

## BILL ANALYSIS

Senate Research Center

H.B. 2209  
By: McClendon (Madla)  
Intergovernmental Relations  
6/24/1999  
Enrolled

### DIGEST

Under the Public Facility Corporation Act, housing authorities may create nonprofit public facility corporations to promote development of residential housing and accomplish other public purposes. Although the legislature has declared public facility corporations to be public corporations and instrumentalities of the housing authority, there is no statutory provision specifically authorizing a housing authority that creates a public facility corporation to enter into a transaction with that corporation. As a result, the attorney general, in reviewing tax-exempt bond financing, has questioned the ability of such a housing authority to make capital contributions or loans to these entities. H.B. 2209 will establish conditions regarding the ability of a public housing authority to use a public facility corporation to promote development of residential housing and accomplish other public purposes.

### PURPOSE

As enrolled, H.B. 2209 establishes conditions regarding the ability of a public housing authority to use a public facility corporation to promote development of residential housing and accomplish other public purposes.

### RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 392D, Local Government Code, by adding Section 392.066, as follows:

Sec. 392.066. PUBLIC FACILITY CORPORATION. Authorizes an authority that creates a public facility corporation (corporation) with or without consideration, for the purpose of providing affordable housing or housing assistance, to enter into an agreement with, make a contribution to, make an investment in, enter into a lease or exchange with, or make a mortgage or loan to the corporation in order to accomplish certain conditions. Sets forth further considerations and conditions for an authority regarding the providing of affordable housing or housing assistance and for a purpose described by Subsection (a). Authorizes an authority to exercise a power granted by Subsection (a) to fulfill certain conditions for the purpose of providing affordable housing. Provides that the powers granted by this section do not affect the powers of the authority granted under Article 717s, V.T.C.S. Requires a housing development project or other program that uses funds provided by an authority to benefit individuals and families whose incomes are not more than 60 percent of the area median family income, adjusted for family size, in the same proportion that the funds provided bear to the overall cost of the housing development project or other program.

SECTION 2. Emergency clause.  
Effective date: upon passage.