

By: Dominguez

H.B. No. 1795

Substitute the following for H.B. No. 1795:

By: Buckley

C.S.H.B. No. 1795

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the adoption of a veterans' land bank program by the
3 Texas State Affordable Housing Corporation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2306.566(c), Government Code, is amended
6 to read as follows:

7 (c) The corporation's plan must include:

8 (1) specific proposals to help serve rural and other
9 underserved areas of the state; and

10 (2) the veterans' land bank plan developed under
11 Section 2306.5622.

12 SECTION 2. Subchapter Y, Chapter 2306, Government Code, is
13 amended by adding Section 2306.5622 to read as follows:

14 Sec. 2306.5622. VETERANS' LAND BANK PROGRAM. (a) In this
15 section:

16 (1) "Affordable" means that the monthly mortgage
17 payment or contract rent does not exceed 30 percent of the
18 applicable median family income for that unit size, in accordance
19 with the income and rent limit rules adopted by the Texas Department
20 of Housing and Community Affairs.

21 (2) "Community housing development organization" or
22 "organization" means an organization that:

23 (A) meets the definition of a community housing
24 development organization in 24 C.F.R. Section 92.2; and

1 (B) is certified by a municipality or county as a
2 community housing development organization.

3 (3) "Low-income household" means a household with an
4 income of not greater than 80 percent of the area median family
5 income, based on gross household income, adjusted for household
6 size, for a municipality or, if located in an area that is not part
7 of a municipality, a county, as determined annually by the United
8 States Department of Housing and Urban Development.

9 (4) "Qualified participating developer" means a
10 developer who meets the requirements of Subsection (f) and includes
11 a qualified organization under Subsection (s).

12 (5) "Veteran" has the meaning provided by Section
13 161.001, Natural Resources Code.

14 (6) "Veterans' land bank" means an entity established
15 or approved by the corporation for the purpose of acquiring,
16 holding, and transferring unimproved real property under this
17 section to provide affordable housing for veterans who are members
18 of low-income households.

19 (7) "Veterans' land bank plan" or "plan" means a plan
20 adopted by the corporation as provided by Subsection (g).

21 (8) "Veterans' land bank program" or "program" means a
22 program adopted under Subsection (c).

23 (b) This section controls to the extent of any conflict
24 between this section and another provision of this chapter.

25 (c) The corporation shall adopt a veterans' land bank
26 program and establish or approve a veterans' land bank for the
27 purpose of acquiring, holding, and transferring unimproved real

1 property under this section to provide affordable housing for
2 veterans who are members of low-income households.

3 (d) Property held by the veterans' land bank must include
4 property acquired in the manner provided by Subsection (i) and may
5 include other property acquired by or transferred to the veterans'
6 land bank.

7 (e) A sale or other transfer of property for use in
8 connection with the program is a sale for a public purpose.

9 (f) To qualify to participate in the program, a developer
10 must:

11 (1) have developed three or more housing units within
12 the three-year period preceding the submission of a proposal to the
13 veterans' land bank seeking to acquire real property from the
14 veterans' land bank;

15 (2) have a development plan approved by the
16 corporation for the veterans' land bank property; and

17 (3) meet any other requirements adopted by the
18 corporation in the veterans' land bank plan.

19 (g) The corporation shall operate the program in
20 conformance with a veterans' land bank plan. The corporation shall
21 adopt a plan annually. The plan may be amended from time to time.
22 In developing the plan, the corporation shall consider any other
23 housing plans adopted by a municipality or county in which the
24 corporation intends to implement the program. The plan must
25 include the corporation's plan for affordable housing development
26 on parcels of real property.

27 (h) Before adopting a plan, the corporation shall hold a

1 public hearing on the proposed plan. The corporation shall provide
2 notice of the hearing to all community housing development
3 organizations and to neighborhood associations identified by the
4 corporation as serving the neighborhoods in which properties
5 anticipated to be available for sale or transfer to the veterans'
6 land bank under this section are located. The corporation shall
7 make copies of the proposed plan available to the public not later
8 than the 30th day before the date of the public hearing.

9 (i) Notwithstanding any other law and except as provided by
10 Subsection (m), property that is ordered sold pursuant to
11 foreclosure of a tax lien may be sold in a private sale to a
12 veterans' land bank by the officer charged with the sale of the
13 property without first offering the property for sale as otherwise
14 provided by Section 34.01, Tax Code, if:

15 (1) the market value of the property as specified in
16 the judgment of foreclosure is less than the total amount due under
17 the judgment, including all taxes, penalties, and interest, plus
18 the value of nontax liens held by a taxing unit and awarded by the
19 judgment, court costs, and the cost of the sale;

20 (2) the property is not improved with a building or
21 buildings;

22 (3) there are delinquent taxes on the property for a
23 total of at least five years; and

24 (4) all taxing units that are parties to the tax suit
25 have executed an interlocal agreement that enables those units to
26 agree to participate in the program while retaining the right to
27 withhold consent to the sale of specific properties to the

1 veterans' land bank.

