

BILL ANALYSIS

Senate Research Center
86R8770 JG-F

S.B. 1114
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Intergovernmental Relations
3/29/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

During the 85th Legislative Interim, the Senate Committee on Intergovernmental Relations (IGR) was charged with studying housing affordability and to evaluate the cost of purchasing a single-family residence. The committee reported that as the State of Texas continues to be amongst the leaders in the nation in economic prosperity and population growth, unfortunately the supply of housing has not kept up with the demand of the growing population. The strong housing demand and the lack of available housing supply has resulted in a highly competitive housing market that considerably drives up housing prices and limits affordable housing options.

Testimony was heard during the committee's interim hearings of how political subdivisions can play a critical role in determining housing affordability in their communities through strategic public-private partnerships. IGR was informed of examples of where some political subdivisions entered into innovative partnerships with key supporting players (e.g., developers, banks, and non-profits) to develop tailored solutions to their local affordable housing needs.

Representatives from builders, developers, and others indicated that among the main factors contributing to rising housing prices included the costs of land, labor, materials, permits, taxes, and interests. Since land cost is one of the biggest drivers (which at times can represent thirty-percent of the total housing cost), the committee was urged to support the development of strategic partnerships between political subdivisions or local governments and key stakeholders (including non-profits and private sector developers). Such strategic endeavors have proven to be successful in curtailing the final costs to homebuyers and ensuring the construction of affordable housing. Testimony indicated that such key local stakeholders can collaborate to develop innovative home builder incentive programs in order to target the housing affordability need in the area. Tools used in these programs included selling procured foreclosed properties to developers at a strong price point if the prospective developments contained a percentage of affordable housing units.

Building on the interim research and testimony by the committee, S.B. 1114 seeks to exemplify the positive results that can come from communities engaging with their community partners and allow for the donation or selling of property to address local affordable housing needs.

S.B. 1114 specifically strengthens the existing authority that school districts currently have to sell or donate land/property, by also allowing them to do so to address the affordable housing needs in their community.

As proposed, S.B. 1114 amends current law relating to the sale or donation of certain school district property for the development of affordable housing for school district personnel.

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 Subchapter D, Chapter 11, Education Code, by adding Section 11.15415, as follows:

Sec. 11.15415. SALE OR DONATION OF PROPERTY FOR DEVELOPMENT OF AFFORDABLE HOUSING. (a) Authorizes the board of trustees of an independent school district, notwithstanding any other provision of law, to by resolution authorize the sale, at less than fair market value, or donation of any property held in trust for public school purposes to the Texas State Affordable Housing Corporation (TSAHC) or another nonprofit organization with expertise in developing affordable housing for the development of affordable housing under Section 2306.570, Government Code.

(b) Requires the board of trustees of an independent school district, before adopting a resolution to sell or donate property under this section, to:

(1) hold a public hearing concerning the sale or donation of the property and, in addition to any other notice required, give notice of the hearing by publishing the subject matter, location, date, and time of the hearing in a newspaper having general circulation in the territory of the district;

(2) ensure that the sale or donation complies with Section 52 (Restrictions on Lending Credit or Making Grants by Political Corporations or Political Subdivisions; Authorized Bonds; Investment of Funds), Article III, Texas Constitution, and any other applicable provisions of the Texas Constitution; and

(3) ensure that the sale will serve a public purpose.

SECTION 2. Amends Section 2306.553(a), Government Code, as follows:

(a) Provides that the public purpose of TSAHC is to perform activities and services that the TSAHC's board of directors determines will promote the public health, safety, and welfare through the provision of adequate, safe, and sanitary housing primarily for individuals and families of low, very low, and extremely low income and for persons who are eligible for loans under the home loan program provided by Section 2306.5621 (Homes for Texas Heroes Home Loan Program) or who are eligible to receive affordable housing under Section 2306.570.

SECTION 3. Amends Subchapter Y, Chapter 2306, Government Code, by adding Section 2306.570, as follows:

Sec. 2306.570. DEVELOPMENT OF AFFORDABLE HOUSING FOR CERTAIN SCHOOL DISTRICT PERSONNEL. (a) Authorizes TSAHC or a nonprofit organization designated by TSAHC with expertise in developing affordable housing to purchase or receive property under Section 11.15415, Education Code, to develop multifamily and single-family affordable housing units for school district personnel, including educators, school nurses, school counselors, and other administrative staff of the school district.

(b) Requires TSAHC or a nonprofit organization that purchases or receives property to develop affordable housing to:

(1) ensure that the property will be used in accordance with the public purposes of TSAHC outlined under Section 2306.553 (Purposes); and

(2) impose deed restrictions requiring the sale or rental of the property to moderate or low income households.

(c) Requires the deed restrictions for multifamily housing units developed under this section to require that:

(1) not less than 80 percent of the units are required to be occupied by and affordable to families with a household income of not more than 80 percent of the area median family income, based on gross household

income and adjusted for household size, for the county or metropolitan statistical area in which the units are located; and

(2) for multifamily housing units available for rent:

(A) not less than 40 percent of the units are required to be occupied by and affordable to families with a household income of not more than 60 percent of the area median family income, based on gross household income and adjusted for household size, for the county or metropolitan statistical area in which the units are located; or

(B) not less than 20 percent of the units are required to be occupied by and affordable to families with a household income of not more than 50 percent of the area median family income, based on gross household income and adjusted for household size, for the county or metropolitan statistical area in which the units are located.

(d) Requires the deed restrictions for single-family housing units developed under this section to require that:

(1) not less than 50 percent of the units are required to be sold to families with a household income of not more than 80 percent of the area median family income, based on gross household income and adjusted for household size, for the county or metropolitan statistical area in which the units are located; and

(2) the remaining units are required to be sold to families with a household income of not more than 120 percent of the area median family income, based on gross household income and adjusted for household size, for the county or metropolitan statistical area in which the units are located.

SECTION 4. Effective date: upon passage or September 1, 2019.