

By: González of Dallas

H.B. No. 467

A BILL TO BE ENTITLED

AN ACT

1
2 relating to provisions applicable to affordable housing located in
3 a reinvestment zone in certain areas of the state; authorizing a
4 fee.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 311.003, Tax Code, is amended by adding
7 Subsection (e) to read as follows:

8 (e) Before adopting an ordinance designating a reinvestment
9 zone described by Section 311.0112, a municipality must prepare or
10 have prepared an affordable housing impact statement. The
11 statement must be made available to the public and posted on the
12 municipality's Internet website at least 60 days before the
13 municipality holds the hearing required under Subsection (c). The
14 statement must include estimates of the impact on the availability
15 of affordable housing in the area of the proposed zone for the
16 30-year period following designation of the proposed zone.

17 SECTION 2. Section 311.006(e), Tax Code, is amended to read
18 as follows:

19 (e) Subsection (a)(1) does not apply to a reinvestment zone:
20 (1) designated under Section 311.005(a)(4); or
21 (2) described by Section 311.0112.

22 SECTION 3. Chapter 311, Tax Code, is amended by adding
23 Section 311.0112 to read as follows:

24 Sec. 311.0112. PROVISIONS APPLICABLE IN CERTAIN ZONES. (a)

1 This section applies only to a reinvestment zone:

2 (1) designated by a municipality:

3 (A) with a population of 1.18 million or more;

4 and

5 (B) that is located predominantly in a county
6 that has a total area of less than 1,000 square miles; and

7 (2) any part of which is located in an area that:

8 (A) has fewer than 75,000 residents;

9 (B) is contiguous to a central business district;

10 and

11 (C) is composed of census tracts:

12 (i) that form a spatially compact area; and

13 (ii) in each of which the median family
14 income is at or below 80 percent of the area median family income,
15 adjusted for household size, as determined annually by the United
16 States Department of Housing and Urban Development.

17 (b) For purposes of this section, an area adjacent to a
18 reinvestment zone means any area within two miles of the zone's
19 boundaries in any direction that is not located within the
20 boundaries of another reinvestment zone.

21 (c) Subject to Subsection (d), at least 20 percent of the
22 revenue from the tax increment fund of the reinvestment zone spent
23 annually must be for the development, construction, and
24 preservation of affordable housing in the zone and in the area
25 adjacent to the zone. Of that amount:

26 (1) at least 75 percent must be spent to benefit
27 families that have a yearly income at or below 80 percent of the

1 area median family income, adjusted for household size, as
2 determined annually by the United States Department of Housing and
3 Urban Development; and

4 (2) not more than 10 percent may be used to pay
5 administrative costs.

6 (d) Subsection (c) does not apply if the use of the revenue
7 in the tax increment fund in the manner required by that subsection
8 would materially impair the security for bonds or notes issued
9 under Section 311.015 before September 1, 2021.

10 (e) A project or reinvestment zone financing plan for a
11 reinvestment zone that is approved or amended on or after September
12 1, 2021, must require the developer of a residential housing
13 development located in the zone and funded wholly or partly with
14 money from the tax increment fund for the zone to:

15 (1) subject to Subsection (f), set aside at least 20
16 percent of the planned dwelling units in each residential housing
17 development as affordable housing with an affordability period of
18 at least 40 years; and

19 (2) enter into a contract with the municipality that
20 designated the zone to pay the costs of relocating residents of the
21 zone and the area adjacent to the zone who are displaced as a direct
22 result of the residential housing development.

23 (f) As an alternative to the set-aside requirement under
24 Subsection (e)(1), the municipality that designated the
25 reinvestment zone may allow a developer to pay a fee to the
26 municipality. The amount of the fee is determined by the
27 municipality. The municipality shall deposit the fee in an

1 affordable housing fund administered by the governing body of the
2 municipality. Money in the fund may be used only to:

3 (1) subsidize the cost to the municipality of tax
4 abatement agreements entered into under Section 311.0125 with the
5 owners of real property located in the zone if:

6 (A) the real property subject to the tax
7 abatement agreement is the owner's residence homestead; and

8 (B) the owner, at the time the tax abatement
9 agreement is entered into, has:

10 (i) resided in the zone for 10 or more
11 years; and

12 (ii) a yearly income at or below 80 percent
13 of the median family income in the zone, adjusted for household
14 size, as determined annually by the United States Department of
15 Housing and Urban Development; and

16 (2) pay to a qualified for-profit entity or a
17 nonprofit entity for the purpose of developing, constructing, or
18 preserving affordable housing in the zone and in the area adjacent
19 to the zone for families that have a yearly income at or below 80
20 percent of the area median family income, adjusted for household
21 size, as determined annually by the United States Department of
22 Housing and Urban Development.

23 (g) Section 311.0125(b) does not apply to a tax abatement
24 agreement described by Subsection (f)(1).

25 (h) Notwithstanding any other law, a project or
26 reinvestment zone financing plan for a reinvestment zone that is
27 approved or amended on or after September 1, 2021, shall provide

1 that when money is spent from the tax increment fund for the zone
2 for the purpose of making infrastructure improvements in the zone,
3 a proportionate amount of money in the fund equal to not more than
4 20 percent of that amount must be spent from the fund to provide
5 necessary infrastructure improvements in the area adjacent to the
6 zone. The plan shall provide that the governing body of the
7 municipality that designated the zone determines:

8 (1) the proportionate amount to be spent in the area
9 adjacent to the zone, subject to the limitation provided by this
10 subsection; and

11 (2) the infrastructure improvements that are
12 necessary in the area adjacent to the zone.

13 (i) Notwithstanding Section 1.04(7), in determining the
14 market value of a residence homestead that is more than 30 years old
15 and located in a reinvestment zone or in the area adjacent to the
16 zone, the chief appraiser for the appraisal district in which the
17 property is located may exclude from consideration the value of new
18 or substantially remodeled residential properties that are located
19 in the same neighborhood as the residence homestead being appraised
20 and that would otherwise be considered in appraising the residence
21 homestead.

22 (j) If the municipality that designated the reinvestment
23 zone has adopted minimum habitability standards for residential
24 housing units in the municipality, the municipality shall develop
25 and adopt a plan to provide for the relocation of tenants displaced
26 as a result of the enforcement of those standards. The plan must
27 provide that the municipality may use any penalties received from

1 the owner of the housing unit from which tenants were displaced to
2 pay the tenant's relocation costs.

3 SECTION 4. Section 311.016, Tax Code, is amended by adding
4 Subsection (c) to read as follows:

5 (c) In addition to the information required under
6 Subsection (a), the annual report for a reinvestment zone described
7 by Section 311.0112 must include the following information,
8 specific to each neighborhood located in the zone:

9 (1) a detailed explanation of each expenditure from
10 the tax increment fund established by the zone for affordable
11 housing in the neighborhood; and

12 (2) an analysis of:

13 (A) the effect of each expenditure from the fund
14 on the availability of affordable housing in the neighborhood; and

15 (B) whether any expenditure from the fund had a
16 disparate impact on minority or low-income neighborhood residents.

17 SECTION 5. This Act takes effect September 1, 2021.