

By: Middleton

S.B. No. 2976

A BILL TO BE ENTITLED

AN ACT

relating to the areas of operation of housing finance corporations.

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

SECTION 1. 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 2. Section 394.031, Local Government Code, is amended by adding Subsection (c) to read as follows:

(c) 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.

SECTION 3. Sections 394.032(a) and (e), Local Government Code, are amended to read as follows:

(a) Subject to the limitations of Section 394.031(c), a [A]
housing finance corporation may:

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

(2) incur liabilities;

(3) borrow money at rates determined by the
corporation;

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

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

(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 4. 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

1 in favor of the holders of bonds issued for those items;

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

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

10 SECTION 5. Section 394.903, Local Government Code, is
11 amended to read as follows:

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

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

25 SECTION 6. Section 394.905, Local Government Code, is
26 amended to read as follows:

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

1 (a) Notwithstanding any other law, the [The] housing finance
2 corporation, all property owned by it, the income from the
3 property, all bonds issued by it, the income from the bonds, and the
4 transfer of the bonds are exempt, as public property used for public
5 purposes, from license fees, recording fees, and all other taxes
6 imposed by this state or any political subdivision of this state
7 only if the applicable property, including a development, facility,
8 or home, is located in an area in which the housing finance
9 corporation is authorized to exercise its powers as described by
10 Section 394.031(c).

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

14 SECTION 7. (a) Section 394.031(c), Local Government Code,
15 as added by this Act, applies only to the exercise of power by a
16 housing finance corporation made on or after the effective date of
17 this Act. An exercise of power made before the effective date of
18 this Act is governed by the law in effect on the date the power was
19 exercised, and the former law is continued in effect for that
20 purpose.

21 (b) Section 394.905(a), Local Government Code, as added by
22 this Act, applies only to a tax or fee to be imposed on a housing
23 finance corporation with respect to an occupied residential
24 development that is acquired by the corporation on or after the
25 effective date of this Act or with respect to a newly built
26 residential development for which a certificate of occupancy is
27 issued on or after the effective date of this Act.

1 SECTION 8. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2025.