

## **BILL ANALYSIS**

H.B. 2625  
By: Moody  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

A local municipal housing authority has raised concerns regarding their financial assets and has suggested that the authority would benefit from the ability to form a commission to protect and preserve those assets. H.B. 2625 seeks to address this concern by providing for the creation of an asset commission by a municipal housing authority.

### **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**

H.B. 2625 amends the Local Government Code to authorize the formation of a municipal housing authority asset commission for the purposes of approving certain financial asset-based decisions of a municipal housing authority before the authority may perform the action. The asset commission may be formed:

- by adoption of a resolution by the commissioners of a municipal housing authority and not less than 80 percent of the members of the commissioners court of the county in which the authority operates; and
- only in a municipality with a population of 600,000 or more that is located in a county that has a population of 800,000 or more and is located on the international border.

H.B. 2625 requires an asset commission to approve by majority vote the following actions before the municipal housing authority that formed the asset commission may perform the action:

- the acquisition, sale, transfer, conveyance, or disposition of any property, building, partnership interest, membership interest in a limited liability company, ownership interest in any entity, or any other asset of the authority or a public facility corporation sponsored by the authority valued in excess of \$100,000; and
- the trading, financing, refinancing, or issuance of a bond secured by or associated with any such asset of the authority or a public facility corporation sponsored by the authority.

The bill authorizes an asset commission to directly or indirectly hold or own an interest in such an asset and any accompanying cash flow or benefit associated with that interest only if the asset commission holds the interest in trust for the sole and exclusive benefit of the municipal housing authority that formed the asset commission. The bill provides for the commission to delegate its powers and duties to an agent or employee of the commission or of the authority.

H.B. 2625 provides for the composition of the five-member commission and their appointment by a majority of the commissioners of the municipal housing authority that formed the asset commission. The bill requires members to serve staggered five-year terms and sets out the following with respect to the commission's membership:

- requirements for a member to be licensed or certified in specified professions or have at least five years of continuous experience in certain relevant professions;
- a requirement for at least one of the asset commission members to have at least 10 years of experience in a field related to the management or operation of apartments funded by low income housing tax credits;
- a prohibition on a person from serving as a commission member if the person is one of the following:
  - an elected official or employee of a governmental entity that is within five miles of the territorial boundaries of the municipality for the municipal housing authority that formed the asset commission and not within the territorial boundaries of another municipality;
  - a commissioner or employee of the authority;
  - a person who was employed within the preceding two years by the authority; or
  - a person who has or has had within the preceding two years a direct or indirect contract or a personal or financial interest in a contract with the authority; and
- requirements for the initial appointment of members to provide for the staggered terms of service.

The bill provides for the reasonable compensation and reimbursement of an asset commission member by the authority for the member's services on the asset commission and for necessary expenses incurred by the member for asset commission duties.

H.B. 2625 prohibits an asset commission member from having dealings with the municipal housing authority that formed the commission or a public facility corporation sponsored by the authority for the purpose of pecuniary gain and from owning, acquiring, or controlling a direct or indirect interest in certain items, property, or contracts related to a housing project. The bill requires a member to immediately disclose such an interest or dealing the authority and asset commission in writing and requires the disclosure to be entered in the minutes of the asset commission for the meeting at which the disclosure was made. A member's failure to make a required disclosure constitutes misconduct of office and a member may be removed by a majority of the authority commissioners based on the same criteria and following the same processes for the removal of a commissioner.

H.B. 2625 requires the secretary and executive director employed for a municipal housing authority that forms an asset commission to serve as the secretary and executive director of the asset commission. Meetings of an asset commission are subject to state open meeting laws.

#### **EFFECTIVE DATE**

September 1, 2023.