

RESOLUTION NO. 2026-

A RESOLUTION OF THE CITY OF LEAGUE CITY, TEXAS,  
ESTABLISHING A DEFAULT POLICY OF NON-APPROVAL  
FOR HOUSING FINANCE CORPORATION PROJECTS  
LOCATED WITHIN THE CITY; PRESERVING CITY COUNCIL  
DISCRETION TO CONSIDER PROJECTS ON A CASE-BY-  
CASE BASIS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, in prior years, certain housing finance corporations created under Chapter 394 of the Texas Local Government Code engaged in transactions involving multifamily residential developments located outside the territorial boundaries of the jurisdiction that created the corporation, often in partnership with private developers; and

WHEREAS, these transactions frequently involved nominal or limited ownership interests held by such housing finance corporations in otherwise market-rate developments, which allowed those developments to qualify for full or partial ad valorem tax exemptions, thereby removing significant taxable value from the tax rolls of the jurisdiction in which the development was located; and

WHEREAS, local governments in which such developments were located often had no role in approving, evaluating, or negotiating these transactions, despite bearing the fiscal impacts associated with reduced property tax revenues and increased demand for municipal services; and

WHEREAS, these practices raised statewide concerns that the use of housing finance corporations in this manner undermined local control, deviated from the intended purpose of Chapter 394, and allowed tax exemptions to be granted without sufficient public benefit or accountability to the affected communities; and

WHEREAS, in response to these concerns, the Texas Legislature enacted HB 21, amending Chapter 394 of the Texas Local Government Code to impose geographic limitations on housing finance corporations and to require approval from the governing body of the municipality or county in which a development is located when a corporation proposes to operate outside its jurisdiction; and

WHEREAS, the City Council of the City of League City finds that these legislative changes were necessary to restore local oversight and to ensure that decisions affecting the City's tax base and community development are subject to local review and approval; and

WHEREAS, the City Council further finds that certain housing finance corporation developments may reduce the City's ad valorem tax base without providing commensurate public benefit to the residents of the City, and that it is in the best interest of the City to establish a clear policy regarding such developments while retaining discretion to evaluate projects on a case-by-case basis;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS, as follows:

Section 1. The Policy of Non-Support. The City hereby declares that, as a default policy, the City does not support multifamily residential developments within the City of League

City that are owned, sponsored, or financed by a housing finance corporation and that are structured to obtain a full or partial exemption from ad valorem taxation, unless expressly approved by the City Council as provided herein.

**Section 2. The Requirement of Project-Specific Approval.** No such development shall be deemed to have the support or approval of the City unless and until the City Council adopts a separate, project-specific resolution granting approval in accordance with Chapter 394 of the Texas Local Government Code.

**Section 3. Reservation of Discretion.** Nothing in this Resolution shall limit or restrict the City Council’s authority to consider and approve a specific development in its sole discretion. The City Council expressly reserves the right to evaluate any proposed development on a case-by-case basis and to approve such development upon a finding that it provides a clear and substantial public benefit to the City.

**Section 4. Evaluation Considerations.** In exercising its discretion, the City Council may consider any factors it deems relevant, including the extent to which the proposed development provides meaningful and verifiable affordability levels, maintains fiscal neutrality or produces a net fiscal benefit to the City, aligns with the City’s adopted plans and strategic priorities, and includes enforceable commitments ensuring long-term public benefit.

**Section 5. No Implied Approval.** The absence of a project-specific resolution of approval by the City Council shall constitute non-approval for purposes of Chapter 394 of the Texas Local Government Code. No statement, action, or inaction by City staff or officials shall be construed as approval unless authorized by formal action of the City Council.

**Section 6. Policy Nature of Resolution.** This Resolution is intended to establish general policy guidance and does not create any vested rights, contractual obligations, or entitlement to approval. All proposed developments remain subject to applicable laws, regulations, and discretionary approvals.

**Section 7. Repealer.** All resolutions and agreements and parts of resolutions and agreements in conflict herewith are hereby repealed to the extent of the conflict only.

**Section 8. Public Notice.** It is hereby found and determined that the meeting at which this resolution was passed was open to the public and that advance public notice of the time, place and purpose of said meeting was given as required by law.

PASSED AND APPROVED the \_\_\_\_ day of \_\_\_\_\_, 2026.

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NICK LONG  
Mayor

ATTEST:

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DIANA STAPP  
City Secretary

APPROVED AS TO FORM:

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MICHELLE L. VILLARREAL  
City Attorney (mv)