

By: Coleman

H.B. No. 2720

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the requirement that a portion of the tax increment of
3 certain tax increment reinvestment zones be used to provide
4 affordable housing.

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

6 SECTION 1. Section 311.011, Tax Code, is amended by adding
7 Subsection (f-1) to read as follows:

8 (f) In a zone designated under Section 311.005(a)(5) that is
9 located in a county with a population of 3.3 million or more, the
10 project plan must provide that at least one-third of the tax
11 increment of the zone be used to provide affordable housing during
12 the term of the zone.

13 (f-1) the project plan for each zone must provide that at
14 least one-third of the tax increment of the zone be used to provide
15 affordable housing during the term of the zone, unless the project
16 plan for the zone was adopted prior to September 1, 2003.

17 SECTION 2. Chapter 311, Tax Code, is amended by adding
18 Section 311.0115 to read as follows:

19 Sec. 311.0115. AFFORDABLE HOUSING. (a) In this section,
20 "department" means the Texas Department of Housing and Community
21 Affairs.

22 (b) If the project plan for a reinvestment zone to which
23 Section 311.011(f) or 311.011(f-1) apply provides that a portion of
24 the tax increment of the zone be used to provide affordable housing,

1 the affordable housing must comply with this section.

2 (c) The owner of a multifamily rental housing development
3 must:

4 (1) keep the rents affordable for low-income tenants
5 for a minimum of fifteen years; and

6 (2) provide regular maintenance to keep the
7 development sanitary, decent, and safe, as provided in a Land Use
8 Restriction Agreement enforceable by the municipality, low-income
9 tenants and the department; and

10 (3) not exclude an individual or family from admission
11 to the development because the individual or family participates in
12 the housing choice voucher program under Section 8, United States
13 Housing Act of 1937 (42 U.S.C. Section 1437f).

14 (d) For a multifamily rental housing development:

15 (1) at least 60 percent of the dwelling units must be
16 affordable to individuals or families with incomes at or below 60
17 percent of the area median income, as determined by the department,
18 adjusted for family size; or

19 (2) at least 40 percent of the dwelling units must be
20 affordable to individuals and families with incomes at or below 50
21 percent of the area median income, as determined by the department,
22 adjusted for family size.

23 (e) A single-family dwelling must be offered for sale or
24 rent at an affordable price to an individual or a family with an
25 income at or below 80 percent of the area median income, as
26 determined by the department, adjusted for family size.

27 (f) Rental housing is considered affordable for purposes of

1 this section if the sum of the annual rent and utility allowance
2 does not exceed an amount equal to 30 percent of the applicable area
3 median annual income set forth in subsection 311.0115(d), as
4 determined by the department, adjusted for family size.

5 (g) A single-family dwelling offered for sale is considered
6 affordable if, at the date of the sale, the sum of the annual
7 payments for the principal of and interest on the mortgage, ad
8 valorem taxes, and homeowners' insurance premiums does not exceed
9 an amount equal to 30 percent of 80 percent of the area median
10 annual income, as determined by the department, adjusted for family
11 size.

12 SECTION 3. Section 311.016, Tax Code, is amended to read as
13 follows:

14 Sec. 311.016. ANNUAL REPORT BY MUNICIPALITY. (a) On or
15 before the 90th day following the end of the fiscal year of the
16 municipality, the governing body of a municipality shall submit to
17 the chief executive officer of each taxing unit that levies
18 property taxes on real property in a reinvestment zone created by
19 the municipality a report on the status of the zone. The report
20 must include:

21 (1) the amount and source of revenue in the tax
22 increment fund established for the zone;

23 (2) the amount and purpose of expenditures from the
24 fund;

25 (3) the amount of principal and interest due on
26 outstanding bonded indebtedness;

27 (4) the tax increment base and current captured

1 appraised value retained by the zone;

2 (5) the captured appraised value shared by the
3 municipality and other taxing units, the total amount of tax
4 increments received, and any additional information necessary to
5 demonstrate compliance with the tax increment financing plan
6 adopted by the governing body of the municipality; and

7 (6) information sufficient to demonstrate compliance
8 with Section 311.011(f) and (f-1), if applicable, including:

9 (A) the amount of the tax increments used to
10 provide affordable housing during the preceding fiscal year;

11 (B) the address of each affordable housing unit
12 provided through the use of tax increments during the preceding
13 fiscal year;

14 (C) for each affordable housing rental unit, the
15 amount of rent charged for the unit and the income of the family
16 residing in the unit; and

17 (D) for each affordable housing unit sold to a
18 low-income individual or family, the amount of the sales price and
19 the income of the purchaser.

20 (b) The municipality shall send a copy of a report made
21 under this section to:

22 (1) the attorney general;

23 (2) the comptroller; and

24 (3) if Section 311.011(f) or 311.011(f-1) apply to the
25 project plan for the reinvestment zone, the Texas Department of
26 Housing and Community Affairs.

27 SECTION 4. This Act takes effect September 1, 2003.