

## **BILL ANALYSIS**

Senate Research Center

H.B. 23  
By: Harris et al. (Creighton)  
Local Government  
5/18/2025  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

According to information published by the Comptroller of Public Accounts of the State of Texas, the Texas median home sales price reached \$330,950 in the first quarter of 2024, a 1.6 percent increase compared to the same quarter in 2023. According to the Federal Reserve Bank of St. Louis, the median household income in Texas in 2023 was \$79,060. The bill's author has informed the committee that using this information along with current mortgage rates in Texas, a home would need to be less than \$300,000 to be considered affordable using the 2023 median household income in Texas. According to a 2021 study by the National Association of Home Builders, estimates showed that regulations imposed by government at all levels accounted for 23.8 percent of the final price of a new single-family home built for sale, with the cost of regulations including the pure cost of delay caused by complying with the regulations. Furthermore, the association reports that over 100 million households are unable to afford a median-priced new home and a \$1,000 increase in the price of such a home would further price over 100,000 households out of the market. The bill's author has informed the committee that with the state's continued population growth comes increased construction, which tends to result in backlogs at local planning and building departments as municipalities struggle to hire enough staff. The bill author has further informed the committee that home builders and remodelers are thus frequently stranded waiting for a municipality to review development documents and for building code inspectors to visit developments and approve in-process and completed work. As projects stand idle waiting for reviews and inspections, homeowners could suffer due to lengthy delays in moving into their homes while watching their costs increase. H.B. 23 seeks to address this issue by revising provisions relating to third-party review of development documents and third-party development inspections in order to help improve building times and reduce housing costs.

H.B. 23 amends current law relating to the authority of certain persons to obtain third-party review of plats and property development plans, permits, and similar documents, and the inspection of an improvement related to such a document.

### **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 Section 247.001(4), Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, to redefine "plan."

SECTION 2. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.0015, as follows:

Sec. 247.0015. CONSTRUCTION OF CHAPTER. Prohibits Chapter 247 (Regulation of Energy Sources and Engines) from being construed to exempt an applicant or property owner from compliance with certain requirements.

SECTION 3. Amends Section 247.002, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, as follows:

Sec. 247.002. New heading: **OPTION FOR THIRD-PARTY REVIEW OR INSPECTION.** (a) Authorizes an applicant for any required review of a development document, notwithstanding any other law and except as provided by Section 247.0021, to obtain review of the document from certain persons, including an engineer licensed under Chapter 1001 (Texas Board of Professional Engineers and Land Surveyors), Occupations Code, and competent in a branch of engineering applicable to the development document and designated by the engineer as an area of competency to the Texas Board of Professional Engineers.

Deletes existing text authorizing any required review of a development document, if a regulatory authority does not approve, conditionally approve, or disapprove a development document by the 15th day after the date prescribed by a provision of the Local Government Code for the approval, conditional approval, or disapproval of the document, to be performed by certain persons. Makes nonsubstantive changes.

(b) Authorizes an owner of land or an improvement to the land that requires a development inspection, notwithstanding any other law and except as provided by Section 247.0021, to obtain the inspection from certain persons, including an engineer licensed under Chapter 1001, Occupations Code, and competent in a branch of engineering applicable to development inspection and designated by the engineer as an area of competency to the Texas Board of Professional Engineers.

Deletes existing text authorizing a required development inspection, if a regulatory authority does not conduct a required development inspection by the 15th day after the date prescribed by a provision of this code for conducting the inspection, to be conducted by certain persons. Makes nonsubstantive changes.

(c) Authorizes an applicant or owner of land or an improvement to land who uses a person to conduct a review or inspection under this section, notwithstanding any other law and except as provided by Subsection (d), to rely on the determinations made by the person, and provides that any permits and approvals issued based on those determinations are binding on the regulatory authority.

(d) Authorizes a regulatory authority to rescind a development document granted as the result of a review or development inspection conducted by a person under Section 247.002 if the review or inspection did not comply with this chapter or violated a law, rule, standard, or other measure applicable to the regulatory authority for the review or inspection. Authorizes the regulatory authority, after the rescission, to prohibit a person from conducting another review or inspection for the regulatory authority in accordance with Section 247.007.

(e) Provides that this section does not limit the authority of a municipally owned utility, as that term is defined under Section 11.003, Utilities Code, to review development documents to ensure the safe interconnection of electrical installations within the utility's service area.

SECTION 4. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.0021, as follows:

Sec. 247.0021. **CERTIFICATE OF OCCUPANCY INSPECTION BY REGULATORY AUTHORITY.** Authorizes a regulatory authority, as the final approval required for a land development or improvement, to require and conduct a development inspection as a condition to receive a certificate of occupancy issued by the regulatory authority. Provides that, if the regulatory authority requires an inspection under this section, the regulatory authority:

(1) is required to conduct the inspection, make a final determination on whether to issue a certificate of occupancy, issue the certificate if approved, and notify the applicant of the results of the determination not later than the 10th day after the date the applicant requests the inspection; and

(2) except as provided by Section 247.002(d), is prohibited from using the inspection to affect the validity of the review of a development document or development inspection previously conducted by a third party for the property that is the subject of the inspection.

