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H.B. No. 4582

A BILL TO BE ENTITLED

AN ACT

relating to reimbursement of infrastructure costs incurred by a developer of certain housing developments by certain municipalities and counties.

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

SECTION 1. Subtitle C, Title 12, Local Government Code, is amended by adding Chapter 396 to read as follows:

CHAPTER 396. ATTAINABLE HOUSING DEVELOPMENT INFRASTRUCTURE FOR CERTAIN MUNICIPALITIES AND COUNTIES

Sec. 396.001. DEFINITIONS. In this chapter:

(1) "Attainable housing development" means a residential development consisting of at least seven acres that is developed or renovated to provide at least 50 single-family offsite residences.

(2) "Infrastructure" means:

(A) a facility for water, wastewater, electricity, broadband Internet service, or another utility; and

(B) a street, road, highway, or bridge.

(3) "Single-family offsite residence" means a housing unit governed by Chapter 1201, Occupations Code.

Sec. 396.002. APPLICABILITY OF CHAPTER. This chapter applies only to:

(1) a county with a population greater than 2.5 million but less than 4 million;

1           (2) a county with a population greater than 190,000  
2 that is adjacent to a county described by Subdivision (1); and

3           (3) a municipality wholly or partly located in a  
4 county described by Subdivision (1) or (2).

5           Sec. 396.003. ELIGIBILITY FOR INFRASTRUCTURE COST  
6 REIMBURSEMENT. (a) A developer is eligible for reimbursement  
7 under this chapter for a cost incurred to build infrastructure  
8 related to an attainable housing development if:

9           (1) the developer directly or indirectly incurred the  
10 cost of building or financing the construction, maintenance, or  
11 renovation of the infrastructure or connection of the  
12 infrastructure to the development;

13           (2) a municipality or county would have built or  
14 financed the infrastructure had the infrastructure not been built  
15 by the developer;

16           (3) at least 80 percent of the lots in the development  
17 accommodate a single-family offsite residence that is at least  
18 1,000 square feet and not more than 2,500 square feet in area;

19           (4) the development is connected to:

20                   (A) a public water system; and

21                   (B) a sewer system as defined by Section 26.001,  
22 Water Code;

23           (5) the development is governed by a property owners'  
24 association agreement or land lease agreement that includes  
25 restrictive covenants relating to the maintenance of the common  
26 areas and grounds of the development and enforcement of community  
27 regulations;

1           (6) the developer offers units in the development to  
2 veterans or active duty members of the military, first responders,  
3 or employees of a school district; and

4           (7) the developer complies with Federal Housing  
5 Administration tenant site lease protections required by:

6                   (A) a municipality in which the development is  
7 wholly or partly located; and

8                   (B) a county in which the development is located  
9 if the development is wholly or partly located in the  
10 unincorporated area of the county.

11           (b) Costs that may be reimbursed under this chapter include:

12                   (1) financing costs;

13                   (2) installation, maintenance, or renovation costs,  
14 including supplies and labor; and

15                   (3) costs to connect to existing infrastructure.

16           Sec. 396.004. NOTICE OF REIMBURSEMENT. (a) A developer  
17 eligible under Section 396.003 may request reimbursement under this  
18 chapter by providing written notice to:

19                   (1) a municipality in which the development is wholly  
20 or partly located; and

21                   (2) a county in which the development is located if the  
22 development is wholly or partly located in the unincorporated area  
23 of the county.

24           (b) The notice must include:

25                   (1) an itemized list of the infrastructure costs  
26 described by Section 396.003 incurred by the developer; and

27                   (2) proof of payment for each infrastructure cost

1 incurred by the developer.

2 Sec. 396.005. REIMBURSEMENT OF INFRASTRUCTURE COSTS. (a)  
3 A municipality or county receiving notice under Section 396.004  
4 from a developer eligible under Section 396.003 may reimburse the  
5 developer's infrastructure costs described by Section 396.003 in  
6 accordance with this section.

7 (b) The amount of reimbursement paid to a developer under  
8 this chapter in a tax year may not exceed the amount of property  
9 taxes assessed by the municipality or county and paid by the  
10 developer for that tax year on the property on which the attainable  
11 housing development for which the developer seeks reimbursement is  
12 located. A county's liability for reimbursement under this chapter  
13 is limited to the property taxes assessed by the county on and paid  
14 by the developer for the property located in the unincorporated  
15 area of the county.

16 (c) A developer eligible under Section 396.003 is eligible  
17 for reimbursement under this chapter until the earlier of:

18 (1) the date on which the total reimbursement paid by a  
19 municipality or county under this chapter is equal to the total  
20 infrastructure costs described by Section 396.003 incurred by the  
21 developer for the attainable housing development; or

22 (2) the 10th anniversary of the date the developer  
23 first receives a reimbursement payment under this chapter.

24 (d) A municipality or county that reimburses a developer  
25 under this section must pay the initial reimbursement payment not  
26 later than the 90th day after the date the municipality or county  
27 receives the notice under Section 396.004.

1       Sec. 396.006. ANNUAL REPORT OF REIMBURSABLE COSTS. A  
2 developer that receives reimbursement under Section 396.005 shall  
3 submit an annual report to the municipality or county from which the  
4 developer receives reimbursement that includes:

5           (1) an itemized list of the infrastructure costs  
6 incurred by the developer during that year; and

7           (2) proof of payment for each infrastructure cost  
8 incurred by the developer during that year.

9       SECTION 2. The changes in law made by this Act apply only to  
10 costs incurred by an attainable housing development project on or  
11 after the effective date of this Act.

12       SECTION 3. This Act takes effect September 1, 2025.