authority other than compensation or reimbursement authorized by law for board membership, attendance, or expenses.

Sec. 394A.154. TERMS OF MEMBERS. Provides that members appointed under Sections 394A.153(b)(1)-(4) are eligible to serve as long as the member holds the office or position which qualified them for the appointment. Provides that all other members serve staggered three-year terms with the terms of three members expiring each year.

Sec. 394A.155. MEETINGS OF AUTHORITY. (a) Authorizes the authority's internal auditor, fraud prevention coordinator, or ethics advisor to meet in an executive session of the board to discuss issues related to fraud, waste, or abuse.

(b) Provides that meetings of the authority are subject to the open meetings law, Chapter 551 (Open Meetings), Government Code. Requires authority board members to receive training in the requirements of that chapter.

(c) Provides that the authority:

(1) is authorized to hold meetings when called by the presiding officer or seven of the members;

(2) is required to keep minutes and complete transcripts of meetings;

(3) is required to post on the council's website not later than the third day before the date of a board meeting all materials provided to the board that are relevant to a matter proposed for discussion at the meeting;

(4) is required to make available in hard copy format to the members of the public in attendance at the meeting any materials provided to the board by the council at a board meeting;

(5) is required to provide for public comment for each item on the board's agenda at the meeting after the presentation made by council staff and the motions made by the board on that topic; and

(6) is required to adopt rules that give the public a reasonable amount of time for testimony at meetings.

Sec. 394A.156. ADOPTION OF AFFORDABLE HOUSING PLAN; HEARING REQUIRED. (a) Requires the authority, prior to adopting the plan developed under Section 394A.053, to hold a public hearing in each county in an area that is convenient and proximate to large populations of colonia residents.

(b) Requires that hearings be held not earlier than 5:30 p.m. or later than 8:00 p.m.

(c) Requires the authority to mail a notice of the hearing in English and Spanish to any association listed on the council website that represents low-income persons and colonias.

(d) Requires that professional simultaneous translation from English to Spanish and from Spanish to English be provided at the hearing.

(e) Requires that no fewer than nine authority board members be present at each public hearing.

Sec. 394A.157. ENACTMENT OF RESTRICTIVE COVENANTS. (a) Authorizes the authority on petition of 51 percent of the residents of a colonia to, notwithstanding any other law, enact a restrictive covenant in the colonia that provides for:

(1) residential or commercial building standards or codes;

(2) maximum impervious cover on a lot;

(3) permitted land uses;

(4) non-permitted nuisances;

(5) a program and fee for solid waste services to be paid by residents and property owners; or

(6) a program and fee for street lighting to be paid by residents and property owners.

(b) Requires the authority, before enacting a restrictive covenant, to:

(1) hold a public hearing in the manner provided by this section; and

(2) determine the extent to which existing conditions to be addressed by the proposed covenant negatively affect the health, safety, and real property values of the residents and property owners of the colonia.

(c) Requires that the hearing required under Subsection (b)(1) be held in the colonia if suitable meeting facilities are available or, if suitable meeting facilities are not available, in the closest suitable and available public facility.

(d) Requires that the hearing be held not earlier than 5:30 p.m. or later than 8:00 p.m.

(e) Requires the authority, not earlier than the 10th day before the hearing date, to:

(1) post at the entrance of the colonia in English and Spanish notice of the hearing on a sign that is not less than eight square feet; and

(2) mail to each resident and property owner in the colonia by regular mail a notice of the hearing in English and Spanish.

- (f) Requires that professional simultaneous translation from English to Spanish and from Spanish to English be provided at the hearing.
- (g) Requires that no fewer than nine authority board members be present at the public hearing.
- (h) Authorizes a restrictive covenant enacted under this section to be enforced by a resident or a property owner of the colonia or by the council with approval of the authority in response to an enforcement petition as provided by Subsection (i).
- (i) Authorizes the authority, on receipt of a petition filed in a manner prescribed by the council and signed by five percent of the residents in a colonia, to initiate a legal action on behalf of residents of a colonia to enforce restrictive covenants by suing for a violation of a covenant recorded in a plan, plat, or replat or a covenant enacted under this section.
- (j) Requires the council, with approval of the authority, to develop rules and guidelines for the petition and public hearing process required under this section.

SUBCHAPTER E. COLONIA IMPROVEMENT DISTRICTS

Sec. 394A.201. COLONIA IMPROVEMENT DISTRICTS. (a) Authorizes the authority to establish a colonia improvement district only on receipt of a petition, in a manner prescribed by the authority, that represents not less than 51 percent of the households residing in the proposed district.

