

BILL ANALYSIS

C.S.H.B. 3857
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties in northeast Houston support creating a municipal management district to encourage economic development, employment, housing, and public safety in the district and to preserve the unique character of the area. C.S.H.B. 3857 seeks to respond to local priorities through the creation of the Near Northside Management District.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 3857 amends the Special District Local Laws Code to create the Near Northside Management District, establish the nature and purpose of the district, and make findings of benefit and public purpose. The bill makes all or part of the district eligible for inclusion in a tax increment reinvestment zone, tax abatement reinvestment zone, or an enterprise zone, created by the City of Houston. The bill makes certain statutory provisions relating to municipal management districts applicable to the district and provides for the liberal construction of the bill.

C.S.H.B. 3857 provides for the district's governance by a board of nine voting directors, certain specified nonvoting ex officio directors, and a presiding officer, and sets out the length of terms, manner of appointment and appointment authority, and eligibility criteria for the appointed directors. The bill includes provisions relating to conflicts of interest and compensation of directors. The bill adds a temporary provision, set to expire September 1, 2015, to provide for the names and terms of the initial directors.

C.S.H.B. 3857 grants the district the powers and duties of a housing finance corporation and Type B development corporation. The bill authorizes the district's board of directors, by resolution, to create a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by the bill's provisions. The bill authorizes the district to make an agreement with, or accept a gift, grant, or loan from, any person. The bill authorizes the district to contract with Harris County or the City of Houston to provide law enforcement services in the district for a fee. The bill establishes that provisions relating to competitive bidding on certain public works contracts do not apply to a district contract for \$25,000 or less. The bill authorizes the district to annex territory located in a reinvestment zone created by the City of Houston if the city's governing body consents to the annexation. The bill authorizes the district to establish economic development programs, including programs to secure loans and receive grants of public money. The bill authorizes the district to negotiate and enter into a written strategic partnership agreement with the city, county, or Houston Independent School District. The bill authorizes the district to buy, sell, own, or lease real property, receive it as a gift from any person, and receive surplus property from a school district that is located in the district. The bill authorizes the district to own, lease, operate, or manage a project to improve

educational opportunities in the district. The bill prohibits the district from exercising the power of eminent domain.

C.S.H.B. 3857 prohibits the district from financing a service or improvement project unless a written petition requesting that service or improvement is filed with the board and establishes requirements for the petition. The bill requires the board by resolution to establish the number of directors' signatures and the procedure required for a disbursement or transfer of the district's money.

C.S.H.B. 3857 authorizes the board to vote to dissolve a district that has debt. The bill requires the district to remain in existence solely for the limited purpose of discharging its debts if the vote is in favor of dissolution. The bill specifies the dissolution is effective when all debts have been discharged. The bill exempts the district from provisions establishing a prohibition against dissolving a municipal management district if the district has any outstanding bonded indebtedness. The bill describes the territory that composes the district and makes provisions for certain mistakes in the description. The bill defines "board," "city," "county," "director," and "district." The bill sets out language referring to impact fees and assessments and municipal payment of bonds.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3857 omits provisions included in the original relating to the authority of the Near Northside Management District to impose a property tax, assessment, or impact fee or to issue bonds payable from property taxes or assessments.