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H.B. No. 1931

A BILL TO BE ENTITLED

1 AN ACT
2 relating to requirements for beneficial tax treatment related to a
3 leasehold or other possessory interest in a public facility used to
4 provide multifamily housing.

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

6 SECTION 1. Section 303.042(f), Local Government Code, is
7 amended to read as follows:

8 (f) Notwithstanding Subsections (a) and (b), during the
9 period of time that a corporation owns a particular public
10 facility, a leasehold or other possessory interest in the real
11 property of the public facility granted by the corporation shall
12 be treated in the same manner as a leasehold or other possessory
13 interest in real property granted by an authority under Section
14 379B.011(b) if the requirements under Section 303.0425 are met.

15 SECTION 2. Subchapter B, Chapter 303, Local Government
16 Code, is amended by adding Section 303.0425 to read as follows:

17 Sec. 303.0425. REQUIREMENTS FOR BENEFICIAL TAX TREATMENT
18 RELATING TO CERTAIN PUBLIC FACILITIES. (a) In this section:

19 (1) "Developer" means a private entity that constructs
20 or rehabilitates a development.

21 (2) "Housing choice voucher program" means the housing
22 choice voucher program under Section 8, United States Housing Act
23 of 1937 (42 U.S.C. Section 1437f).

24 (3) "Housing development" means a development

1 constructed or rehabilitated to provide multifamily housing.

2 (4) "Lower income housing unit" means a residential
3 unit reserved for occupancy by an individual or family earning not
4 more than 60 percent of the area median income, adjusted for family
5 size.

6 (5) "Public facility user" means a developer or other
7 private entity that has a leasehold or other possessory interest in
8 a public facility used to provide multifamily housing.

9 (b) Section 303.042(f) applies to a leasehold or other
10 possessory interest in a public facility only if the public
11 facility user meets the requirements of this section. The
12 requirements prescribed by this section apply only to the
13 application of taxes related to a leasehold or other possessory
14 interest in a public facility under Section 303.042(f) and do not
15 restrict the authority of a corporation to lease a public facility
16 to a private entity under terms other than the terms described by
17 this section.

18 (c) A public facility user may not:

19 (1) refuse to rent a residential unit in a housing
20 development to an individual or family because the individual or
21 family participates in the housing choice voucher program; or

22 (2) use a financial or minimum income standard that
23 requires an individual or family participating in the housing
24 choice voucher program to have a monthly income of more than 250
25 percent of the individual's or family's share of the total monthly
26 rent payable for a residential unit.

27 (d) A public facility user must reserve at least 10 percent

1 of the residential units in a housing development for individuals
2 or families participating in the housing choice voucher program.

3 (e) At least 10 percent of the units in the development must
4 be reserved as lower income housing units. A unit may not be used to
5 satisfy the reservation required under this subsection if every
6 tenant in the unit is:

7 (1) a part-time or full-time student at an institution
8 of higher education;

9 (2) under the age of 24; and

10 (3) ineligible for housing assistance under Section 8,
11 United States Housing Act of 1937 (42 U.S.C. Section 1437f).

12 (f) The percentage of lower income housing development,
13 reserved in each category of units in the housing development,
14 based on the number of bedrooms and bathrooms per unit, must be the
15 same as the percentage of lower income housing units reserved in the
16 housing development as a whole.

17 (g) The monthly rent charged for a lower income housing unit
18 may not exceed:

19 (1) 30 percent of 60 percent of the area median income,
20 adjusted for family size; or

21 (2) if the unit is occupied by a participant in the
22 housing choice voucher program, the payment standard used by the
23 housing authority that administers the voucher for the unit.

24 (h) In calculating the income of an individual or family for
25 a lower income housing unit, the public facility user must consider
26 the income of every individual who will be living in the unit.

27 SECTION 3. Section 303.0425, Local Government Code, as

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1 added by this Act, applies only to a leasehold or other possessory
2 interest in a public facility granted by a public facility
3 corporation to a public facility user, as defined by that section,
4 on or after the effective date of this Act.

5 SECTION 4. This Act takes effect September 1, 2021.