2 (j) If the person being sued in a suit for foreclosure of a
3 tax lien does not contest the market value of the property in the
4 suit, the person waives the right to challenge the amount of the
5 market value determined by the court for purposes of the sale of the
6 property under Section 33.50, Tax Code.

7 (k) For any sale of property under Subsection (i), each
8 person who was a defendant to the judgment, or that person's
9 attorney, shall be given, not later than the 90th day before the
10 date of sale, written notice of the proposed method of sale of the
11 property by the officer charged with the sale of the property.
12 Notice shall be given in the manner prescribed by Rule 21a, Texas
13 Rules of Civil Procedure.

14 (l) After receipt of the notice required by Subsection (k)
15 and before the date of the proposed sale, the owner of the property
16 subject to sale may file with the officer charged with the sale a
17 written request that the property not be sold in the manner provided
18 by Subsection (i).

19 (m) If the officer charged with the sale receives a written
20 request as provided by Subsection (l), the officer shall sell the
21 property as otherwise provided in Section 34.01, Tax Code.

22 (n) The owner of the property subject to sale may not
23 receive any proceeds of a sale under this section. However, the
24 owner does not have any personal liability for a deficiency of the
25 judgment as a result of a sale under this section.

26 (o) Notwithstanding any other law, if consent is given by
27 the taxing units that are a party to the judgment, property may be

1 sold to the veterans' land bank for less than the market value of
2 the property as specified in the judgment or less than the total of
3 all taxes, penalties, and interest, plus the value of nontax liens
4 held by a taxing unit and awarded by the judgment, court costs, and
5 the cost of the sale.

6 (p) The deed of conveyance of the property sold to a
7 veterans' land bank under Subsection (i) conveys to the veterans'
8 land bank the right, title, and interest acquired or held by each
9 taxing unit that was a party to the judgment, subject to the right
10 of redemption.

11 (q) Each subsequent resale by a veterans' land bank of
12 property acquired by the veterans' land bank under Subsection (i)
13 must comply with the conditions of this subsection. Within the
14 10-year period following the date of acquisition, the veterans'
15 land bank must sell a property to a qualified participating
16 developer for the purpose of construction of affordable housing for
17 sale or rent to veterans who are members of low-income households.
18 If after 10 years a qualified participating developer has not
19 purchased the property, the property shall be transferred from the
20 veterans' land bank to the taxing units who were parties to the
21 judgment for disposition as otherwise allowed under the law. The
22 deed conveying a property sold by the veterans' land bank must
23 include a right of reverter so that if the qualified participating
24 developer does not apply for a construction permit and close on any
25 construction financing within the two-year period following the
26 date of the conveyance of the property from the veterans' land bank
27 to the qualified participating developer, the property will revert

1 to the veterans' land bank for subsequent resale to another
2 qualifying participating developer or conveyance to the taxing
3 units who were parties to the judgment for disposition as otherwise
4 allowed under the law.

5 (r) The veterans' land bank shall impose, in accordance with
6 this subsection, deed restrictions on property sold to qualified
7 participating developers requiring the development and subsequent
8 sale or rental of the property to veterans who are members of
9 low-income households. At least 25 percent of the veterans' land
10 bank properties sold during any given state fiscal year to be
11 developed for sale shall be deed restricted for sale to households
12 with incomes not greater than 80 percent of the area median family
13 income, based on gross household income, adjusted for household
14 size, for the applicable municipality or, if located in an area that
15 is not part of a municipality, the applicable county, as determined
16 annually by the United States Department of Housing and Urban
17 Development. If property is developed for rental housing, the deed
18 restrictions must be for a period of not less than 20 years and must
19 require that 100 percent of the rental units be occupied by and
20 affordable to households with incomes not greater than 60 percent
21 of area median family income, based on gross household income,
22 adjusted for household size, for the applicable municipality or, if
23 located in an area that is not part of a municipality, the
24 applicable county, as determined annually by the United States
25 Department of Housing and Urban Development. The deed restrictions
26 relating to rental housing under this subsection must require the
27 owner to file an annual occupancy report with the corporation on a

1 reporting form provided by the corporation. The deed restrictions
2 must also prohibit any exclusion of an individual or family from
3 admission to the development based solely on the participation of
4 the individual or family in the housing choice voucher program
5 under Section 8, United States Housing Act of 1937 (42 U.S.C.
6 Section 1437f), as amended. Except as otherwise provided by this
7 subsection, if the deed restrictions imposed under this subsection
8 are for a term of years, the deed restrictions renew automatically.
9 The veterans' land bank or the corporation may modify or add to the
10 deed restrictions imposed under this subsection. Any modifications
11 or additions made by the corporation must be adopted by the
12 corporation as part of its plan and must comply with the
13 restrictions set forth in this subsection.

