

1-1 By: Jetton, et al. (Senate Sponsor - Bettencourt) H.B. No. 2071  
 1-2 (In the Senate - Received from the House April 26, 2023;  
 1-3 April 27, 2023, read first time and referred to Committee on Local  
 1-4 Government; May 3, 2023, reported favorably by the following vote:  
 1-5 Yeas 7, Nays 1; May 3, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10		X		
1-11	X			
1-12	X			
1-13			X	
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to certain public facilities used to provide affordable  
 1-20 housing.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Section 303.021, Local Government Code, is  
 1-23 amended by adding Subsection (d) to read as follows:

1-24 (d) A corporation or a sponsor may finance, own, or operate  
 1-25 a multifamily residential development only if:

1-26 (1) the corporation or sponsor complies with all  
 1-27 applicable provisions of this chapter; and

1-28 (2) the development is located:

1-29 (A) inside the area of operation of the sponsor,  
 1-30 if the sponsor is a housing authority; or

1-31 (B) if the sponsor is not a housing authority,  
 1-32 inside the boundaries of the sponsor, without regard to whether the  
 1-33 sponsor is authorized to own property or provide services outside  
 1-34 the boundaries of the sponsor.

1-35 SECTION 2. Subchapter B, Chapter 303, Local Government  
 1-36 Code, is amended by adding Section 303.0415 to read as follows:

1-37 Sec. 303.0415. APPLICABILITY OF LAWS RELATING TO CONFLICT  
 1-38 OF INTEREST. A member of the board of a corporation or a member of  
 1-39 the governing body of a sponsor of a corporation is subject to the  
 1-40 same restrictions as a local public official under Chapter 171.

1-41 SECTION 3. The heading to Section 303.042, Local Government  
 1-42 Code, is amended to read as follows:

1-43 Sec. 303.042. TAXATION; EXEMPTION.

1-44 SECTION 4. Subchapter B, Chapter 303, Local Government  
 1-45 Code, is amended by adding Section 303.0421, and a heading is added  
 1-46 to that section to read as follows:

1-47 Sec. 303.0421. MULTIFAMILY RESIDENTIAL DEVELOPMENTS OWNED  
 1-48 BY PUBLIC FACILITY CORPORATIONS.

1-49 SECTION 5. Section 303.0421, Local Government Code, as  
 1-50 added by this Act, is amended by adding Subsections (a), (c), (d),  
 1-51 (f-1), (f-2), (g), and (h) to read as follows:

1-52 (a) This section applies to a multifamily residential  
 1-53 development that is owned by a corporation created under this  
 1-54 chapter, except that this section does not apply to a multifamily  
 1-55 residential development that:

1-56 (1) has at least 20 percent of its residential units  
 1-57 reserved for public housing units;

1-58 (2) participates in the Rental Assistance  
 1-59 Demonstration program administered by the United States Department  
 1-60 of Housing and Urban Development;

1-61 (3) receives financial assistance administered under

2-1 Chapter 1372, Government Code, or receives financial assistance  
 2-2 from another type of tax-exempt bond; or

2-3 (4) receives financial assistance administered under  
 2-4 Subchapter DD, Chapter 2306, Government Code.

2-5 (c) A multifamily residential development that is owned by a  
 2-6 corporation created under this chapter by a housing authority and  
 2-7 to which Subsection (a) applies must hold a public hearing, at a  
 2-8 meeting of the authority's governing body, to approve the  
 2-9 development.

2-10 (d) Notwithstanding Subsection (b), an occupied multifamily  
 2-11 residential development that is acquired by a corporation and to  
 2-12 which Subsection (a) applies is eligible for an exemption under  
 2-13 Section 303.042(c) for:

2-14 (1) the one-year period following the date of the  
 2-15 acquisition, regardless of whether the development complies with  
 2-16 the requirements of Subsection (b); and

2-17 (2) a year following the year described by Subdivision  
 2-18 (1) only if the development comes into compliance with the  
 2-19 requirements of Subsection (b) not later than the first anniversary  
 2-20 of the date of the acquisition.

