

By: Cook

S. B. No. 2258

A BILL TO BE ENTITLED

# 1 AN ACT

## 2 relating to housing finance corporations.

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

4 SECTION 1. Section 394.003, Local Government Code, is  
5 amended by adding Subdivisions (10-a) and (10-b) to read as  
6 follows:

1 SECTION 2. The heading to Section 394.031, Local Government  
2 Code, is amended to read as follows:

3 Sec. 394.031. EXERCISE OF POWERS; AREA OF OPERATION.

4 SECTION 3. Section 394.031, Local Government Code, is  
5 amended by adding Subsections (c) and (d) to read as follows:

6 (c) Subject to Subsection (d), the area in which a housing  
7 finance corporation may exercise its powers is limited to:

8 (1) for a housing finance corporation sponsored by a  
9 municipality under Section 394.011, the jurisdictional boundaries  
10 of the municipality that sponsored the corporation;

11 (2) for a housing finance corporation sponsored by a  
12 county under Section 394.011, the unincorporated areas of the  
13 county that sponsored the corporation; or

14 (3) for a housing finance corporation sponsored by  
15 more than one local government under Section 394.012:

16 (A) the jurisdictional boundaries of each  
17 municipal sponsor of the corporation; and

18 (B) the unincorporated areas of each county  
19 sponsor of the corporation.

20 (d) A housing finance corporation may exercise its powers  
21 outside an area described by Subsection (c) only if:

22 (1) a resolution or order, as applicable, approving  
23 that exercise of power in the outside area is adopted by the  
24 governing body of each sponsoring local government and by the  
25 governing bodies of:

26 (A) each municipality that contains any part of  
27 the outside area in which the corporation proposes to operate; and

9 SECTION 4. Sections 394.032(a) and (e), Local Government  
10 Code, are amended to read as follows:

11                   (a) Subject to the limitations of Sections 394.031(c) and  
12 (d), a [A] housing finance corporation may:

13 (1) make contracts and other instruments as necessary  
14 or convenient to the exercise of powers under this chapter;

15 (2) incur liabilities;

16 (3) borrow money at rates determined by the

17 corporation;

22 (e) A housing finance corporation may delegate to the Texas  
23 Department of Housing and Community Affairs the authority to act on  
24 its behalf in the financing, refinancing, acquisition, leasing,  
25 ownership, improvement, and disposal of home mortgages or  
26 residential developments, within ~~and outside~~ the jurisdiction of  
27 the housing finance corporation, including its authority to issue

1 bonds for those purposes.

2 SECTION 5. Section **394.039**, Local Government Code, is  
3 amended to read as follows:

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

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

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

12 (3) purchase, receive, lease, or otherwise acquire,  
13 own, hold, improve, use, or deal in and with real or personal  
14 property or interests in that property, [~~wherever the property is~~  
15 ~~located,~~] as required by the purposes of the corporation or as  
16 donated to the corporation; and

17 (4) sell, convey, mortgage, pledge, lease, exchange,  
18 transfer, and otherwise dispose of all or part of its property and  
19 assets.

20 SECTION 6. Section **394.903**, Local Government Code, is  
21 amended to read as follows:

22 Sec. 394.903. TRANSFER [LOCATION] OF [RESIDENTIAL  
23 ~~DEVELOPMENT,~~] RESIDENTIAL DEVELOPMENT SITES. A [(a) A  
24 ~~residential development covered by this chapter must be located~~  
25 ~~within the local government.~~

26 [(b) The] local government may transfer any residential  
27 development site to a housing finance corporation by sale or lease.

S.B. No. 2258

1 The governing body of the local government may authorize the  
2 transfer by resolution without submitting the issue to the voters  
3 and without regard to the requirements, restrictions, limitations,  
4 or other provisions contained in any other general, special, or  
5 local law. The site location is subject to the requirements of this  
6 chapter ~~[may be located wholly or partly inside or outside the local~~  
7 ~~government]~~.

8 SECTION 7. Section 394.905, Local Government Code, is  
9 amended to read as follows:

10 Sec. 394.905. EXEMPTION FROM TAXES AND FEES [~~TAXATION~~].  
11 (a) Notwithstanding any other law, the ~~[The]~~ housing finance  
12 corporation, all property owned by it, the income from the  
13 property, all bonds issued by it, the income from the bonds, and the  
14 transfer of the bonds are exempt, as public property used for public  
15 purposes, from license fees, recording fees, and all other taxes  
16 imposed by this state or any political subdivision of this state  
17 only if the property is located in an area in which the housing  
18 finance corporation is authorized to exercise its powers as  
19 described by Section 394.031(c) or the exemption is approved by  
20 each applicable governing body described by Section 394.031(d).

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

24 SECTION 8. (a) Sections 394.031(c) and (d), Local  
25 Government Code, as added by this Act, apply only to the exercise of  
26 power by a housing finance corporation made on or after the  
27 effective date of this Act. An exercise of power made before the

1 effective date of this Act is governed by the law in effect on the  
2 date the power was exercised, and the former law is continued in  
3 effect for that purpose.

4 (b) Subject to Subsection (c) of this section, Section  
5 [394.905\(a\)](#), Local Government Code, as added by this Act, applies  
6 only to a tax or fee imposed for a tax year or calendar year,  
7 respectively, that begins on or after the effective date of this  
8 Act.

9 (c) Section [394.905\(a\)](#), Local Government Code, as added by  
10 this Act, applies only to a tax or fee to be imposed on a housing  
11 finance corporation with respect to an occupied residential  
12 development that is acquired by the corporation on or after the  
13 effective date of this Act or with respect to a newly built  
14 residential development for which a certificate of occupancy is  
15 issued on or after the effective date of this Act.

16 SECTION 9. This Act takes effect immediately if it receives  
17 a vote of two-thirds of all the members elected to each house, as  
18 provided by Section [39](#), Article III, Texas Constitution. If this  
19 Act does not receive the vote necessary for immediate effect, this  
20 Act takes effect September 1, 2025.