

By: Rodriguez of Travis

H.B. No. 3452

A BILL TO BE ENTITLED

AN ACT

relating to the designation of homestead land trusts and requirements governing funding from homestead preservation reinvestment zones.

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

SECTION 1. Section 373A.002(5), Local Government Code, is amended to read as follows:

(5) "Trust" means a homestead land trust ~~[created or]~~ designated under Subchapter C.

SECTION 2. Section 373A.101, Local Government Code, is amended to read as follows:

Sec. 373A.101. DESIGNATION ~~[CREATION]~~. The governing body of a political subdivision by ordinance or order may ~~[create or]~~ designate under this subchapter one or more homestead land trusts, including a housing finance corporation established under Chapter 394 or a land trust operated by a community housing development organization certified by the municipality, to operate in an area that includes a district designated under Subchapter B.

SECTION 3. Section 373A.102, Local Government Code, is amended to read as follows:

Sec. 373A.102. NATURE OF ~~[NONPUBLIC]~~ TRUST. Except as provided by Section 373A.110, a [A] trust ~~[that is not created by the governing body of a political subdivision]~~ must be a nonprofit organization that ~~[is]~~:

(1) has the following purposes in its certificate of formation or bylaws:

(A) ~~[created]~~ to acquire and hold land for the benefit of developing and preserving long-term affordable housing for residents who have been displaced or are at risk of being displaced from ~~[in]~~ the district;

(B) to keep housing affordable for future residents; and

(C) to capture the value of public investment for long-term community benefit; and

(2) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt organization under Section 501(c)(3), Internal Revenue Code of 1986.

SECTION 4. Section 373A.104, Local Government Code, is amended to read as follows:

Sec. 373A.104. BOARD OF DIRECTORS. ~~[(a)]~~ A trust shall be governed by a board of directors.

~~[(b) If a trust holds land that provides at least 100 housing units, at least one-third of the board members must reside in housing units located on land held by the trust.]~~

SECTION 5. Section 373A.105, Local Government Code, is amended to read as follows:

Sec. 373A.105. TITLE TO LAND. (a) A trust may retain title to land it acquires and may sell or lease housing units located on the land, provided that the trust complies with all applicable restrictions ~~[or sell housing units located on the land under~~

1 ~~long-term ground leases, as~~ provided by Section 373A.157
2 [373A.106].

3 (b) A trust may not transfer title to any land owned by the
4 trust without ~~[obtaining]~~:

5 (1) obtaining a ~~[unanimous]~~ vote of the board members
6 of the trust; and

7 (2) providing ~~[approval by the municipality and county~~
8 ~~in which the land is located, as provided through a resolution of~~
9 ~~the governing bodies of the municipality and county adopted with~~
10 ~~the affirmative vote of four-fifths of the members following a~~
11 ~~public hearing; and~~

12 ~~[(3) the provision by the board of the trust of]~~
13 advance notice to all persons who own or rent housing units located
14 on land owned by the trust.

15 SECTION 6. Subchapter C, Chapter 373A, Local Government
16 Code, is amended by adding Section 373A.108 to read as follows:

17 Sec. 373A.108. ANNUAL AUDIT. (a) For each year that a
18 trust receives revenue from a tax increment fund under Subchapter D
19 to be used for affordable housing purposes, the trust shall request
20 the preparation of an audit by an independent auditor. The audit
21 must include:

22 (1) a detailed report on the trust's uses of the
23 revenue; and

24 (2) any other information required by the governing
25 body of the political subdivision that designated the trust.

26 (b) Not later than the 180th day after the last day of the
27 trust's fiscal year in which a trust received revenue from the tax

1 increment fund, the trust must deliver a copy of the audit required
2 by Subsection (a) to:

3 (1) the governing body of the municipality that
4 administers the tax increment fund; or

5 (2) a government official designated by that body to
6 receive the audit.