2-21 (f-1) Subsection (f) does not apply to taxes imposed by a  
 2-22 conservation and reclamation district created under Section 52,  
 2-23 Article III, or Section 59, Article XVI, Texas Constitution, that  
 2-24 provides water, sewer, or drainage services to a public facility  
 2-25 if:

2-26 (1) the district has outstanding bond indebtedness;  
 2-27 and

2-28 (2) when the facility is combined with other existing  
 2-29 or proposed public facilities in the district, the application of  
 2-30 Subsection (f) would result in the aggregate loss of at least 10  
 2-31 percent of the total assessed value of all property located in the  
 2-32 district.

2-33 (f-2) Subsection (f-1) does not apply if the corporation has  
 2-34 entered into a written agreement with the district to make a payment  
 2-35 to the district in lieu of taxation, in the amount specified in the  
 2-36 agreement.

2-37 (g) An exemption under Section 303.042(c) for a multifamily  
 2-38 residential development to which Subsection (a) applies expires:

2-39 (1) for an occupied multifamily residential  
 2-40 development that is acquired by a corporation, on the 10th  
 2-41 anniversary of the date of the acquisition by the corporation; and

2-42 (2) for a multifamily residential development not  
 2-43 described by Subdivision (1), on the 12th anniversary of the date  
 2-44 the development receives, from the corporation or the corporation's  
 2-45 sponsor, the final approval under this chapter that is necessary to  
 2-46 obtain the exemption.

2-47 (h) This subsection and Subsection (f) expire December 31,  
 2-48 2025.

2-49 SECTION 6. Section 303.042(c), Local Government Code, is  
 2-50 amended to read as follows:

2-51 (c) Subject to Section 303.0421(g), a [A] corporation is  
 2-52 engaged exclusively in performance of charitable functions and is  
 2-53 exempt from taxation by this state or a municipality or other  
 2-54 political subdivision of this state. Bonds issued by a corporation  
 2-55 under this chapter, a transfer of the bonds, interest on the bonds,  
 2-56 and a profit from the sale or exchange of the bonds are exempt from  
 2-57 taxation by this state or a municipality or other political  
 2-58 subdivision of this state.

2-59 SECTION 7. Sections 303.042(d), (e), and (f), Local  
 2-60 Government Code, are transferred to Section 303.0421, Local  
 2-61 Government Code, as added by this Act, redesignated as Sections  
 2-62 303.0421(b), (e), and (f), Local Government Code, and amended to  
 2-63 read as follows:

2-64 (b) Notwithstanding Section 303.042(c) and subject to  
 2-65 Subsections (c) and (d) of this section, an [~~(d) An~~] exemption under  
 2-66 Section 303.042(c) [~~this section~~] for a multifamily residential  
 2-67 development to which Subsection (a) applies is available [~~which is~~  
 2-68 owned by a public facility corporation created by a housing  
 2-69 authority under this chapter and which does not have at least 20

3-1 ~~percent of its units reserved for public housing units, applies]~~  
3-2 only if:

3-3 (1) the requirements under Section 303.0425 are met  
3-4 ~~[housing authority holds a public hearing, at a regular meeting of~~  
3-5 ~~the authority's governing body, to approve the development]; [and]~~

3-6 (2) at least:

3-7 (A) 12 percent of the units in the multifamily  
3-8 residential development are reserved for occupancy:  
3-9 (i) as very low income housing units, as  
3-10 defined under Section 303.0425; or  
3-11 (ii) by participants in the housing choice  
3-12 voucher program;

3-13 (B) 12 percent of the units in the multifamily  
3-14 residential development are reserved for occupancy as lower income  
3-15 housing units, as defined under Section 303.0425; and

3-16 (C) 12 [50] percent of the units in the  
3-17 multifamily residential development are reserved for occupancy as  
3-18 moderate income housing units, as defined under Section 303.0425;  
3-19 ~~[by individuals and families earning less than 80 percent of the~~  
3-20 ~~area median family income]~~

3-21 (3) the corporation delivers to the presiding officer  
3-22 of the governing body of each taxing unit in which the development  
3-23 is to be located written notice of the development, at least 30 days  
3-24 before the date:

3-25 (A) the corporation takes action to approve a new  
3-26 multifamily residential development or the acquisition of an  
3-27 occupied multifamily residential development; and

3-28 (B) of any public hearing required to be held  
3-29 under this section;

3-30 (4) the multifamily residential development is  
3-31 approved by the governing body of the municipality, if any, the  
3-32 county, and the school district in which the development is  
3-33 located;

