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Morales of Harris

H.B. No. 3568

Substitute the following for H.B. No. 3568:

By: Lozano

C.S.H.B. No. 3568

A BILL TO BE ENTITLED

AN ACT

relating to certain public facilities used to provide affordable housing; authorizing a fee; authorizing a penalty.

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

SECTION 1. Section 303.021, Local Government Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) A corporation or a sponsor may finance, own, or operate a multifamily residential development only if:

(1) a municipality, county, or housing authority is the applicable sponsor;

(2) the corporation or sponsor complies with all applicable provisions of this chapter; and

(3) the development is located:

(A) in the area of operation of the sponsor, if the sponsor is a housing authority; or

(B) if the sponsor is not a housing authority, inside the boundaries of the sponsor, without regard to whether the sponsor is authorized to own property or provide services outside the boundaries of the sponsor.

(e) A corporation sponsored by a municipal management district may not finance, own, or operate a residential development.

SECTION 2. Subchapter B, Chapter 303, Local Government Code, is amended by adding Section 303.0415 to read as follows:

1 Sec. 303.0415. PROHIBITED CONFLICTS OF INTEREST FOR CERTAIN
2 PUBLIC FACILITIES. (a) In this section:

3 (1) "Immediate family member" means spouse, domestic
4 partner, cohabitant, child, stepchild, grandchild,
5 great-grandchild, parent, stepparent, mother-in-law,
6 father-in-law, son-in-law, daughter-in-law, grandparent,
7 great-grandparent, brother, sister, half-brother, half-sister,
8 stepsibling, brother-in-law, sister-in-law, aunt, uncle, niece,
9 nephew, or first cousin.

10 (2) "Public facility financial consulting services"
11 means financial consulting or advisory services with a value in
12 excess of \$25,000 that are provided to a prospective public
13 facility user in connection with the user's application for
14 approval of the acquisition of an ownership interest or leasehold
15 or other possessory interest in a public facility that is a
16 multifamily residential development. The term does not include
17 legal, accounting, tax, or auditing services.

18 (b) A person may not own or obtain a direct or indirect
19 ownership interest in a public facility that is a multifamily
20 residential development, and may not provide or derive any material
21 economic benefit from the provision of public facility financial
22 consulting services associated with a public facility that is a
23 multifamily residential development, if the person is:

24 (1) a member of the governing body of a corporation's
25 sponsor;

26 (2) an elected member of the governing body of the
27 municipality, county, or school district in which a public facility

1 that is a multifamily residential development is located; or

2 (3) an immediate family member of a person described
3 by Subdivision (1) or (2).

4 (c) Subsection (b) does not apply to an elected official or
5 immediate family member of an elected official who owns:

6 (1) publicly traded equity, debt, or other securities
7 issued by an entity that provides public facility financial
8 consulting services; or

9 (2) any equity, debt, or other securities issued by
10 any public or private investment fund, mutual fund, real estate
11 investment trust, or other investment vehicle that directly or
12 indirectly owns an interest in any entity that provides public
13 facility financial consulting services.

14 SECTION 3. The heading to Section 303.042, Local Government
15 Code, is amended to read as follows:

16 Sec. 303.042. TAXATION; EXEMPTION.

17 SECTION 4. Subchapter B, Chapter 303, Local Government
18 Code, is amended by adding Section 303.0421, and a heading is added
19 to that section to read as follows:

20 Sec. 303.0421. MULTIFAMILY RESIDENTIAL DEVELOPMENTS OWNED
21 BY CORPORATIONS.

22 SECTION 5. Section 303.0421, Local Government Code, as
23 added by this Act, is amended by adding Subsections (a), (a-1),
24 (a-2), (c), (d), and (g) to read as follows:

25 (a) In this section:

26 (1) "Capital improvement" means a property
27 improvement that has a depreciable life of at least five years under

1 generally accepted accounting principles, excluding typical
2 expenses that are routine in making a multifamily residential unit
3 ready for lease after a turnover of the unit, including expenses for
4 plasterboard repair, interior painting, and floor coverings.

