

By: Cook

S.B. No. 2258

A BILL TO BE ENTITLED

AN ACT

relating to housing finance corporations.

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

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

(10-a) "Low income" means an individual or family whose annual median income is not more than the greater of:

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

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

(10-b) "Moderate income" means an individual or family whose annual median income is not more than the greater of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (B) if proposing to operate in the unincorporated
2 area of a county, each county that contains any part of the outside
3 area in which the corporation proposes to operate; and

4 (2) that exercise of power is approved by each housing
5 finance corporation that is sponsored by a local government
6 described by Subdivision (1)(A) or (B) and that is already
7 exercising power in the outside area under the authority of
8 Subsection (c).

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;

18 (4) issue notes, bonds, and other obligations; and

19 (5) secure any of its obligations by the mortgage or
20 pledge of all or part of the corporation's property, franchises,
21 and income.

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

bonds for those purposes.

SECTION 5. 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) purchase, receive, lease, or otherwise acquire, own, hold, improve, use, or deal in and with real or personal property or interests in that property, ~~[wherever the property is located]~~ as required by the purposes of the corporation or as donated to the corporation; and

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

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

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

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

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.