3-34 (5) for an occupied multifamily residential  
3-35 development that is acquired by a corporation and not otherwise  
3-36 subject to a land use restriction agreement under Section 2306.185,  
3-37 Government Code:

3-38 (A) not less than 15 percent of the total gross  
3-39 cost of the existing development, as shown in the settlement  
3-40 statement, is expended on rehabilitating, renovating,  
3-41 reconstructing, or repairing the development, with initial  
3-42 expenditures and construction activities:

3-43 (i) beginning not later than the first  
3-44 anniversary of the date of the acquisition; and

3-45 (ii) finishing not later than the third  
3-46 anniversary of the date of the acquisition; or

3-47 (B) at least 25 percent of the units are reserved  
3-48 for occupancy as lower income housing units, as defined under  
3-49 Section 303.0425, and the development is approved by the governing  
3-50 body of the municipality in which the development is located or, if  
3-51 the development is not located in a municipality, the county in  
3-52 which the development is located; and

3-53 (6) before final approval of the development:

3-54 (A) the corporation or corporation's sponsor  
3-55 conducts, or obtains from a professional entity that has experience  
3-56 underwriting affordable multifamily residential developments and  
3-57 does not have financial interests in the applicable development,  
3-58 public facility user, or developer, an underwriting assessment of  
3-59 the proposed development to determine the appropriate category of  
3-60 income-restricted units to require at the development; and

3-61 (B) based on the assessment conducted under  
3-62 Paragraph (A), the corporation makes a good faith determination  
3-63 that the total annual amount of rent reduction on the  
3-64 income-restricted units provided at the development will be not  
3-65 less than 60 percent of the estimated amount of the annual ad  
3-66 valorem taxes that would be imposed on the property without an  
3-67 exemption under Section 303.042(c), for:

3-68 (i) the first three years after the rent  
3-69 stabilization period, for newly constructed developments; and

4-1 (ii) the second, third, and fourth years  
 4-2 after the date of acquisition by the corporation, for developments  
 4-3 occupied at the time of acquisition.

4-4 (e) For the purposes of Subsection (a) [~~(a)~~], a "public  
 4-5 housing unit" is a residential [~~dwelling~~] unit for which the  
 4-6 landlord receives a public housing operating subsidy. It does not  
 4-7 include a unit for which payments are made to the landlord under the  
 4-8 federal Section 8 Housing Choice Voucher Program.

4-9 (f) Notwithstanding Sections 303.042(a) and (b) and subject  
 4-10 to Subsection (f-1) [~~Subsections (a) and (b)~~], during the period  
 4-11 [~~of time~~] that a corporation owns a particular public facility that  
 4-12 is a multifamily residential development:

4-13 (1) [~~7~~] a leasehold or other possessory interest in  
 4-14 the real property of the public facility granted by the corporation  
 4-15 shall be treated in the same manner as a leasehold or other  
 4-16 possessory interest in real property granted by an authority under  
 4-17 Section 379B.011(b); and

4-18 (2) the materials used by a person granted a  
 4-19 possessory interest described by Subdivision (1) to improve the  
 4-20 real property of the public facility shall be exempt from all sales  
 4-21 and use taxes because the materials are for the benefit of the  
 4-22 corporation.

4-23 SECTION 8. Subchapter B, Chapter 303, Local Government  
 4-24 Code, is amended by adding Sections 303.0425 and 303.0426 to read as  
 4-25 follows:

4-26 Sec. 303.0425. ADDITIONAL REQUIREMENTS FOR BENEFICIAL TAX  
 4-27 TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES. (a) In this  
 4-28 section:

4-29 (1) "Department" means the Texas Department of Housing  
 4-30 and Community Affairs.

4-31 (2) "Developer" means a private entity that constructs  
 4-32 a development, including the rehabilitation, renovation,  
 4-33 reconstruction, or repair of a development.

4-34 (3) "Housing choice voucher program" means the housing  
 4-35 choice voucher program under Section 8, United States Housing Act  
 4-36 of 1937 (42 U.S.C. Section 1437f).

4-37 (4) "Lower income housing unit" means a residential  
 4-38 unit reserved for occupancy by an individual or family earning not  
 4-39 more than 60 percent of the area median income, adjusted for family  
 4-40 size, as defined by the United States Department of Housing and  
 4-41 Urban Development.