- (b) Requires a district to facilitate comprehensive planning for housing, community development needs, public infrastructure, and public services in colonias.
- (c) Requires a district to be staffed by the council and authorizes it to plan and administer programs in colonias.
- (d) Authorizes the council to use resources available to it under this chapter to assist in the creation, administration, and management of a district.
- (e) Authorizes a district to be comprised of one or more contiguous or noncontiguous colonias located in an unincorporated area of a county.

Sec. 394A.202. DISTRICT BOARD. Requires the authority, on designation of an area as a district, to establish a process for the election by residents of a district board composed of five residents for each 1,000 households located within the district. Provides that actions of the authority in carrying out programs and activities under this section are subject to the approval of the district board.

Sec. 394A.203. FUNCTIONS OF DISTRICT. (a) Authorizes the authority, subject to the advice and consent of a district board, to:

- (1) establish a management district to carry out functions permitted under state law;
- (2) adopt a binding land use plan governing permitted land uses;
- (3) establish minimum standards for residential and nonresidential structures and contract with a municipality or county to enforce those standards;
- (4) establish and administer a tax increment reinvestment zone or tax increment financing to fund housing improvements and repairs or provide public services and public facilities;

- (5) impose and collect fees for services provided by the authority;
- (6) withhold services from and assess reasonable penalties against persons who are delinquent in the payment of a fee imposed by Subdivision (5); and
- (7) consistent with the powers of a homeowners' association, place a lien on real property to secure payment of fees and fines.

(b) Requires the authority, before imposing a fee under Subsection (a)(5), to provide information to persons subject to the fee to inform them of the cost of services and consequences for failure to pay fees.

(c) Provides that the failure of a person to satisfy a lien imposed under Subsection (a)(7) is not cause to foreclose the lien.

(d) Authorizes the authority to enter into a contract for improvements and services in a district with units of government, the council, private entities, and individuals. Requires the council to award contracts for goods and services in a manner that is consistent with the requirements of this chapter.

Sec. 394A.204. COMPREHENSIVE NEEDS ASSESSMENT AND PLANNING STUDY. Requires the council on establishment of a district to, for each colonia in the district, begin a comprehensive needs assessment and planning study that employs community planners to work in cooperation with residents of the district, county officials, and nearby city officials to assess certain housing, public services, and public infrastructure needs.

Sec. 394A.205. DISTRICT PLAN. (a) Requires the authority, before any improvements or activities that will have a financial impact on residents of a district are undertaken, to:

- (1) prepare and approve a plan to address the needs established in the assessment conducted under Section 394A.204;
- (2) identify appropriate resources and funding strategies necessary to implement the plan; and
- (3) coordinate with county and municipal officials for implementation of the plan.

(b) Requires that a plan to emphasize improving the housing, public services, and public infrastructure within a colonia to a level that will facilitate the annexation of a colonia into adjacent municipalities when appropriate.

(c) Requires the authority to ensure that, taking into account the household incomes of residents of a colonia, the financial impacts of the plan do not constitute an excessive or unreasonable financial burden. Requires the authority to develop a method for determining excessive financial burden that takes into account housing costs, property taxes, utilities, and payments and fees paid to the district. Requires the authority to hold public hearings regarding the calculation of excessive financial burden under this section.

Sec. 394A.206. EXPANSION OF DISTRICT. Authorizes the authority, on receipt of a petition from 51 percent of the households residing in a colonia desiring inclusion in an existing district, to expand the district to include the colonia.

Sec. 394A.207. ANNEXATION OF COLONIA BY MUNICIPALITY. (a) Requires the council, in order to provide and maintain public services, to coordinate with residents of a district and adjacent municipalities to provide planning and financial assistance to

encourage the annexation of a colonia by a municipality as appropriate and when consistent with the interests and desires of the residents of the district.

(b) Requires the authority, when financial incentives are provided to a municipality to facilitate annexation of a colonia, to require the municipality to enter into a binding agreement providing that not more than four years after annexation public services and facilities will be fully provided to the annexed colonia in a manner substantially equal to those provided to the rest of the municipality.

(c) Authorizes the authority to enter into an agreement with a municipality to extend the time an annexing municipality is required to provide full public services to a colonia as necessary to provide incentives for annexation. Requires the authority, in entering into an agreement to delay the provision of services to an annexed colonia, to require that any municipal taxes imposed on the newly annexed colonia be reduced during the period when full public services are not provided.

Sec. 394A.208. DISTRICT SAFETY PROGRAM. Requires the council to cooperate with the appropriate regional engineers of TxDOT and DPS to develop, identify, and secure funding for a public safety program for a district. Requires that a program developed under this section coordinate the provision of street lighting utilizing money allocated for that purpose.

Sec. 394A.209. COORDINATION OF COLONIA SELF-HELP CENTER ACTIVITIES IN DISTRICT. Requires the council and the Texas Department of Housing and Community Affairs (TDHCA) to cooperate to direct the activities of colonia self-help centers to target districts established under this subchapter.

