

Texas House bill tries to close property tax exemption loophole

By Steven Dial | Published April 29, 2025 4:19pm CDT | Texas Legislature | FOX 4 | [↗](#)

DALLAS - Some Texas lawmakers are trying to close what they call a property tax exemption loophole. It involves housing financial corporations, or HFCs.

What are HFCs?

Cities use housing financial corporations to provide affordable housing and apartments.

In exchange, the property owners receive tax exemptions.

The original intent of the program was to provide housing for people like teachers and first responders.

The problem is that some of these deals are being done without city approval.

House Bill 21

State Rep. Gary Gates, a Republican from the Houston area, filed HB 21 to ban traveling HFCs.

For example, an HFC from West Texas could approve the purchase of an apartment development in North Texas, and that property is removed from the tax rolls.

The state budget office estimates billions of dollars in tax revenue have been lost due to the loophole.

Gates said the bill is all about putting guardrails on the issue.

"I cannot find an owner who suffers any income loss for receiving 100% property tax exemption while still charging market rent," he said.

Without local oversight, he argued it is hard for cities to know if HFC properties are following guidelines.

Some North Texas officials provided testimony supporting HB 21. They believe the program is being abused by property buyers who can avoid oversight by making purchase agreements through outside HFCs.

"The current application contradicts the act's intent by enabling HFCs to travel statewide, stripping local governments of tax revenue and oversight of public benefit," said Euless City Manager Chris Barker.

Oak Park Apartments in Euless has been around for 40 years. A few years ago, it was purchased by the Cameron County HFC, which is located more than 500 miles away.

"They purchased the property in Euless and received a 100% tax abatement with no contact, no notification, no consultation, or no consent by the Euless City Council," Barker said.

The HFC purchase resulted in a loss of \$115 million in taxable value at that property alone.

FOX 4 called Cameron County HFC for comment, but did not hear back.

Last month, Williamson County in Central Texas sued Cameron County HFC for a similar issue.

"We want these people to come to us and give, allow us to give our permission. We wouldn't necessarily say no every single time. But if it's gonna happen in our community, we need to be involved," said Jon Weist, an Irving legislative officer.

The Arlington mayor has focused his attention on Zenith Apartments near AT&T Stadium, which is owned by Pecos HFC in West Texas.

Last week, Arlington was granted a restraining order against Pecos HFC.

Developers believe the bill would reduce available housing.

"That loss would be felt not only by families seeking to live affordably throughout our entire communities but also by cities and counties seeking investment and retirement in housing for economic development and revitalization," said Lance Gilliam, the managing partner of Concentric Community Advisors.

A member of the Army National Guard who lives at Zenith Apartments in Arlington sent a letter to the lawmakers arguing that the program helps people like him save money because of reduced fees for military and first responders.