

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2266
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Some municipalities are starting to use a new "tool" in their effort to provide more low-income housing units. This new "tool" involves forcing developers and home builders to provide a certain portion of their units at below market rates as a condition for receiving an array of development or building permits.

By setting price controls, municipalities magnify the same problems they are trying to fix. While a very select few are allowed to purchase homes at below market rates, the other buyers subsidize that purchase through higher costs for their own homes.

C.S.H.B. 2266 prohibits municipalities from mandating housing prices for the private sector, but the bill does allow them to offer incentive programs to developers in exchange for providing affordable housing units to the community.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amend Subchapter Z, Chapter 214, Local Government Code, by adding Section 214.904, as follows:

Sec. 214.904. PROHIBITION OF CERTAIN MUNICIPAL REQUIREMENTS REGARDING SALES OF HOUSING UNITS OR RESIDENTIAL LOTS. (a) Prohibits a municipality from adopting a requirement in any form, including through an ordinance or regulation or as a condition for granting a building permit, that establishes a maximum sales price for a privately produced housing unit or residential building lot.

(b) Provides that this section does not affect any authority of a municipality to create or implement an incentive, contract commitment, density bonus, or other voluntary program designed to increase the supply of moderate or lower cost housing units.

(c) Provides that this section does not apply to a requirement adopted by a municipality for an area as a part of a development agreement entered into before September 1, 2005.

SECTION 2. Effective date: September 1, 2005.