

BILL ANALYSIS

C.S.H.B. 2266
By: Baxter
Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Some municipalities are starting to use a new "tool" in their effort to provide more low-income housing units. This new "tool" involves forcing developers and home builders to provide a certain portion of their units at below market rates as a condition for receiving an array of development or building permits.

By setting price controls, municipalities magnify the same problems they are trying to fix. While a very select few are allowed to purchase homes at below market rates, the other buyers subsidize that purchase through higher costs for their own homes.

The purpose of C.S.H.B. 2266 is to prohibit municipalities from mandating housing prices for the private sector, but the bill does allow them to offer incentive programs to developers in exchange for providing affordable housing units to the community.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. *Amends Subchapter Z, Chapter 214, Local Government Code, by adding Section 214.904, as follows:*

Prohibits municipalities from adopting any requirement in any form, or as a condition of granting a permit, that has the effect of setting a maximum sales price for privately produced housing units or residential buildings.

Does not prohibit voluntary programs designed to increase the supply of moderate or low cost housing.

SECTION 2. Voids municipal requirements that violate new Section 214.904 on the effective date of act.

SECTION 3. Effective Date.

EFFECTIVE DATE

September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

SECTION 1. The Original includes language prohibiting pricing regulations designated for sale to any particular class or group of purchasers defined by income or wealth, while the Substitute deletes that language.

SECTION 2. No changes

SECTION 3. No changes.