

## **BILL ANALYSIS**

S.B. 403  
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Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

When a housing development that is supported with an allocation of low income housing tax credits and subject to a right of first refusal is offered for sale, the eligible purchasers are restricted to certain entities for certain periods. These entities are often not interested in purchasing these developments since the developments may be ground leaseholds only and the property tax exemption is lost when ownership changes hands. As a result, these developments would typically not be sold until after the right of first refusal period lapses, leading to needless administrative delays and risks of interest rate spikes or other financing concerns. Public housing authorities, a type of entity with a mission to provide affordable housing on a long-term basis, are not included as an eligible purchaser during the first 60-day period of the right of first refusal period but may have an interest in purchasing a development as the authority, or a public facility corporation created by the authority, may own the fee title to the development owner's leasehold estate. S.B. 403 seeks to include an authority and corporation as an eligible purchaser during that 60-day period if the authority or corporation owns that fee title.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

S.B. 403 amends the Government Code to authorize the owner of a housing development that is supported with an allocation of low income housing tax credits and is subject to a right of first refusal to negotiate or enter into a purchase agreement with a qualified entity that is a public housing authority or a public facility corporation created by a public housing authority, or that is controlled by such an authority or corporation, during the first 60-day period after the required notice of intent to sell the development is provided if the authority or corporation owns the fee title to the development owner's leasehold estate. These provisions apply to the sale of a development supported with an allocation of low income housing tax credits issued before, on, or after the bill's effective date.

### **EFFECTIVE DATE**

September 1, 2021.