

By: Rose

H.B. No. 3993

A BILL TO BE ENTITLED

AN ACT

relating to certain programs established by a municipality to provide affordable housing.

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

SECTION 1. Section 374.003, Local Government Code, is amended by adding Subdivision (1-a) and amending Subdivision (25) to read as follows:

(1-a) "Affordable housing" means housing that is affordable to households earning 70 percent or less of the area median family income, adjusted for household size, as determined annually by the United States Department of Housing and Urban Development.

(25) "Urban renewal activities" includes slum clearance, redevelopment, rehabilitation, and conservation activities to prevent further deterioration of an area that is tending to become a blighted or slum area. The term includes:

(A) the acquisition of all or part of a slum area or blighted area or the acquisition of land that is predominantly open and that, because of obsolete platting, diversity of ownership, deterioration of structures or site improvements, or for other reasons, substantially impairs or arrests the sound growth of the community;

(B) the demolition and removal of buildings and improvements;

1 (C) the installation, construction, or  
2 reconstruction of streets, utilities, parks, playgrounds, and  
3 other improvements necessary to fulfill urban renewal objectives in  
4 accordance with an urban renewal plan;

5 (D) the disposition by the municipality of  
6 property acquired in an urban renewal area for use in accordance  
7 with an urban renewal plan, including:

8 (i) the sale or initial lease of the  
9 property at its fair value;

10 (ii) ~~or~~ the retention of the property;  
11 and

12 (iii) the transfer of the property to a  
13 nonprofit corporation or foundation to be operated exclusively as  
14 affordable housing;

15 (E) the implementation of plans for a program of  
16 voluntary repair and rehabilitation of buildings or improvements in  
17 accordance with an urban renewal plan; and

18 (F) the acquisition of real property in an urban  
19 renewal area as necessary to remove or prevent the spread of blight  
20 or deterioration or to provide land for needed public facilities.

21 SECTION 2. Section 374.017, Local Government Code, is  
22 amended by amending Subsections (c) and (d) and adding Subsection  
23 (d-1) to read as follows:

24 (c) The purchaser, ~~or~~ lessee, or transferee of property  
25 transferred under this section, and a successor in interest to such  
26 a person, including an assignee, must devote the property to the  
27 uses specified in the urban renewal plan and may be obligated to

1 comply with conditions specified in the deed of conveyance,  
2 including the requirement to begin any improvements required by the  
3 urban renewal plan within a reasonable time.

4 (d) Except as provided by Subsection (d-1), real ~~[Real]~~  
5 property or an interest in real property subject to this section may  
6 only be sold, leased, or otherwise transferred or retained at not  
7 less than the fair value of the property for uses in accordance with  
8 the urban renewal plan. In determining the fair value, the  
9 municipality shall consider:

10 (1) the uses provided in the urban renewal plan;

11 (2) any restrictions on and any covenants, conditions,  
12 and obligations assumed by the purchaser, lessee, or municipality  
13 in retaining the property;

14 (3) the objectives of the plan for the prevention of  
15 the recurrence of slums or blighted areas; and

16 (4) any other matters that the municipality specifies  
17 as appropriate.

18 (d-1) A municipality may transfer to a public or private  
19 nonprofit corporation or foundation real property or an interest in  
20 real property subject to this section for less than fair market  
21 value, but only if the deed of conveyance includes a right of  
22 reverter so that the property will revert to the municipality if the  
23 property is not used exclusively for the provision of affordable  
24 housing.

25 SECTION 3. Section 380.001(a), Local Government Code, is  
26 amended to read as follows:

27 (a) The governing body of a municipality may establish and

1 provide for the administration of one or more programs, including  
2 programs for making loans and grants of public money or real  
3 property and providing personnel and services of the municipality,  
4 to promote state or local economic development, ~~and~~ to stimulate  
5 business and commercial activity in the municipality, and to  
6 provide affordable housing in the municipality. For purposes of  
7 this subsection, a municipality includes an area that:

8           (1) has been annexed by the municipality for limited  
9 purposes; or

10           (2) is in the extraterritorial jurisdiction of the  
11 municipality.

12           SECTION 4. Section 380.002(a), Local Government Code, is  
13 amended to read as follows:

14           (a) A home-rule municipality with a population of more than  
15 100,000 may create programs for the grant of public money to any  
16 organization exempt from taxation under Section 501(a) of the  
17 Internal Revenue Code of 1986 as an organization described in  
18 Section 501(c)(3) of that code for the public purposes of  
19 development and diversification of the economy of the state,  
20 elimination of unemployment or underemployment in the state, and  
21 development or expansion of commerce in the state. The  
22 municipality may also create programs for the grant of real  
23 property owned by the municipality to such an organization for the  
24 public purpose of providing affordable housing in the municipality.

25 The grants must be in furtherance of those public purposes and shall  
26 be used by the recipient as determined by the recipient's governing  
27 board for programs found by the municipality to be in furtherance of

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1 this section and under conditions prescribed by the municipality.

2 SECTION 5. This Act takes effect September 1, 2015.