4-42 (5) "Moderate income housing unit" means a residential  
 4-43 unit reserved for occupancy by an individual or family earning not  
 4-44 more than 80 percent of the area median income, adjusted for family  
 4-45 size, as defined by the United States Department of Housing and  
 4-46 Urban Development.

4-47 (6) "Public facility user" means a public-private  
 4-48 partnership entity or a developer or other private entity that has  
 4-49 an ownership interest or a leasehold or other possessory interest  
 4-50 in a public facility that is a multifamily residential development.

4-51 (7) "Very low income housing unit" means a residential  
 4-52 unit reserved for occupancy by an individual or family earning not  
 4-53 more than 50 percent of the area median income, adjusted for family  
 4-54 size, as defined by the United States Department of Housing and  
 4-55 Urban Development.

4-56 (b) If a majority of the members of the board of the  
 4-57 corporation are not elected officials, the development must be  
 4-58 approved by the governing body of the municipality in which the  
 4-59 development is located or, if the development is not located in a  
 4-60 municipality, the county in which the development is located.

4-61 (c) The percentage of very low, lower, and moderate income  
 4-62 housing units reserved in each category of units in the  
 4-63 development, based on the number of bedrooms per unit, must be the  
 4-64 same as the percentage of each category of housing units reserved in  
 4-65 the development as a whole.

4-66 (d) The monthly rent charged per unit may not exceed:

4-67 (1) for a very low income housing unit, 30 percent of  
 4-68 50 percent of the area median income, adjusted for family size, as  
 4-69 defined by the United States Department of Housing and Urban

5-1 Development;  
5-2 (2) for a lower income housing unit, 30 percent of 60  
5-3 percent of the area median income, adjusted for family size, as  
5-4 defined by the United States Department of Housing and Urban  
5-5 Development; or  
5-6 (3) for a moderate income housing unit, 30 percent of  
5-7 80 percent of the area median income, adjusted for family size, as  
5-8 defined by the United States Department of Housing and Urban  
5-9 Development.

5-10 (e) In calculating the income of an individual or family for  
5-11 a very low, lower, or moderate income housing unit, the public  
5-12 facility user must use the definition of annual income described in  
5-13 24 C.F.R. Section 5.609, as implemented by the United States  
5-14 Department of Housing and Urban Development. If the income of a  
5-15 tenant exceeds an applicable limit at the time of the renewal of a  
5-16 lease agreement for a residential unit, the provisions of Section  
5-17 42(g)(2)(D), Internal Revenue Code of 1986, apply in determining  
5-18 whether the unit may still qualify as a very low, lower, or moderate  
5-19 income housing unit.

5-20 (f) The public facility user may not:  
5-21 (1) refuse to rent a residential unit to an individual  
5-22 or family because the individual or family participates in the  
5-23 housing choice voucher program; or  
5-24 (2) use a financial or minimum income standard that  
5-25 requires an individual or family participating in the housing  
5-26 choice voucher program to have a monthly income of more than 250  
5-27 percent of the individual's or family's share of the total monthly  
5-28 rent payable for a unit.

5-29 (f-1) A public facility user may require an individual or  
5-30 family participating in the housing choice voucher program to pay  
5-31 the difference between the monthly rent for the applicable unit and  
5-32 the amount of the monthly voucher if the amount of the voucher is  
5-33 less than the rent.

5-34 (g) A corporation that owns or leases to a public facility  
5-35 user a public facility used as a multifamily residential  
5-36 development shall publish on its Internet website information about  
5-37 the development's:  
5-38 (1) compliance with the requirements of this section;  
5-39 and  
5-40 (2) policies regarding tenant participation in the  
5-41 housing choice voucher program.

5-42 (h) The public facility user shall:  
5-43 (1) affirmatively market available residential units  
5-44 directly to individuals and families participating in the housing  
5-45 choice voucher program; and  
5-46 (2) notify local housing authorities of the  
5-47 multifamily residential development's acceptance of tenants in the  
5-48 housing choice voucher program.

5-49 (i) The department shall conduct an annual audit of each  
5-50 public facility user of a multifamily residential development  
5-51 claiming an exemption under Section 303.042(c) and to which Section  
5-52 303.0421 applies, to:  
5-53 (1) determine whether the public facility user is in  
5-54 compliance with this section and Section 303.0421; and  
5-55 (2) identify the difference in the rent charged for  
5-56 income-restricted residential units and the estimated maximum  
5-57 market rents that could be charged for those units without the rent  
5-58 or income restrictions.