5 (2) "Moderate rehabilitation" means the expenditure
6 of capital improvements for a multifamily residential development
7 acquired by a corporation, in an aggregate amount of not less than
8 the product of \$25,000 multiplied by the total number of units in
9 the development on the date of acquisition of the development by the
10 corporation, subject to Subsection (a-1).

11 (3) "Rent reduction" means the projected difference
12 between the rent charged for a unit subject to rent and income
13 restrictions under Section 303.0425 and the maximum market rate
14 rent that could be charged for that same unit without the rent and
15 income restrictions.

16 (a-1) The comptroller biennially shall adjust to reflect
17 inflation the amount specified by Subsection (a)(2) relating to the
18 expenditure of capital improvements for a multifamily residential
19 development. The board shall use 2021 as the base year for the
20 adjustment and in making the computation shall consider the
21 Consumer Price Index for All Urban Consumers, or its successor in
22 function, published by the United States Bureau of Labor
23 Statistics.

24 (a-2) This section applies to a multifamily residential
25 development that is owned by a corporation created under this
26 chapter, except that this section does not apply to a multifamily
27 residential development that:

1 (1) has at least 20 percent of its residential units
2 reserved for public housing units;

3 (2) participates in the Rental Assistance
4 Demonstration program administered by the United States Department
5 of Housing and Urban Development; or

6 (3) receives financial assistance administered under
7 Subchapter DD, Chapter 2306, Government Code.

8 (c) A corporation created under this chapter that proposes
9 to develop or acquire a multifamily residential development to
10 which Subsection (a-2) applies must hold a public hearing, at a
11 meeting of the governing body of the corporation's sponsor, to
12 approve the development.

13 (d) Notwithstanding Subsection (b), an occupied multifamily
14 residential development that is acquired by a corporation and to
15 which Subsection (a-2) applies is eligible for an exemption under
16 Section 303.042(c) for:

17 (1) the one-year period following the date of the
18 acquisition, regardless of whether the development complies with
19 the requirements of Subsections (b) and (c) and Sections
20 303.0425(b)-(h); and

21 (2) a year following the year described by Subdivision
22 (1) only if the development comes into compliance with the
23 requirements of Subsections (b) and (c) and Sections
24 303.0425(b)-(h) not later than the first anniversary of the date of
25 the acquisition.

26 (g) A corporation or a sponsor of a corporation may not
27 accept a payment from a public facility user or developer in

1 exchange for the corporation's or sponsor's participation in a
2 multifamily residential development without complying with the
3 requirements of this section.

4 SECTION 6. Sections 303.042(d), (e), and (f), Local
5 Government Code, are transferred to Section 303.0421, Local
6 Government Code, as added by this Act, redesignated as Sections
7 303.0421(b), (e), and (f), Local Government Code, and amended to
8 read as follows:

9 (b) Notwithstanding Section 303.042(c) and subject to
10 Subsections (c) and (d) of this section, an [(d) An] exemption
11 under Section 303.042(c) [this section] for a multifamily
12 residential development to which Subsection (a-2) applies is
13 available [which is owned by a public facility corporation created
14 by a housing authority under this chapter and which does not have at
15 least 20 percent of its units reserved for public housing units,
16 applies] only if:

17 (1) the requirements under Section 303.0425 are met
18 [housing authority holds a public hearing, at a regular meeting of
19 the authority's governing body, to approve the development]; [and]

20 (2) the corporation delivers to the presiding officer
21 of the governing body of each taxing unit in which the development
22 is to be located written notice of the development, at least 30 days
23 before the date:

24 (A) the corporation takes action to approve a new
25 multifamily residential development or the acquisition of an
26 occupied multifamily residential development; and

27 (B) of any public hearing required to be held

1 under this section;

2 (3) for a development proposed by a corporation whose
3 sponsor is a housing authority, the development is approved by or
4 receives a resolution of no objection from the governing body of the
5 municipality in which the development is located, if the
6 development is located in a municipality, or, if the development is
7 not located in a municipality, by the county in which the
8 development is located;

