

RESOLUTION NO. 2024-038

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORTH RICHLAND HILLS, TEXAS, AUTHORIZING STAFF TO PURSUE A STATUTORY AMENDMENT TO TEXAS LOCAL GOVERNMENT CODE CHAPTER 394 REGARDING HOUSING FINANCE CORPORATIONS IN MUNICIPALITIES AND COUNTIES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of North Richland Hills (“City”) is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and

WHEREAS, the Texas Housing Finance Corporations Act, codified as Texas Local Government Code Chapter 394 (the “Act”), provides regulations for housing finance corporations which can be created by any local government, defined as any municipality or county, for the purposes defined therein; and

WHEREAS, the purpose of the Act is to provide a means to finance the cost of residential ownership and development that will provide decent, safe, and sanitary housing at affordable prices for residents of local governments; and

WHEREAS, under the Act, all property owned by a housing finance corporation is exempt from all taxes imposed by this state or any political subdivision of the State of Texas; and

WHEREAS, the City acknowledges the general purpose of housing finance corporations promotes the public health, safety, morals, and welfare of the citizens within the jurisdiction of a housing finance corporation; and

WHEREAS, Section 394.005 of the Act provides that the authority granted by the Act to create tax exempt housing does not apply within a municipality with more than 20,000 inhabitants as determined by the housing finance corporation’s rules, resolutions relating to the issuance of bonds, or financing documents relating to the issuance of bonds, unless the governing body of the municipality approves the application of the Act to that property; and

WHEREAS, the City has become aware that the Cameron County Housing Finance Corporation, which is located in south Texas, owns property located in the City of Euless that has been registered as tax exempt without the approval of Euless City Council; and

WHEREAS, the Cameron County Housing Finance Corporation has been found to own properties throughout the State of Texas, outside of Cameron County, which are all tax exempt; and

WHEREAS, the Cameron County Housing Finance Corporation has adopted an interpretation of Section 394.005 of the Act that the consent of the governing body of a municipality is only required if the housing finance corporation requests such consent; and

WHEREAS, the City believes that the public interest in the State of Texas to provide affordable housing is undermined by allowing housing finance corporations to create tax exempt housing outside of the jurisdiction of such housing finance corporation without offsetting the burdens placed on municipalities to provide police and fire protection, parks and other public facilities, code enforcement, and other governmental services that are unfunded due to the tax-exempt status; and

WHEREAS, the Cities finds it would be in the best interest of its citizens to seek a statutory amendment that would clarify the authority of housing finance corporations to remove properties from a municipality's tax rolls without the consent of the municipality.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH RICHLAND HILLS, TEXAS, THAT:

SECTION 1. The foregoing recitals are hereby found to be true and correct findings of the City Council of the City of North Richland Hills, Texas, is fully incorporated into the body of this Resolution.

SECTION 2. The City agrees and supports amendments to Chapter 394 of the Texas Local Government Code, attached as Exhibit A, and authorize Cities' staff to pursue the statutory amendments.

SECTION 3. This Resolution shall become effective from and after its passage.

PASSED AND APPROVED on the 12th of August 2024.

CITY OF NORTH RICHLAND HILLS

Jack McCarty, Mayor

ATTEST:

Alicia Richardson
City Secretary/Chief Governance Officer

APPROVED AS TO FORM AND LEGALITY:

Cara Leahy White, Interim City Attorney

APPROVED AS TO CONTENT:

Craig Hulse, Director of Economic
Development

EXHIBIT A

PROPOSED AMENDMENTS TO THE TEXAS HOUSING FINANCE CORPORATIONS ACT – CHAPTER 394 OF THE TEXAS LOCAL GOVERNMENT CODE

Section 394.005, Local Government Code, is amended to read as follows:

~~This chapter does not apply to~~ The authority of a housing finance corporation does not apply to property located within a municipality that has not authorized, sponsored, or otherwise participated in the creation of the housing finance corporation with more than 20,000 as determined by the housing finance corporation's rules, resolutions relating to the issuance of bonds, or financing documents relating to the issuance of bonds, unless the governing body of the municipality approves the application of this chapter to that property.

Section 394.032, Local Government Code, is amended by adding subsection (f) to read as follows:

(f) A housing finance corporation may only carry out the purposes stated in this chapter within the jurisdictional boundaries of the local government that has authorized, sponsored, or otherwise participated in the creation of the housing finance corporation, except as otherwise provided under Section 394.005.

Section 394.039, Local Government Code, is amended by revising subsection (3) to read as follows:

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 interest in any residential development, home mortgage, note, or other property in favor of the holders of bonds issued for those items; and

(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 394.9025, Local Government Code, is amended by adding subsection (a) and re-designating the remaining subsections to read as follows:

(a) A multifamily residential development covered by this chapter must be located within the jurisdictional boundaries of the local government that authorized, sponsored, or otherwise participated in the creation of the housing finance corporation, except as otherwise provided under Section 394.005.

~~(a)~~ (b) Following a public hearing, a housing finance corporation may issue bonds to finance a multifamily residential development to be owned by the housing finance corporation if at least 50 percent of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80 percent of the area median family income.

~~(b)~~ (c) Following a public hearing by the governing body of the local government, a housing finance corporation may issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with Section 394.004 if the housing finance corporation receives approval of the governing body of the local government.

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

(a) A residential development covered by this chapter must be located within the jurisdictional boundaries of the local government that authorized, sponsored, or otherwise participated in the creation of the housing finance corporation, except as otherwise provided under Section 394.005.

(b) The local government may transfer any residential development site to a housing finance corporation by sale or lease. The governing body of the local government may authorize the transfer by resolution without submitting the issue to the voters and without regard to the requirements, restriction, limitations, or other provisions contained in any other general, special, or local law. The site may be located wholly or partly inside or outside the jurisdictional boundaries of the local government, except as otherwise provided under Section 394.005.