SECTION 5. Amends Section 247.004, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, as follows:

Sec. 247.004. **THIRD-PARTY REQUIREMENTS.** (a) Requires a person who reviews a development document or conducts a development inspection under Section 247.002 to take certain actions, including reviewing the document, conducting the inspection, and taking all other related actions in accordance with all applicable provisions of law as if the person is the regulatory authority.

(b) Authorizes a regulatory authority to take certain actions, including requiring a person who reviews a development document or conducts a development inspection to provide to the regulatory authority a copy of any development document or inspection-related note or report the person creates as part of the review or inspection. Makes nonsubstantive changes.

(c) Requires a person who reviews a development document or conducts a development inspection under Section 247.002 to maintain commercially reasonable professional liability insurance with a minimum annual limit of \$500,000 per occurrence and \$1 million in the aggregate and that names the regulatory authority and the applicant as additional insureds. Requires the person to provide a certificate of the required insurance to the regulatory authority before the person is authorized to commence a review or inspection under Section 247.002.

SECTION 6. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.0043, as follows:

Sec. 247.0043. **LIABILITY.** (a) Provides that a regulatory authority is not liable for a review or inspection conducted by a person under Section 247.002.

(b) Provides that a person reviewing a development document or conducting a development inspection under Section 247.002 is liable for damages resulting from the person's acts or omissions in conducting the review or inspection.

SECTION 7. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.0047, as follows:

Sec. 247.0047. **REQUIRED PROVISION OF NECESSARY INFORMATION; RELIANCE.** (a) Requires a regulatory authority to:

(1) post on the regulatory authority's Internet website each law, rule, standard, fee schedule, and other document necessary for a person to review a development document or conduct a development inspection under Section 247.002; or

(2) provide an electronic copy of the information described by Subdivision (1) on request not later than the second business day after the date the request is made.

(b) Authorizes a person who reviews a development document or conducts a development inspection under Section 247.002 to rely on the accuracy and completeness of the information provided by a regulatory authority under Subsection (a).

SECTION 8. Amends Section 247.005, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, as follows:

Sec. 247.005. New heading: **WAIVER AND ADDITIONAL APPROVAL PROHIBITED.** Prohibits a regulatory authority from requesting or requiring an applicant to:

(1) waive:

(A) the applicant's right to obtain third-party review under Section 247.002; or

(B) creates this paragraph from existing text and makes a nonsubstantive change; or

(2) obtain the regulatory authority's approval for a development document or development inspection that a third-party reviewer has approved.

SECTION 9. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.007, as follows:

Sec. 247.007. **REGULATORY AUTHORITY ENFORCEMENT.** Authorizes a regulatory authority to prohibit a person from performing a development document review or conducting a development inspection under Section 247.002 for the regulatory authority if the person:

(1) has repeatedly violated this chapter or a relevant law, rule, standard, or measure applicable to the regulatory authority for a review or inspection for the regulatory authority not fewer than five times; or

(2) knowingly or intentionally makes a misrepresentation, as determined by the regulatory authority, related to a review of a development document or development inspection conducted under Section 247.002 for any regulatory authority.

SECTION 10. Amends Chapter 247, Local Government Code, as added by Chapter 654 (H.B. 14), Acts of the 88th Legislature, Regular Session, 2023, by adding Section 247.008, as follows:

Sec. 247.008. **AUTHORIZED REGULATORY AUTHORITY DISAPPROVAL OF LAND DEVELOPMENT.** Authorizes a regulatory authority to disapprove land development for which a person is reviewing a development document or performing a development inspection under Section 247.002 if:

(1) the regulatory authority believes that the fundamental constitutional rights of persons in the area of the development are being violated by the approval of the development; or

(2) the applicant or owner of the land or improvement that is the subject of a development inspection under Section 247.002 is under a felony criminal investigation or an investigation for violating fundamental constitutional rights by the attorney general, a county attorney, or a district attorney.

SECTION 11. (a) Provides that, except as provided by Subsection (b) of this section, Chapter 247, Local Government Code, as amended by this Act, applies only to a development document or a request for a development inspection, as those terms are defined by Section 247.001 of that chapter, that was not final on the effective date of this Act. Provides that a development document or request for a development inspection that was final before the effective date of this Act is governed by the law applicable to the document or inspection immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(b) Makes application of Section 247.004(c), Local Government Code, as added by this Act, prospective.

SECTION 12. Effective date: upon passage or September 1, 2025.