

BILL ANALYSIS

Senate Research Center

S.B. 1979
By: Hughes
State Affairs
6/12/2023
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Housing prices continue to rise, and that rise will likely accelerate further when interest rates cool. Part of this rise is based on the relatively recent increase in single-family residential home purchases by corporate or institutional buyers. This can be a benefit to sellers, but makes it extremely difficult for median-income Texans to buy a house and begin to build equity.

S.B. 1979 will provide more information on the volume of purchases being made by these buyers so that policymakers can respond if needed. The bill requires a business that buys more than 10 single-family residential properties per year to file a report with the Texas Real Estate Commission (TREC) providing the public with information on those market participants. It also requires TREC to report the collective data so the public and the legislature know how much of the housing market is being impacted by these participants.

Home ownership is a foundational part of the American dream, and that dream is becoming less and less accessible.

(Original Author's/Sponsor's Statement of Intent)

S.B. 1979 amends current law relating to an annual study by the Texas A&M University Texas Real Estate Research Center of the purchase and sale of single-family homes by certain institutional buyers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 86, Education Code, by adding Section 86.531, as follows:

Sec. 86.531. ANNUAL STUDY AND REPORT ON SINGLE-FAMILY HOME PURCHASES AND SALES BY CERTAIN INSTITUTIONAL BUYERS. (a) Defines "institutional buyer."

(b) Requires the Texas A&M University Texas Real Estate Research Center (center), using existing available data and deed records, to annually compile information related to institutional buyers' purchases and sales of single-family homes in this state for the calendar year. Requires that the information include:

(1) the number of single-family homes purchased by each institutional buyer in the calendar year;

(2) of the single-family homes described by Subdivision (1), the number acquired through foreclosure;

(3) of the single-family homes described by Subdivision (1), the number sold by each institutional buyer during the same year;

(4) of the single-family homes described by Subdivision (1), the number used as rental properties during the same year;

(5) the city and county where each single-family home described by Subdivision (1) is located and the number of homes purchased in each city or county; and

(6) the appraised value of each single-family home described by Subdivision (1).

(c) Authorizes the center, in addition to the information required by Subsection (b), to compile additional information at the recommendation of the legislature or that the center determines is relevant based on market trends.

(d) Requires the center, not later than June 1 of each year, to submit a report to the lieutenant governor, the speaker of the house of representatives, and each member of the legislature. Requires that the report contain:

(1) a summary of the information compiled under Subsection (b) for the preceding calendar year;

(2) an assessment of any trends or patterns relating to the relative number of purchases by institutional buyers, including whether the institutional buyers fall into any readily observable groups based on number of purchases or other appropriate criteria; and

(3) an analysis of:

(A) the impact of institutional buyers on the cost of housing; and

(B) the advantages, if any, that institutional buyers have over individual buyers in the real estate market.

(e) Authorizes the center, after completing the initial report under this section, to compile information from any calendar years preceding 2023 to create and submit reports for those years that include the information listed in Subsections (b) and (d).

SECTION 2. Requires the center, as soon as practicable after the effective date of this Act, to take any actions necessary to prepare to implement Section 86.531, Education Code, as added by this Act, and submit the initial report required under Section 86.531(d), Education Code, as added by this Act, not later than June 1, 2024.

SECTION 3. Effective date: September 1, 2023.