

SUBJECT: Allowing Houston to establish homestead preservation districts

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 6 ayes — Alvarado, Leach, Bernal, Elkins, Isaac, J. Johnson
0 nays
1 absent — Zedler

WITNESSES: For — Joseph Crawford, City of Houston Mayor's Office; (*Registered, but did not testify*: Jesse Ozuna, City of Houston Mayor's Office; Matt Hull, Texas Association of Community Development Corporations; Charlie Duncan, Texas Low Income Housing Information Service; Aimee Mobley Turney)
Against — None

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 Houston with more tools to prevent the displacement of low-income and moderate-income families in neighborhoods with rapidly increasing home values.

DIGEST: HB 3919 would allow the City of Houston to create homestead preservation districts and reinvestment zones.

To be designated as a homestead preservation district or reinvestment zone within Houston, an area would have to be composed of census tracts forming a spatially compact area. Houston City Council also would be required to determine that:

- the area would benefit from the inclusion of low-income households;
- low-income and moderate-income homeowners within the area were at the risk of losing their homesteads through displacement; and
- the designation would serve one or more purposes of homestead preservation districts and reinvestment zones outlined in Local Government Code, ch. 373A.

The bill would take effect September 1, 2017.