5-59 (i-1) An independent auditor or compliance expert may not  
5-60 prepare an audit under Subsection (i) for more than three  
5-61 consecutive years for the same public facility user. After the  
5-62 third consecutive audit, the independent auditor or compliance  
5-63 expert may prepare an audit only after the second anniversary of the  
5-64 preparation of the third consecutive audit.

5-65 (j) The department shall complete and publish a report  
5-66 regarding the findings of an audit conducted under Subsection (i).  
5-67 The report must:  
5-68 (1) be made available on the department's Internet  
5-69 website;

6-1                   (2) be issued to a public facility user that has an  
6-2 interest in a development that is the subject of an audit; and  
6-3                   (3) describe in detail the nature of any failure to  
6-4 comply with the requirements in this section and Section 303.0421.  
6-5                   (j-1) The department shall adopt forms and reporting  
6-6 standards for the auditing process.  
6-7                   (k) The initial audit report required by Subsection (j) is  
6-8 due not later than June 1 of the year following the first  
6-9 anniversary of:  
6-10                   (1) the date of acquisition for an occupied  
6-11 multifamily residential development that is acquired by a  
6-12 corporation; or  
6-13                   (2) the date a new multifamily residential development  
6-14 first becomes occupied by one or more tenants.  
6-15                   (k-1) Subsequent audit reports following the issuance of  
6-16 the initial audit report under Subsection (k) are due not later than  
6-17 June 1 of each year.  
6-18                   (1) Not later than the 60th day after the date of receipt of  
6-19 the department's audit report under Subsection (j)(2), a public  
6-20 facility user shall provide a copy of the report to the comptroller,  
6-21 the appraisal district containing the development that is the  
6-22 subject of the report, the corporation, the governing body of the  
6-23 corporation's sponsor, and, if the corporation's sponsor is a  
6-24 housing authority, the elected officials who appointed the housing  
6-25 authority's governing board.  
6-26                   (1-1) Not later than June 1 of each year for which an audit  
6-27 is required under Subsection (i), a public facility user to which  
6-28 Section 303.0421 applies shall pay to the department a fee of \$40  
6-29 per unit contained in the development, as determined by the audit,  
6-30 to reimburse the department for expenses related to the audit.  
6-31                   (1-2) An exemption under Section 303.042(c) does not apply  
6-32 for a tax year in which a multifamily residential development that  
6-33 is owned by a public facility corporation created under this  
6-34 chapter is determined by an audit conducted under Subsection (i) to  
6-35 not be in compliance with the requirements of this section and  
6-36 Section 303.0421.  
6-37                   (1-3) An audit conducted under Subsection (i) is subject to  
6-38 disclosure under Chapter 552, Government Code, except that  
6-39 information containing tenant names, unit numbers, or other tenant  
6-40 identifying information may be redacted.  
6-41                   (m) Each lease agreement for a residential unit in a  
6-42 multifamily residential development subject to this section must  
6-43 provide that:  
6-44                   (1) the landlord may not retaliate against the tenant  
6-45 or the tenant's guests by taking an action because the tenant  
6-46 established, attempted to establish, or participated in a tenant  
6-47 organization;  
6-48                   (2) the landlord may only choose to not renew the lease  
6-49 if the tenant:  
6-50                   (A) is in material noncompliance with the lease,  
6-51 including nonpayment of rent;  
6-52                   (B) committed one or more substantial violations  
6-53 of the lease;  
6-54                   (C) failed to provide required information on the  
6-55 income, composition, or eligibility of the tenant's household; or  
6-56                   (D) committed repeated minor violations of the  
6-57 lease that:  
6-58                   (i) disrupt the livability of the property;  
6-59                   (ii) adversely affect the health and safety  
6-60 of any person or the right to quiet enjoyment of the leased premises  
6-61 and related development facilities;  
6-62                   (iii) interfere with the management of the  
6-63 development; or  
6-64                   (iv) have an adverse financial effect on  
6-65 the development, including the failure of the tenant to pay rent in  
6-66 a timely manner; and  
6-67                   (3) to not renew the lease, the landlord must serve a  
6-68 written notice of proposed nonrenewal on the tenant not later than  
6-69 the 30th day before the effective date of nonrenewal.

7-1           (n) A tenant may not waive the protections provided by  
7-2 Subsection (m).