7 SECTION 7. Section 373A.109, Local Government Code, is
8 amended to read as follows:

9 Sec. 373A.109. RELATION TO OTHER LAW. This subchapter does
10 not preclude the operation [~~creation~~] of a land trust inside or
11 outside the district by a nonprofit organization, including a
12 community housing development organization, under other statutory
13 or common law [~~or the operation of that land trust inside or outside~~
14 ~~the district~~].

15 SECTION 8. Section 373A.110, Local Government Code, is
16 amended to read as follows:

17 Sec. 373A.110. APPLICABILITY OF SUBCHAPTER TO TRUST
18 OPERATED BY HOUSING FINANCE CORPORATION. Sections 373A.102,
19 373A.104, and 373A.105(b) [~~, and 373A.106~~] do not apply to a trust
20 operated in the district by a housing finance corporation
21 established under Chapter 394.

22 SECTION 9. Section 373A.157, Local Government Code, is
23 amended by amending Subsections (a), (b), (c), (d), and (g) and
24 adding Subsections (c-1), (d-1), and (d-2) to read as follows:

25 (a) The tax increment fund is administered by the governing
26 body of the municipality in accordance with the project and
27 reinvestment zone financing plans. Revenue from the tax increment

fund must be dedicated as provided by this section to the development, construction, and preservation of affordable housing in the zone by a political subdivision, ~~[a community housing development organization certified by the municipality,]~~ a trust ~~[created or]~~ designated by a political subdivision, or another entity as provided by this section.

(b) In administering the tax increment fund, the governing body of the municipality shall prioritize funds for trusts that have a record of serving residents who have been displaced or are at risk of being displaced from the district ~~[All revenue from the tax increment fund must be expended to benefit families that have a yearly income at or below 70 percent of the area median family income, adjusted for family size].~~

(c) All ~~[At least 50 percent of the]~~ revenue from the tax increment fund that is dedicated to affordable housing ownership units ~~[expended annually]~~ must be expended to benefit families that have a yearly income at or below 80 ~~[50]~~ percent of the area median family income, adjusted for family size.

(c-1) At least 25 percent of the revenue from the tax increment fund that is expended annually and dedicated to affordable housing ownership units must benefit families that have a yearly income at or below 60 percent of the area median family income, adjusted for family size.

(d) All revenue from the tax increment fund that is dedicated to affordable housing rental units must be expended to benefit families that have a yearly income at or below 60 percent of the area median family income, adjusted for family size.

1 (d-1) [~~(d)~~] At least 25 percent of the revenue from the tax
2 increment fund that is expended annually and dedicated to
3 affordable housing rental units must benefit families that have a
4 yearly income at or below 50 [~~30~~] percent of the area median family
5 income, adjusted for family size.

6 (d-2) At least 10 percent of the revenue from the tax
7 increment fund that is expended annually and dedicated to
8 affordable housing rental units must benefit families that have a
9 yearly income at or below 30 percent of the area median family
10 income, adjusted for family size.

11 (g) All housing created or rehabilitated with revenue from
12 the tax increment fund must have at least a 40-year [~~30-year~~]
13 affordability period for affordable housing rental units and a
14 99-year affordability period for affordable housing ownership
15 units.

16 SECTION 10. Sections [373A.103](#) and [373A.106](#), Local
17 Government Code, are repealed.

18 SECTION 11. The changes in law made by this Act to
19 Subchapter C, Chapter [373A](#), Local Government Code, apply to a
20 homestead land trust designated under Chapter [373A](#), Local
21 Government Code, before, on, or after the effective date of this
22 Act.

23 SECTION 12. The changes in law made by this Act to Section
24 [373A.157](#), Local Government Code, apply to the expenditure of
25 revenue from the tax increment fund on or after the effective date
26 of this Act. The expenditure of revenue from the tax increment fund
27 before the effective date of this Act is governed by the law in

1 effect immediately preceding the effective date of this Act, and
2 the former law is continued in effect for that purpose.

3 SECTION 13. This Act takes effect immediately if it
4 receives a vote of two-thirds of all the members elected to each
5 house, as provided by Section 39, Article III, Texas Constitution.
6 If this Act does not receive the vote necessary for immediate
7 effect, this Act takes effect September 1, 2017.