

By: Bell of Montgomery, Gates, Cook, et al.

H.B. No. 1585

A BILL TO BE ENTITLED

AN ACT

relating to housing finance corporations and to the location of residential developments owned by those corporations.

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

SECTION 1. Section 394.032(e), Local Government Code, is amended to read as follows:

(e) A housing finance corporation may delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within ~~[and outside]~~ the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes.

SECTION 2. Section 394.039, Local Government Code, is amended to read as follows:

Sec. 394.039. SPECIFIC POWERS RELATING TO FINANCIAL AND PROPERTY TRANSACTIONS. A housing finance corporation may:

(1) lend money for its corporate purposes, invest and reinvest its funds, and take and hold real or personal property as security for the payment of the loaned or invested funds;

(2) mortgage, pledge, or grant security interests in any residential development, home mortgage, note, or other property in favor of the holders of bonds issued for those items;

(3) subject to Section 394.905(c), purchase, receive,

1 lease, or otherwise acquire, own, hold, improve, use, or deal in and
2 with real or personal property or interests in that property,
3 ~~[wherever the property is located,]~~ as required by the purposes of
4 the corporation or as donated to the corporation; and

5 (4) sell, convey, mortgage, pledge, lease, exchange,
6 transfer, and otherwise dispose of all or part of its property and
7 assets.

8 SECTION 3. Section 394.903, Local Government Code, is
9 amended to read as follows:

10 Sec. 394.903. LOCATION OF RESIDENTIAL DEVELOPMENTS
11 ~~[DEVELOPMENT]~~; TRANSFER OF [RESIDENTIAL DEVELOPMENT] SITES. (a)
12 A residential development subject to ~~[covered by]~~ this chapter must
13 be located within the boundaries of the local government that
14 formed the housing finance corporation that owns the development.

15 (b) The local government may transfer any residential
16 development site to a housing finance corporation by sale or lease.
17 The governing body of the local government may authorize the
18 transfer by resolution without submitting the issue to the voters
19 and without regard to the requirements, restrictions, limitations,
20 or other provisions contained in any other general, special, or
21 local law. The site location is subject to the requirements of this
22 chapter ~~[may be located wholly or partly inside or outside the local~~
23 ~~government]~~.

24 SECTION 4. Section 394.905, Local Government Code, is
25 amended to read as follows:

26 Sec. 394.905. EXEMPTION FROM TAXES AND FEES ~~[TAXATION]~~.

27 (a) The housing finance corporation, all property owned by it, the

1 income from the property, all bonds issued by it, the income from
2 the bonds, and the transfer of the bonds are exempt, as public
3 property used for public purposes, from license fees, recording
4 fees, and all other taxes imposed by this state or any political
5 subdivision of this state.

6 (b) The corporation is exempt from the franchise tax imposed
7 by Chapter 171, Tax Code, only if the corporation is exempted by
8 that chapter.

9 (c) Notwithstanding Subsections (a) and (b), a residential
10 development owned by a housing finance corporation is exempt from
11 taxes imposed by this state or a political subdivision of this state
12 only if the development is located within the boundaries of the
13 local government that formed the corporation.

14 SECTION 5. Section 394.905(c), Local Government Code, as
15 added by this Act, applies only to a tax or fee to be imposed on a
16 housing finance corporation with respect to a newly built
17 residential development for which a certificate of occupancy is
18 issued on or after the effective date of this Act or with respect to
19 any other residential development that is acquired by the
20 corporation on or after the effective date of this Act.

21 SECTION 6. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2025.