7-3           (o) If an audit report submitted under Subsection (j)  
7-4 indicates noncompliance with this section, a public facility user:  
7-5           (1) must be given:  
7-6                 (A) written notice from the Texas Department of  
7-7 Housing and Community Affairs or appropriate appraisal district  
7-8 that:  
7-9                         (i) is provided not later than the 45th day  
7-10 after the date a report has been submitted under Subsection (j);  
7-11                         (ii) specifies the reasons for  
7-12 noncompliance;  
7-13                         (iii) contains at least one option for a  
7-14 corrective action to resolve the noncompliance; and  
7-15                         (iv) informs the public facility user that  
7-16 failure to resolve the noncompliance will result in the loss of an  
7-17 exemption under Section 303.042(c);  
7-18                 (B) 60 days after the date notice is received  
7-19 under this subdivision, to resolve the matter that is the subject of  
7-20 the notice; and  
7-21                 (C) if a matter that is the subject of a notice  
7-22 provided under this subdivision is not resolved to the satisfaction  
7-23 of the Texas Department of Housing and Community Affairs and the  
7-24 appropriate appraisal district during the period provided by  
7-25 Paragraph (B), a second notice that informs the public facility  
7-26 user of the loss of the exemption under Section 303.042(c) due to  
7-27 noncompliance with this section;  
7-28                 (2) is considered to be in compliance with this  
7-29 section if notice under Subdivision (1)(A) is not provided as  
7-30 specified by Subparagraph (i) of that paragraph; and  
7-31                 (3) may appeal a determination of noncompliance to a  
7-32 district court in the county in which the applicable development is  
7-33 located.

7-34           (p) Requirements under this subchapter relating to the  
7-35 reservation of income-restricted residential units or income  
7-36 restrictions applicable to tenants of a multifamily residential  
7-37 development subject to this subchapter must be documented in a land  
7-38 use restriction agreement or a similar restrictive instrument that:  
7-39                 (1) ensures that the applicable restrictions are in  
7-40 effect for not less than 10 years; and  
7-41                 (2) is recorded in the real property records of the  
7-42 county in which the development is located.

7-43           (q) An agreement or instrument recorded under Subsection  
7-44 (p) may be terminated if the development that is the subject of the  
7-45 agreement or instrument:  
7-46                 (1) is the subject of a foreclosure sale; or  
7-47                 (2) becomes ineligible for an exemption under Section  
7-48 303.042(c) for a reason other than the failure to comply with  
7-49 restrictions recorded in the agreement or instrument.

7-50           Sec. 303.0426. STUDY OF TAX EXEMPTIONS FOR MULTIFAMILY  
7-51 RESIDENTIAL DEVELOPMENTS OWNED BY PUBLIC FACILITY CORPORATIONS.  
7-52           (a) In this section, "board" means the Legislative Budget Board.  
7-53           (b) The board shall conduct a study that assesses the  
7-54 long-term effects on the state's funding and revenue, including  
7-55 funding for public education, of ad valorem tax exemptions and  
7-56 sales and use tax exemptions for multifamily housing developments  
7-57 under Sections 303.042(c) and 303.0421(f).  
7-58           (c) Not later than December 10, 2024, the board shall submit  
7-59 to the governor, the lieutenant governor, and the speaker of the  
7-60 house of representatives a report on the results of the study. The  
7-61 report must include an estimate of:  
7-62                 (1) the funding or revenue that the state has lost as a  
7-63 result of the exemptions; and  
7-64                 (2) the potential increase in funding or revenue that  
7-65 would result from the repeal of the exemptions.  
7-66           (d) The board may delegate any authority granted to the  
7-67 board under this section that the board determines is necessary to  
7-68 conduct the study under this section.  
7-69           (e) This section expires January 1, 2025.