9 (4) for an occupied multifamily residential
10 development that is acquired by a corporation:

11 (A) the development is located at the time of
12 acquisition entirely within a census tract:

13 (i) that has a poverty rate of less than 20
14 percent; or

15 (ii) with a median household income in the
16 two highest quartiles among census tracts within the uniform state
17 service region in which the development is located; and

18 (B) a moderate rehabilitation of the development
19 is completed not later than the third anniversary of the date of
20 acquisition; and

21 (5) before final approval of the development under
22 Subsection (c):

23 (A) the corporation or corporation's sponsor
24 conducts, or obtains from a professional entity that has experience
25 underwriting affordable multifamily residential developments and
26 does not have financial interests in the applicable development,
27 public facility user, or developer, an underwriting assessment of

1 the proposed development to determine the appropriate category of
2 income-restricted units to require at the development; and

3 (B) based on the assessment conducted under
4 Paragraph (A), the corporation makes a good faith determination
5 that the total annual amount of rent reduction on the
6 income-restricted units provided at the development will be not
7 less than 60 percent of the estimated amount of the annual ad
8 valorem taxes that would be imposed on the property without an
9 exemption under Section 303.042(c), for:

10 (i) the first three years after the rent
11 stabilization period, for newly constructed developments; and

12 (ii) the second, third, and fourth years
13 after the date of acquisition by the corporation, for developments
14 occupied at the time of acquisition [~~at least 50 percent of the~~
15 ~~units in the multifamily residential development are reserved for~~
16 ~~occupancy by individuals and families earning less than 80 percent~~
17 ~~of the area median family income].~~

18 (e) For the purposes of Subsection (a-2) [~~(a)~~], a "public
19 housing unit" is a residential [~~dwelling~~] unit for which the
20 landlord receives a public housing operating subsidy from the
21 federal Public Housing Operating Fund. It does not include a unit
22 for which payments are made to the landlord under the federal
23 Section 8 Housing Choice Voucher Program.

24 (f) Notwithstanding Sections 303.042(a) and (b)
25 [~~Subsections (a) and (b)~~], during the period [~~of time~~] that a
26 corporation owns a particular public facility that is a multifamily
27 residential development, a leasehold or other possessory interest

1 in the real property of the public facility granted by the
2 corporation shall be treated in the same manner as a leasehold or
3 other possessory interest in real property granted by an authority
4 under Section 379B.011(b).

5 SECTION 7. Subchapter B, Chapter 303, Local Government
6 Code, is amended by adding Sections 303.0425, 303.0426, and
7 303.0427 to read as follows:

8 Sec. 303.0425. ADDITIONAL REQUIREMENTS FOR BENEFICIAL TAX
9 TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES. (a) In this
10 section:

11 (1) "Developer" means a private entity that works with
12 a corporation to propose or operate a multifamily residential
13 development as a public facility.

14 (2) "Extremely low income housing unit" means a
15 residential unit restricted for occupancy by an individual or
16 family whose annual median income is not more than the greater of:

17 (A) 30 percent of the area median income for the
18 household's place of residence, as adjusted for family size and as
19 established by the United States Department of Housing and Urban
20 Development; or

21 (B) 30 percent of the statewide median income, as
22 adjusted for family size and as established by the United States
23 Department of Housing and Urban Development.

24 (3) "Housing choice voucher program" means the housing
25 choice voucher program under Section 8, United States Housing Act
26 of 1937 (42 U.S.C. Section 1437f), including housing choice
27 vouchers provided through the Veteran's Affairs Supportive Housing

1 Program.

2 (4) "Low income housing unit" means a residential unit
3 restricted for occupancy by an individual or family whose annual
4 median income is not more than the greater of:

5 (A) 60 percent of the area median income for the
6 household's place of residence, as adjusted for family size and as
7 established by the United States Department of Housing and Urban
8 Development; or

9 (B) 60 percent of the statewide median income, as
10 adjusted for family size and as established by the United States
11 Department of Housing and Urban Development.

