

BILL ANALYSIS

Senate Research Center

S.B. 1130
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Local Government
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

From 2013 to 2022, the Housing Authority for the City of El Paso (HOME) renovated its older, aging public housing apartments into newly built or fully remodeled units, transforming approximately 6,400 units. This overhaul removed many federal restrictions on the portfolio and significantly increased HOME's overall assets and future liquidity.

Concerns have been raised regarding protecting these valuable assets and their future liquidity to ensure they continue benefiting low-income households in El Paso and the El Paso community.

S.B. 1130 would only apply to the Housing Authority of the City of El Paso. The bill would authorize the HOME's board to create an Asset Commission to provide professional, high-level oversight to preserve these valuable assets long-term. The Asset Commission would consist of five members, each of whom must be qualified to serve by expertise in the real estate or multifamily housing industry. The Asset Commission, once created, must review any significant sale, transfer, or conveyance of one of HOME's assets.

As proposed, S.B. 1130 amends current law relating to the formation of a municipal housing authority asset commission by certain municipal housing authorities.

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 Chapter 392, Local Government Code, by adding Subchapter G, as follows:

SUBCHAPTER G. ASSET COMMISSION OF CERTAIN MUNICIPAL HOUSING AUTHORITIES

Sec. 392.151. DEFINITION. Defines "asset commission."

Sec. 392.152. APPLICABILITY. Provides that this subchapter applies only to a municipal housing authority operating in:

(1) a county with a population of 800,000 or more that is located on the international border; and

(2) a municipality with a population of 600,000 or more that is located in a county described by Subdivision (1).

Sec. 392.153. FORMATION OF ASSET COMMISSION. Authorizes a municipal housing authority asset commission (asset commission) to be formed by adoption of a resolution by the commissioners of a municipal housing authority.

Sec. 392.154. ASSET COMMISSION MEMBERSHIP; TERMS. (a) Provides that an asset commission is composed of five members who serve staggered terms of five years and are appointed by a majority of the commissioners of the municipal housing authority that formed the asset commission. Requires an asset commission member to:

- (1) be a licensed real estate broker;
- (2) be a certified public accountant;
- (3) be a licensed attorney who is certified by the Texas Board of Legal Specialization in residential real estate law or commercial real estate law;
- (4) have at least five years of continuous experience in residential or commercial property management;
- (5) have at least five years of continuous experience in the field of finance, accounting, or banking;
- (6) have at least five years of continuous experience as an architect, engineer, or land surveyor;
- (7) have at least five years of continuous experience in developing, financing, constructing, operating, or managing a multifamily housing portfolio of no fewer than 3,000 units;
- (8) have at least five years of continuous experience as an owner or management representative of a private, a nonprofit, an educational, or a governmental entity with no fewer than 500 employees; or
- (9) be a current or former chief executive officer, chief financial officer, or executive director of a public housing authority that owns or manages 5,000 or more units.

(b) Requires at least one of the asset commission members to have at least 10 years of experience in a field related to the management or operation of apartments funded by low income housing tax credits in addition to the qualifications required by Subsection (a).

(c) Prohibits a person from serving as an asset commission member if the person is:

- (1) a mayor, a county judge, or any other elected official of a governmental entity within the area of operation described by Section 392.014 (Area of Operation of a Municipal Housing Authority) for the municipal housing authority that formed the asset commission;
- (2) an employee of a town, municipality, or county within the area of operation described by Section 392.014 for the municipal housing authority that formed the asset commission;
- (3) a commissioner or employee of the municipal housing authority that formed the asset commission;
- (4) a person who was employed within the preceding two years by the municipal housing authority that formed the asset commission; or
- (5) a person who has or has had within the preceding two years a direct or indirect contract or a personal or financial interest in a contract with the municipal housing authority that formed the asset commission.

(d) Requires the commissioners of a municipal housing authority, notwithstanding the provisions of Subsection (a) establishing the terms of an asset commission member, in appointing the initial members to an asset commission under this section, to designate:

- (1) two members to serve a three-year term;
- (2) two members to serve a four-year term; and
- (3) one member to serve a five-year term.

Sec. 392.155. CONFLICTS OF INTEREST. (a) Prohibits an asset commission member from:

- (1) having dealings for pecuniary gain with the municipal housing authority that formed the asset commission or a public facility corporation sponsored by the authority; or
- (2) owning, acquiring, or controlling a direct or indirect interest in any item described by certain statutes.

(b) Requires an asset commission member, if the member manages, owns, acquires, or controls a direct or indirect interest in an item prohibited by Subsection (a) or otherwise has any other dealings for pecuniary gain with the municipal housing authority, to immediately disclose the interest to the authority and asset commission in writing. Requires that the disclosure be entered in the minutes of the asset commission for the meeting at which the disclosure was made.

(c) Provides that an asset commission member's failure to make a required disclosure under Subsection (b) constitutes misconduct of office.

Sec. 392.156. REMOVAL OF ASSET COMMISSION MEMBER. Authorizes an asset commission member to be removed by a majority of the commissioners of the municipal housing authority that formed the asset commission based on the same criteria and following the same processes for the removal of a commissioner described by Section 392.041 (Removal of a Commissioner).

Sec. 392.157. ASSET COMMISSION MEMBER COMPENSATION AND REIMBURSEMENT. (a) Provides that an asset commission member is entitled to:

- (1) reasonable compensation for the member's services on the asset commission; and
- (2) reimbursement for necessary expenses incurred by the member in carrying out duties related to services on the asset commission, including travel expenses.

(b) Requires the municipal housing authority that forms an asset commission to pay the compensation and reimbursement described by Subsection (a).

Sec. 392.158. POWERS AND DUTIES. (a) Requires an asset commission to approve by majority vote the following actions before the municipal housing authority that formed the asset commission is authorized to perform the action:

- (1) the acquisition, sale, transfer, conveyance, or disposition of any property, building, partnership interest, membership interest in a limited liability company, ownership interest in any entity, or any other asset of the authority or a public facility corporation sponsored by the authority valued in excess of \$100,000; and

(2) the trading, financing, refinancing, or issuance of a bond secured by or associated with any property, building, partnership interest, membership interest in a limited liability company, ownership interest in any entity, or any other asset of the authority or a public facility corporation sponsored by the authority.

(b) Authorizes an asset commission to directly or indirectly hold or own an interest in an asset described by Subsection (a) and any accompanying cash flow or benefit associated with that interest only if the asset commission holds the interest in trust for the sole and exclusive benefit of the municipal housing authority that formed the asset commission.

(c) Authorizes an asset commission to delegate the powers and duties under this section to an agent or employee of the asset commission or the municipal housing authority that formed the asset commission, as determined appropriate by the asset commission.

Sec. 392.159. OFFICERS AND EMPLOYEES OF ASSET COMMISSION. Requires the secretary and executive director employed under Section 392.038 (Other Officers and Employees of a Municipal or County Housing Authority) for a municipal housing authority that forms an asset commission to serve as the secretary and executive director of the asset commission.

Sec. 392.160. MEETINGS OF ASSET COMMISSION. Provides that meetings of an asset commission are subject to Chapter 551 (Open Meetings), Government Code.

SECTION 2. Effective date: September 1, 2023.