8-1 SECTION 9. Sections 392.005(c) and (d), Local Government  
8-2 Code, are amended to read as follows:

8-3 (c) An exemption under this section for a multifamily  
8-4 residential development which is owned by [~~(i) a public facility~~  
8-5 ~~corporation created by a housing authority under Chapter 303, (ii)]~~  
8-6 a housing development corporation~~[,]~~ or [~~(iii)]~~ a similar entity  
8-7 created by a housing authority, other than a public facility  
8-8 corporation created by a housing authority under Chapter 303, and  
8-9 which does not have at least 20 percent of its residential units  
8-10 reserved for public housing units, applies only if:

8-11 (1) the authority holds a public hearing, at a regular  
8-12 meeting of the authority's governing body, to approve the  
8-13 development; and

8-14 (2) at least:

8-15 (A) 12 percent of the units in the multifamily  
8-16 residential development are reserved for occupancy:

8-17 (i) as very low income housing units, as  
8-18 defined under Section 303.0425; or

8-19 (ii) by participants in the housing choice  
8-20 voucher program;

8-21 (B) 12 percent of the units in the multifamily  
8-22 residential development are reserved for occupancy as lower income  
8-23 housing units, as defined under Section 303.0425; and

8-24 (C) 12 [50] percent of the units in the  
8-25 multifamily residential development are reserved for occupancy as  
8-26 moderate income housing units, as defined under Section 303.0425  
8-27 [by individuals and families earning less than 80 percent of the  
8-28 area median family income].

8-29 (d) For the purposes of Subsection (c), a "public housing  
8-30 unit" is a residential [dwelling] unit for which the owner receives  
8-31 a public housing operating subsidy. It does not include a unit for  
8-32 which payments are made to the landlord under the federal Section 8  
8-33 Housing Choice Voucher Program.

8-34 SECTION 10. (a) Subject to Subsections (b), (c), and (d) of  
8-35 this section, Sections 303.0421 and 303.0425, Local Government  
8-36 Code, as added by this Act, apply only to a tax imposed for a tax  
8-37 year beginning on or after the effective date of this Act.

8-38 (b) Subject to Subsections (c) and (d) of this section,  
8-39 Sections 303.0421 and 303.0425, Local Government Code, as added by  
8-40 this Act, apply only to a multifamily residential development that  
8-41 is approved on or after the effective date of this Act by a public  
8-42 facility corporation or the sponsor of a public facility  
8-43 corporation, in accordance with Chapter 303, Local Government Code.  
8-44 A multifamily residential development that was approved by a public  
8-45 facility corporation or the sponsor of a public facility  
8-46 corporation before the effective date of this Act is governed by the  
8-47 law in effect on the date the development was approved by the  
8-48 corporation or sponsor, and the former law is continued in effect  
8-49 for that purpose.

8-50 (c) Subject to Subsection (d) of this section, Section  
8-51 303.0421(d), Local Government Code, as added by this Act, applies  
8-52 only to an occupied multifamily residential development that is  
8-53 acquired by a public facility corporation on or after the effective  
8-54 date of this Act. An occupied multifamily residential development  
8-55 that is acquired by a public facility corporation before the  
8-56 effective date of this Act is governed by the law in effect on the  
8-57 date the development was acquired by the public facility  
8-58 corporation, and the former law is continued in effect for that  
8-59 purpose.

8-60 (d) Notwithstanding any other provision of this section:

8-61 (1) Sections 303.0425(g), (i), (j), (k), (l), (l-1),  
8-62 and (l-2), Local Government Code, as added by this Act, apply to all  
8-63 multifamily residential developments owned by a public facility  
8-64 corporation; and

8-65 (2) the initial audit report required to be submitted  
8-66 under Section 303.0425(j), Local Government Code, as added by this  
8-67 Act, for a multifamily residential development that was approved or  
8-68 acquired by a public facility corporation before the effective date  
8-69 of this Act must be submitted by the later of:

9-1 (A) the date established by Section 303.0425(k),  
9-2 Local Government Code, as added by this Act; or

9-3 (B) June 1, 2024.

9-4 (e) Section 303.0421(h), Local Government Code, as added by  
9-5 this Act, does not affect a tax exemption available to a multifamily  
9-6 residential development under Section 303.0421(f), Local  
9-7 Government Code, as amended by this Act, immediately before  
9-8 December 31, 2025. A tax exemption available to a multifamily  
9-9 residential development under Section 303.0421(f), Local  
9-10 Government Code, immediately before that date is covered by the law  
9-11 in effect when the development qualified for the exemption, and  
9-12 that law is continued in effect for that purpose.

9-13 SECTION 11. Not later than January 1, 2024, the Texas  
9-14 Department of Housing and Community Affairs shall adopt rules  
9-15 necessary to implement Section 303.0425(i), Local Government Code,  
9-16 as added by this Act.

9-17 SECTION 12. This Act takes effect September 1, 2023.

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