12 (5) "Moderate income housing unit" means a residential
13 unit restricted for occupancy by an individual or family whose
14 annual median income is not more than the greater of:

15 (A) 80 percent of the area median income for the
16 household's place of residence, as adjusted for family size and as
17 established by the United States Department of Housing and Urban
18 Development; or

19 (B) 80 percent of the statewide median income, as
20 adjusted for family size and as established by the United States
21 Department of Housing and Urban Development.

22 (6) "Public facility user" means a public-private
23 partnership entity or a developer or other private entity that has
24 an ownership interest or a leasehold or other possessory interest
25 in a public facility that is a multifamily residential development.

26 (7) "Very low income housing unit" means a residential
27 unit restricted for occupancy by an individual or family whose

1 annual median income is not more than the greater of:

2 (A) 50 percent of the area median income for the
3 household's place of residence, as adjusted for family size and as
4 established by the United States Department of Housing and Urban
5 Development; or

6 (B) 50 percent of the statewide median income, as
7 adjusted for family size and as established by the United States
8 Department of Housing and Urban Development.

9 (b) A multifamily residential development must reserve:

10 (1) at least:

11 (A) 12 percent of the units in the development as
12 moderate income housing units;

13 (B) 12 percent of the units in the development as
14 low income housing units; and

15 (C) 12 percent of the units in the development:

16 (i) as very low income housing units; or

17 (ii) for tenants assigned project-based
18 vouchers under the housing choice voucher program; or

19 (2) at least:

20 (A) 30 percent of the units in the development as
21 moderate income housing units; and

22 (B) 10 percent of the units in the development:

23 (i) as extremely low income housing units;

24 or

25 (ii) for tenants assigned project-based
26 vouchers under the housing choice voucher program.

27 (c) The monthly rent charged for an income-restricted

1 residential unit may not exceed:

2 (1) 30 percent of the monthly income restriction
3 applicable to the unit under this section; or

4 (2) for a unit occupied by a recipient of a housing
5 choice voucher, the greater of:

6 (A) the amount described by Subdivision (1); or

7 (B) the monthly payment standard used by the
8 housing authority that administers the voucher for the unit.

9 (d) In calculating the income of an individual or family for
10 an income-restricted residential unit, the public facility user
11 must use the definition of annual income described in 24 C.F.R.
12 Section 5.609, as implemented by the United States Department of
13 Housing and Urban Development. If the income of a tenant exceeds an
14 applicable limit at the time of the renewal of a lease agreement for
15 a residential unit, the provisions of Section 42(g)(2)(D), Internal
16 Revenue Code of 1986, apply in determining whether the unit may
17 still qualify as an extremely low, very low, low, or moderate income
18 housing unit.

19 (e) A multifamily residential development, other than an
20 occupied development acquired by a corporation, must reserve, for
21 each income category applicable to income-restricted residential
22 units, one third of the units for each income category as
23 three-bedroom units, one-third of the units for each income
24 category as two-bedroom units, and one-third of the units for each
25 income category as one-bedroom units.

26 (f) For an occupied multifamily residential development
27 acquired by a corporation, the percentage of moderate income

1 housing units, low income housing units, very low income housing
2 units, and extremely low income housing units reserved in each
3 category of residential units in the development, as based on the
4 number of bedrooms per unit, must be the same as the percentage of
5 each category of residential units reserved in the development as a
6 whole.

7 (g) Income-restricted residential units reserved under
8 Subsection (b) may not be smaller than:

- 9 (1) 550 square feet for a one-bedroom unit;
10 (2) 800 square feet for a two-bedroom unit; and
11 (3) 1,000 square feet for a three-bedroom unit.

12 (h) To qualify as a bedroom under this section, the bedroom
13 must meet the qualifications for a bedroom in the state's qualified
14 allocation plan under Subchapter DD, Chapter 2306, Government Code,
15 that is in effect on the date the development is approved by the
16 corporation or sponsor.