SUBCHAPTER F. ENHANCED URBAN RESIDENTIAL DEVELOPMENT DISTRICTS

Sec. 394A.251. ENHANCED URBAN RESIDENTIAL DEVELOPMENT DISTRICT. Authorizes the authority, on application by a municipality accompanied by a petition bearing the signature of not less than 51 percent of the residents of the proposed enhanced urban residential development district, to designate one or more areas within the extraterritorial jurisdiction of the municipality as an enhanced urban residential development district to:

- (1) prevent the proliferation of substandard colonias and suburban sprawl in unincorporated areas; and
- (2) promote quality, affordable, and orderly residential development through building standards, land use planning, and financial incentives for public improvements and housing assistance.

Sec. 394A.252. CONSIDERATION AND APPROVAL OF APPLICATION. (a) Requires the authority, in considering an application for the establishment of a development district, to apply criteria developed and adopted by the authority.

(b) Requires the authority to grant or deny preliminary approval for the establishment of a development district not later than the 180th day after receipt of a valid application and petition.

(c) Requires the applying municipality, not later than the 30th day after preliminary approval by the authority, to establish a citizen participation plan acceptable to the authority to permit residents and property owners within the proposed development district to participate in the production of a comprehensive plan for the development district. Requires that the terms of the public participation process comply with the requirements provided for the establishment of a colonia improvement district in Subchapter E.

(d) Requires the applying municipality, not later than the 180th day after preliminary approval by the authority, to file with the authority a final application that contains:

(1) a comprehensive public improvement and housing plan that:

(A) complies with Section 394A.253; and

(B) identifies in detail the powers the municipality proposes to exercise within the development district;

(2) the detailed financing plan for public improvements and housing assistance and the funding sources;

(3) if zoning or land use controls are proposed, a detailed zoning map and description of the land use controls filed by the municipality with the authority; and

(4) a binding legal commitment on the part of the municipality to provide the services and housing assistance set forth in the plan with an accompanying timeline stating the date that annexation of the development district will occur.

(e) Prohibits the authority from approving an application that does not demonstrate an achievable financial plan with committed financial resources.

Sec. 394A.253. DEVELOPMENT DISTRICT PUBLIC IMPROVEMENT AND HOUSING PLAN. Requires that a comprehensive public improvement and housing plan for a proposed development district provide that:

(1) not less than 25 percent of the owner and renter occupied residential units developed in the development district are affordable to households of extremely low, very low, and low incomes in the proportions identified in the regional affordable housing plan; and

(2) any public incentives provided will provide diversity of housing types and costs with adequate provision of housing affordability for low-income homeowners and renters in the development district.

Sec. 394A.254. MUNICIPAL POWERS IN DEVELOPMENT DISTRICT. (a) Authorizes a municipality establishing a development district to:

(1) enact and enforce building, use, and zoning restrictions in the development district in the same manner as in the municipality's corporate limits provided that in enforcing building standards on properties within a development district a municipality is prohibited from assessing a fine against a property owner of an existing owner-occupied residential structure for a building code violation the remedy for which would result in an excessive housing cost financial burden to the owner occupant;

(2) assess a fine against a homeowner in the development district who refuses to remedy a building code violation if the municipality offers financial assistance to remedy the building code violation provided the cost of the financial assistance does not cause a household to suffer an excessive housing cost financial burden;

(3) in a manner otherwise consistent with other state and federal law, apply for grants and other financial assistance;

(4) expend funds for public improvements and housing assistance; and

(5) as a condition of receipt of public improvements, direct or indirect benefits of public improvements, or housing assistance, require a builder or developer to provide a portion of housing constructed in the development district to be affordable in a manner that meets the affordable housing requirements of the development district.

(b) Authorizes the authority, on application of a municipality, to:

(1) grant the municipality the authority to establish and operate municipal utility districts, management districts, tax increment reinvestment zones, and tax increment financing in a development district to provide for property acquisition, public infrastructure, affordable housing, and the enforcement of standards in a district; and

(2) develop and provide incentives to developers to acquire property and provide affordable housing in the development district to make use of existing public infrastructure and services, minimize transportation costs, and preserve agricultural land and open spaces.

(c) Provides that the establishment and operation of an entity authorized under Subsection (b)(1) is subject to the same governance and restrictions as is provided regarding these activities in a district established under Subchapter E, including the requirements that 51 percent of the residents of the area approve the establishment of the district and citizens are represented on a board controlling assessments and activities.

(d) Defines "excessive housing cost financial burden" for purposes of Subsection (a)(1).

Sec. 394A.255. ANNEXATION OF DEVELOPMENT DISTRICT. Requires a municipality to agree to annex and provide all public services to a development district not more than 12 years after the designation of the development district.

