

BILL ANALYSIS

Senate Research Center

H.B. 1931
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Local Government
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Certain public facility corporation developments are eligible for significant tax exemptions under state law but there are concerns that current law does not provide for significant public benefits from some developments to warrant these significant tax breaks.

H.B. 1931 seeks to address this issue by setting out provisions relating to requirements for beneficial tax treatment with regard to certain public facilities in order to justify the significant tax breaks

H.B. 1931 prohibits a public facility user from doing the following:

- Refusing to rent a residential unit in a housing development to an individual or family because the individual or family participates in the federal housing choice voucher program
- Using a financial or minimum income standard that requires an individual or family participating in the federal housing choice voucher program to have a monthly income of more than 250 percent of the individual's or family's share of the total monthly rent payable for a residential unit.

H.B. 1931 amends current law relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide multifamily housing.

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(f), Local Government Code, as follows:

(f) Requires that a leasehold or other possessory interest in the real property of the public facility granted by the corporation, during the period of time that a corporation owns a particular public facility, notwithstanding Subsections (a) (relating to assessing a public facility to the user of the public facility) and (b) (relating to considering the user of a public facility to be the owner of the public facility under certain circumstances), be treated in the same manner as a leasehold or other possessory interest in real property granted by an authority under Section 379B.011(b) (relating to applicability of Section 25.07(a), Tax Code) if the requirements under Section 303.0425 are met.

SECTION 2. Amends Subchapter B, Chapter 303, Local Government Code, by adding Section 303.0425, as follows:

Sec. 303.0425. REQUIREMENTS FOR BENEFICIAL TAX TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES. (a) Defines "developer," "housing choice voucher program," "housing development," "lower income housing unit," and "public facility user."

(b) Provides that Section 303.042(f) applies to a leasehold or other possessory interest in a public facility only if the public facility user meets the requirements of this section. Provides that the requirements prescribed by this section apply only to the application of taxes related to a leasehold or other possessory interest in a public facility under Section 303.042(f) and do not restrict the authority of a corporation to lease a public facility to a private entity under terms other than the terms described by this section.

(c) Prohibits a public facility user from:

(1) refusing to rent a residential unit in a housing development to an individual or family because the individual or family participates in the housing choice voucher program; or

(2) using a financial or minimum income standard that requires an individual or family participating in the housing choice voucher program to have a monthly income of more than 250 percent of the individual's or family's share of the total monthly rent payable for a residential unit.

(d) Requires a public facility user to reserve at least 10 percent of the residential units in a housing development for individuals or families participating in the housing choice voucher program.

(e) Requires that at least 10 percent of the units in the development be reserved as lower income housing units. Provides that a unit is prohibited from being used to satisfy the reservation required under this subsection if every tenant in the unit is:

(1) a part-time or full-time student at an institution of higher education;

(2) under the age of 24; and

(3) ineligible for housing assistance under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

(f) Requires that the percentage of lower income housing development, reserved in each category of units in the housing development, based on the number of bedrooms and bathrooms per unit, be the same as the percentage of lower income housing units reserved in the housing development as a whole.

(g) Prohibits the monthly rent charged for a lower income housing unit from exceeding:

(1) 30 percent of 60 percent of the area median income, adjusted for family size; or

(2) if the unit is occupied by a participant in the housing choice voucher program, the payment standard used by the housing authority that administers the voucher for the unit.

(h) Requires the public facility user, in calculating the income of an individual or family for a lower income housing unit, to consider the income of every individual who will be living in the unit.

SECTION 3. Provides that Section 303.0425, Local Government Code, as added by this Act, applies only to a leasehold or other possessory interest in a public facility granted by a public facility corporation to a public facility user, as defined by that section, on or after the effective date of this Act.

SECTION 4. Effective date: September 1, 2021.