17 (i) The public facility user may not:

18 (1) refuse to rent a residential unit to an individual
19 or family because the individual or family participates in the
20 housing choice voucher program, if the assistance received by the
21 individual or family through the program is equal to or greater than
22 the amount established as the maximum monthly rent for the
23 applicable unit under Subsection (c); or

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

1 rent payable for a unit.

2 (j) The public facility user shall:

3 (1) affirmatively market available residential units
4 directly to individuals and families participating in the housing
5 choice voucher program;

6 (2) notify local housing authorities of the
7 multifamily residential development's acceptance of tenants in the
8 housing choice voucher program; and

9 (3) include on the primary Internet website for the
10 development information about:

11 (A) the user's policy regarding the acceptance of
12 tenants participating in the housing choice voucher program; and

13 (B) the inclusion of income-restricted units
14 included in the development.

15 (k) Each lease agreement for a residential unit in a
16 multifamily residential development subject to this section must
17 provide that:

18 (1) the landlord may not retaliate against the tenant
19 or the tenant's guests by taking an action because the tenant
20 established, attempted to establish, or participated in a tenant
21 organization;

22 (2) the landlord may only choose to not renew the lease
23 if the tenant:

24 (A) is in material noncompliance with the lease,
25 including nonpayment of rent after the required cure period;

26 (B) committed one or more substantial violations
27 of the lease;

1 (C) failed to provide required information on the
2 income, composition, or eligibility of the tenant's household; or

3 (D) committed repeated minor violations of the
4 lease that:

5 (i) disrupt the livability of the property;

6 (ii) adversely affect the health and safety
7 of any person or the right to quiet enjoyment of the leased premises
8 and related development facilities;

9 (iii) interfere with the management of the
10 development; or

11 (iv) have an adverse financial effect on
12 the development, including the repeated failure of the tenant to
13 pay rent in a timely manner; and

14 (3) to not renew the lease, the landlord must serve a
15 written notice of proposed nonrenewal on the tenant not later than
16 the 30th day before the effective date of nonrenewal.

17 (l) A tenant may not waive the protections provided by
18 Subsection (k).

19 (m) Requirements under this subchapter that govern the
20 reservation of income-restricted residential units or the income
21 restrictions applicable to tenants of a multifamily residential
22 development must be documented in a land use restriction agreement
23 or a similar restrictive instrument that is recorded in the real
24 property records of the county in which the development is located.

25 Sec. 303.0426. AUDIT REQUIREMENTS RELATING TO CERTAIN
26 MULTIFAMILY RESIDENTIAL DEVELOPMENTS. (a) In this section:

27 (1) "Department" means the Texas Department of Housing

1 and Community Affairs.

2 (2) "Developer" has the meaning assigned by Section
3 303.0425.

4 (3) "Public facility user" has the meaning assigned by
5 Section 303.0425.

6 (b) The department shall conduct an audit of each public
7 facility user of a multifamily residential development claiming an
8 exemption under Section 303.042(c) and to which Section 303.0421
9 applies, to:

10 (1) determine whether the public facility user is in
11 compliance with Sections 303.0421 and 303.0425; and

12 (2) identify the difference in the rent charged for
13 income-restricted residential units and the estimated maximum
14 market rents that could be charged for those units without the rent
15 or income restrictions.

16 (c) The department shall conduct the audit required by
17 Subsection (b):

18 (1) for an occupied multifamily residential
19 development that is acquired by the corporation:

20 (A) annually for the first three years following
21 the date of acquisition; and

22 (B) each third year following the period
23 described by Paragraph (A); and

24 (2) for a multifamily residential development not
25 described by Subdivision (1):

26 (A) annually for the first three years following
27 the date of the issuance of the certificate of occupancy; and

1 (B) each third year following the period
2 described by Paragraph (A).

3 (d) The department shall complete and publish a report
4 regarding the findings of an audit conducted under this section.

5 The report must:

6 (1) be made available on the department's Internet
7 website;

8 (2) be issued to a public facility user that has an
9 interest in a development that is the subject of an audit; and

10 (3) describe in detail the nature of any failure to
11 comply with the requirements in Sections 303.0421 and 303.0425.

