

SUBJECT: Allowing certain municipalities to create homestead preservation districts

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 5 ayes — Alvarado, Bernal, Elkins, Isaac, J. Johnson

0 nays

2 absent — Leach, Zedler

WITNESSES: For — Mike Etienne, City of San Antonio; Erika Ragsdale, City of San Antonio Neighborhood and Housing Services; Richard Milk, San Antonio Housing Authority, Housing Commission; Charlie Duncan, Texas Low Income Housing Information Service; (*Registered, but did not testify:* Jesse Ozuna, City of Houston Mayor's Office; Matt Hull, Texas Association of Community Development Corporations; David King; Bianca Maldonado)

Against — None

On — Gina Copic, City of Austin

BACKGROUND: The 79th Legislature in 2005 enacted HB 525 by Rodriguez, allowing certain cities to establish homestead preservation districts. These districts are designed to promote a city's ability to increase home ownership, provide affordable housing, and prevent low-income and moderate income homeowners living in disadvantaged neighborhoods from losing their homes.

Under Local Government Code, ch. 373A, which was added by HB 525, eligible cities may create a homestead preservation reinvestment zone to develop or redevelop affordable housing. A city that designates a homestead preservation district also may provide tax-exempt bond financing, density bonuses, or other incentives to increase the supply of affordable housing and maintain the affordability of existing housing for low-income and moderate-income families.

Some have suggested providing San Antonio with more tools to prevent the displacement of low-income and moderate-income families in neighborhoods with rapidly increasing home values.

DIGEST:

CSHB 3691 would allow a city described by the bill to create homestead preservation districts and reinvestment zones.

To be designated as a homestead preservation district and reinvestment zone, among other requirements, an area would have to have an overall poverty rate of at least 25 percent, rather than the current requirement that the poverty rate be a least two times the poverty rate for the entire municipality.

The bill would take effect September 1, 2017.