SUBCHAPTER G. OTHER PROGRAMS

Sec. 394A.301. COLONIA LAND BANK. (a) Authorizes the council to establish a colonia land bank to provide affordable housing in any part of the region served by the council.

(b) Requires that a land bank established under this section be operated by the authority subject to the provisions applicable to the operation of a land bank established under Chapter 379C (Municipal Development Corporations).

(c) Requires the council to prioritize the acquisition of abandoned or tax foreclosed property in colonias to encourage the orderly and complete development of those communities.

Sec. 394A.302. REGIONAL COLONIA DRAINAGE PLAN. Requires the council to enter into an agreement with the Texas Water Development Board (TWDB) to:

(1) establish reasonable and appropriate standards for storm water protection for colonias and development districts;

(2) examine and consider low-impact and alternative approaches to storm water protection to reduce costs and speed the provision of protection to colonias;

(3) develop a comprehensive regional colonia storm water drainage plan to mitigate storm water flooding within colonias;

(4) develop cost estimates for each colonia in the region for the provision of recommended storm water protection in the colonia including appropriately engineered storm water drainage that connects with the regional drainage system; and

(5) identify, apply for, secure, and administer grants and other funding to carry out the plan developed under this section.

Sec. 394A.303. ENERGY SELF-SUFFICIENCY PROGRAM. (a) Requires the council to:

(1) cooperate with the Public Utility Commission of Texas, local public housing authorities, affordable housing providers, and homeowners to establish, evaluate, and report on an energy self-sufficiency program;

(2) develop an agreement with an energy systems provider to administer a distributed renewable generation energy system; and

(3) ensure the greatest proportion of the economic benefits of the program accrue to the benefit of colonia residents by encouraging competition among applicant energy systems providers.

(b) Requires that the program established under this section:

(1) evaluate appropriate technologies, including solar, wind, geothermal, and fuel cell, for very low income households in the Lower Rio Grande Valley and propose a demonstration program to implement one or more of the technologies in the region;

(2) evaluate power purchase agreements on public housing authorities, affordable rental housing, and owner and rental housing occupied by households of very low and extremely low income; and

(3) prioritize households of extremely low and very low income for participation in the program.

SECTION 3. Amends Subchapter DD, Chapter 2306, Government Code, by adding Section 2306.67251, as follows:

Sec. 2306.67251. REGIONAL LOW-INCOME HOUSING TAX CREDIT ENHANCEMENTS. Requires the board, notwithstanding any other law, to provide through the qualified allocation plan regional scoring incentives necessary to ensure that housing tax credits are awarded to developments in the Lower Rio Grande Valley region in a manner that produces housing consistent with the plan developed under Section 394A.053, Local Government Code.

SECTION 4. (a) Requires the executive director of TWC, not later than March 1, 2014, to adopt rules necessary to implement Section 301.070, Labor Code, as added by this Act.

(b) Requires the council, not later than September 1, 2014, to provide to the governor, the lieutenant governor, the speaker of the house of representatives, and the committee in each house of the legislature that has primary jurisdiction over housing matters a report that details the implementation of Chapter 394A, Local Government Code, as added by this Act, and makes recommendations regarding additional authority needed to achieve the purposes of that chapter.

(c) Requires the council and TWDB, not later than September 1, 2014, to submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the committee in each house of the legislature that has primary jurisdiction over housing

matters a report detailing the needs and costs identified in Section 394A.302, Local Government Code, as added by this Act.

(d) Requires the council, not later than March 1, 2014, to complete the initial housing and community development inventory and market assessment required by Section 394A.052, Local Government Code, as added by this Act.

(e) Requires the council, not later than September 1, 2014, to adopt the initial affordable housing plan required by Section 394A.053, Local Government Code, as added by this Act.

(f) Requires TDHCA, not later October 1, 2014, after the adoption by the council of the initial affordable housing plan under Section 394A.053, Local Government Code, as added by this Act, to review the initial plan and submit to the council for comment proposed modifications to the qualified allocation plan to provide regional scoring incentives required under Section 2306.67251, Government Code, as added by this Act.

(g) Provides that the change in law made by this Act in adding Section 2306.67251, Government Code, applies only to the allocation of low-income housing tax credits for an application cycle that begins on or after January 1, 2015. Provides that the allocation of low-income housing tax credits for an application cycle that begins before January 1, 2015, is governed by the law in effect on the date the application cycle began, and the former law is continued in effect for that purpose.

(h) Requires the board of TDHCA to adopt any rules required by Section 2306.67251, Government Code, as added by this Act, in conjunction with the qualified allocation plan created for the 2015 application cycle, and requires TDHCA during that cycle to begin allocating low-income housing tax credits as provided under Section 2306.67251, Government Code, as added by this Act.

SECTION 5. Effective date: September 1, 2013.