12 (e) The department shall adopt forms and reporting
13 standards for the auditing process.

14 (f) Not later than the 60th day after the date of receipt of
15 the department's audit report under Subsection (d)(2), a public
16 facility user shall provide a copy of the report to the comptroller,
17 the appraisal district containing the development that is the
18 subject of the report, the corporation, the governing body of the
19 corporation's sponsor, and, if the corporation's sponsor is a
20 housing authority, the elected officials that appointed the housing
21 authority's governing board.

22 (g) Not later than April 1 of each year for which an audit is
23 required under Subsection (c), a public facility user to which
24 Section 303.0421 applies shall pay to the department a fee of \$40
25 per unit contained in the development, as determined by the audit,
26 to reimburse the department for expenses related to the audit.

27 (h) If an audit conducted under this section establishes

1 that a public facility user is not in compliance with the
2 requirements of Section 303.0425 because the user collected rent in
3 an amount that exceeded the amount of rent authorized under Section
4 303.0425(c) or rented an income-restricted residential unit to a
5 tenant not qualified for occupancy of that unit, the appraisal
6 district may impose on the public facility user a penalty in the
7 following amounts, as applicable:

8 (1) 125 percent of the amount by which the amount of
9 rent collected for income-restricted residential units exceeded
10 the amount of rent authorized to be charged for those units under
11 Section 303.0425(c); and

12 (2) 125 percent of the difference between the amount
13 of rent collected for an income-restricted residential unit
14 occupied by a tenant not qualified for occupancy of that unit and
15 the full market rental rate for the unit.

16 (i) A penalty collected under Subsection (h):

17 (1) may not be refunded before a final disposition of
18 any applicable appeal;

19 (2) is in addition to any other remedy provided by law;
20 and

21 (3) shall be distributed to each taxing unit with
22 jurisdiction over the development pro rata according to the
23 applicable ad valorem tax rate of the jurisdictions.

24 (j) An exemption under Section 303.042(c) does not apply for
25 a tax year in which a multifamily residential development that is
26 owned by a public facility corporation created under this chapter:

27 (1) is determined by an audit conducted under this

1 section to not be in compliance with the requirements of Sections
2 303.0421 and 303.0425; and

3 (2) fails to cure the noncompliance within the 60-day
4 period immediately following the date of receipt of the audit
5 establishing the noncompliance.

6 (k) An audit conducted under this section is subject to
7 disclosure under Chapter 552, Government Code, except that
8 information containing tenant names, unit numbers, or other tenant
9 identifying information may be redacted.

10 Sec. 303.0427. REPORTING REQUIREMENTS RELATING TO
11 MULTIFAMILY RESIDENTIAL DEVELOPMENTS. (a) Not later than April 30
12 of each year, a public facility corporation that owns a multifamily
13 residential development for which an exemption is claimed under
14 Section 303.042(c) shall provide to the comptroller and the Texas
15 Department of Housing and Community Affairs a report that includes:

16 (1) a list of each multifamily residential development
17 owned by the public facility corporation, including:

18 (A) the name of the development;

19 (B) the street address of the development,
20 including the municipality and county in which the development is
21 located;

22 (C) the number of residential units in the
23 development, reported by number of bedrooms per unit;

24 (D) a summary of the income and rent restrictions
25 applicable to the development, disaggregated by the category of
26 income restriction and the number of bedrooms per unit of each
27 category of income restriction; and

1 (E) the name of the public facility user
2 associated with each development; and

3 (2) a copy of all agreements between the public
4 facility corporation and the public facility user for the
5 development, if those agreements have not previously been submitted
6 to the comptroller and department.

7 (b) The comptroller shall:

8 (1) post a copy of the report received under
9 Subsection (a) on the comptroller's Internet website; and

10 (2) for each report submitted, collect from the
11 corporation submitting the report a reasonable fee not to exceed
12 the amount necessary to offset the comptroller's costs of
13 administering this section.

