

BILL ANALYSIS

Senate Research Center

H.B. 1606
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Intergovernmental Relations
5/14/2005
Committee Report (Amended)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, residential land developers can recover at least 70 percent, and in some cases up to 100 percent, of the infrastructure improvement costs, such as water and wastewater lines, when the development site is located within a municipal utility district (MUD), but only up to 30 percent of the cost when the development is within the city limits.

Many homeowners have to look outside the city limits to find a home they can afford because of the inequity that exists between the costs of residential land development inside a municipality and the costs of such development outside a municipality. Developments within the city have the costs of infrastructure improvements added on and passed through to the lot/home purchaser, whereas developments in a MUD have most, if not all, infrastructure costs reimbursed by the MUD.

H.B. 1606 reduces the disparity between rural and urban developments by increasing the cap on developer reimbursements from municipalities to a level not to exceed 70 percent, rather than 30 percent, in a municipality with a population of 1.8 million or more.

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 212.072, Local Government Code, by amending Subsection (b) and adding Subsections (c) and (d), as follows:

(b) Specifies that current developer participation contract (contract) requirements apply to a municipality with a population of less than 1.8 million. Authorizes a contract to allow participation by a municipality of a level not to exceed 70 percent of the contract price, if the municipality's population is 1.8 million or more.

(c) Creates this subsection from existing text.

(d) Creates this subsection from existing text. Provides that the municipality is liable only for the agreed payment of its share of the contract, which shall be determined in advance either as a lump sum or as a factor or percentage of the total actual cost as determined by municipal ordinance.

SECTION 2. Effective date: upon passage or September 1, 2005.

SUMMARY OF COMMITTEE CHANGES:

COMMITTEE AMENDMENT NO. 1

Inserts the following on page 1, between lines 15 and 16:

(3) Authorizes a municipality, if the municipality has a population of 1.8 million or more, to participate at a level not to exceed 100 percent of the total contract price for all

required drainage improvements related to the development and construction of affordable housing. Defines "affordable housing."