14 SECTION 8. Sections 392.005(c) and (d), Local Government
15 Code, are amended to read as follows:

16 (c) An exemption under this section for a multifamily
17 residential development which is owned by [~~(i) a public facility~~
18 ~~corporation created by a housing authority under Chapter 303, (ii)]~~
19 a housing development corporation~~[7]~~ or [~~(iii)]~~ a similar entity
20 created by a housing authority, other than a public facility
21 corporation created by a housing authority under Chapter 303, and
22 which does not have at least 20 percent of its residential units
23 reserved for public housing units, applies only if:

24 (1) the authority holds a public hearing, at a regular
25 meeting of the authority's governing body, to approve the
26 development; and

27 (2) at least 50 percent of the units in the multifamily

1 residential development are reserved for occupancy by individuals
2 and families earning less than 80 percent of the area median
3 [~~family~~] income, adjusted for family size.

4 (d) For the purposes of Subsection (c), a "public housing
5 unit" is a residential [~~dwelling~~] unit for which the owner receives
6 a public housing operating subsidy. It does not include a unit for
7 which payments are made to the landlord under the federal Section 8
8 Housing Choice Voucher Program.

9 SECTION 9. (a) Subject to Subsections (b), (c), and (d) of
10 this section, Sections 303.0421 and 303.0425, Local Government
11 Code, as added by this Act, apply only to a tax imposed for a tax
12 year beginning on or after the effective date of this Act.

13 (b) Subject to Subsections (c) and (d) of this section,
14 Sections 303.0421 and 303.0425, Local Government Code, as added by
15 this Act, apply only to a multifamily residential development that
16 is approved on or after June 1, 2023, by a public facility
17 corporation or the sponsor of a public facility corporation, in
18 accordance with Chapter 303, Local Government Code. A multifamily
19 residential development that was approved by a public facility
20 corporation or the sponsor of a public facility corporation before
21 June 1, 2023, is governed by the law in effect on the date the
22 development was approved by the corporation or sponsor, and the
23 former law is continued in effect for that purpose. For purposes of
24 this subsection, a multifamily residential development is approved
25 on or after June 1, 2023, if the governing body of a public facility
26 corporation or the sponsor of a public facility corporation takes
27 initial action approving the development.

1 (c) Subject to Subsection (d) of this section, Section
2 303.0421(d), Local Government Code, as added by this Act, applies
3 only to an occupied multifamily residential development that is
4 acquired by a public facility corporation on or after June 1, 2023.
5 An occupied multifamily residential development that is acquired by
6 a public facility corporation before June 1, 2023, is governed by
7 the law in effect on the date the development was acquired by the
8 public facility corporation, and the former law is continued in
9 effect for that purpose. For purposes of this subsection, a
10 multifamily residential development is acquired on or after June 1,
11 2023, if the governing body of a public facility corporation or the
12 sponsor of a public facility corporation takes initial action
13 approving the acquisition of the development.

14 (d) Notwithstanding any other provision of this section:

15 (1) Sections 303.0426 and 303.0427, Local Government
16 Code, as added by this Act, apply to all multifamily residential
17 developments owned by a public facility corporation; and

18 (2) the initial report required to be submitted under
19 Section 303.0427(a), Local Government Code, as added by this Act,
20 by a public facility user of a multifamily residential development
21 must be submitted by April 1, 2024.

22 SECTION 10. Not later than January 1, 2024, the Texas
23 Department of Housing and Community Affairs shall adopt rules
24 necessary to implement Sections 303.0426 and 303.0427, Local
25 Government Code, as added by this Act.

26 SECTION 11. (a) Section 303.0426, Local Government Code,
27 as added by this Act, takes effect January 1, 2025.

1 (b) Except as otherwise provided by this Act, this Act takes
2 effect immediately if it receives a vote of two-thirds of all the
3 members elected to each house, as provided by Section 39, Article
4 III, Texas Constitution. If this Act does not receive the vote
5 necessary for immediate effect, this Act takes effect September 1,
6 2023.