14 (s) The veterans' land bank shall first offer for sale to
15 qualified organizations any property acquired by the veterans' land
16 bank under Subsection (i). Notice must be provided to the qualified
17 organizations by certified mail, return receipt requested, not
18 later than the 60th day before the beginning of the period in which
19 a right of first refusal may be exercised. The corporation shall
20 specify in its plan the period during which the right of first
21 refusal provided by this subsection may be exercised by a qualified
22 organization. That period must be at least nine months but not more
23 than 26 months from the date of the deed of conveyance of the
24 property to the veterans' land bank. If the veterans' land bank
25 conveys the property to a qualified organization before the
26 expiration of the period specified by the corporation under this
27 subsection, the interlocal agreement executed under Subsection

1 (i)(4) must provide tax abatement for the property until the
2 expiration of that period. During the specified period, the
3 veterans' land bank may not sell the property to a qualified
4 participating developer other than a qualified organization. If
5 all qualified organizations notify the veterans' land bank that
6 they are declining to exercise their right of first refusal during
7 the specified period, or if an offer to purchase the property is not
8 received from a qualified organization during that period, the
9 veterans' land bank may sell the property to any other qualified
10 participating developer at the same price that the veterans' land
11 bank offered the property to the qualified organizations. In its
12 plan, the corporation shall establish the additional period, if
13 any, that a property may be held in the veterans' land bank once an
14 offer has been received and accepted from a qualified organization
15 or other qualified participating developer. If more than one
16 qualified organization expresses an interest in exercising its
17 right of first refusal, the organization that has designated the
18 most geographically compact area encompassing a portion of the
19 property shall be given priority. In its plan, the corporation may
20 provide for other rights of first refusal for any other nonprofit
21 corporation exempted from federal income tax under Section
22 501(c)(3), Internal Revenue Code of 1986, as amended, provided that
23 the preeminent right of first refusal is provided to qualified
24 organizations as provided by this subsection. The veterans' land
25 bank is not required to provide a right of first refusal to
26 qualified organizations under this subsection if the veterans' land
27 bank is selling property that reverted to the veterans' land bank

1 under Subsection (g) or was acquired by the veterans' land bank in a
2 manner other than that provided by Subsection (i). In this
3 subsection, "qualified organization" means a community housing
4 development organization that:

5 (1) contains within its designated geographical
6 boundaries of operation, as set forth in its application for
7 certification filed with and approved by the municipality or county
8 certifying the organization, a portion of the property that the
9 veterans' land bank is offering for sale;

10 (2) has built at least three single-family homes or
11 duplexes or one multifamily residential dwelling of four or more
12 units in compliance with all applicable building codes within the
13 preceding two-year period and within the organization's designated
14 geographical boundaries of operation; and

15 (3) within the preceding three-year period has
16 developed or rehabilitated housing units within a two-mile radius
17 of the property that the veterans' land bank is offering for sale.

18 (t) The veterans' land bank shall comply with the
19 requirements of Chapters 551 and 552. The veterans' land bank shall
20 keep accurate minutes of its meetings and shall keep accurate
21 records and books of account that conform with generally accepted
22 principles of accounting and that clearly reflect the income and
23 expenses of the veterans' land bank and all transactions in
24 relation to its property.

25 (u) For purposes of evaluating the effectiveness of the
26 program, the veterans' land bank shall submit an annual performance
27 report to the corporation not later than November 1 of each year in

1 which the veterans' land bank acquires or sells property under this
2 section. The performance report must include:

3 (1) a complete and detailed written accounting of all
4 money and properties received and disbursed by the veterans' land
5 bank during the preceding state fiscal year;

6 (2) for each property acquired by the veterans' land
7 bank during the preceding state fiscal year:

8 (A) the street address of the property;

9 (B) the legal description of the property;

10 (C) the date the veterans' land bank took title
11 to the property;

12 (D) the name and mailing address of the property
13 owner of record at the time of the acquisition;

14 (E) the amount of taxes and other costs owed at
15 the time of the foreclosure if the property was acquired under
16 Subsection (i); and

17 (F) the assessed value of the property on the tax
18 roll at the time of the foreclosure if the property was acquired
19 under Subsection (i);

20 (3) for each property sold by the veterans' land bank
21 during the preceding state fiscal year to a qualified participating
22 developer:

23 (A) the street address of the property;

24 (B) the legal description of the property;

25 (C) the name and mailing address of the
26 purchaser;

27 (D) the price paid by the purchaser;

1 (E) the maximum incomes allowed for the
2 households by the terms of the sale; and

3 (F) the source and amount of any public subsidy
4 made available to facilitate the sale or rental of the property to a
5 veteran who is a member of a household within the targeted income
6 levels;

7 (4) for each property sold by a qualified
8 participating developer during the preceding state fiscal year, the
9 buyer's household income and a description of all use and sale
10 restrictions; and

11 (5) for each property developed for rental housing
12 with an active deed restriction, a copy of the most recent annual
13 report filed by the owner with the veterans' land bank.

14 (v) The veterans' land bank shall provide copies of the
15 performance report to any taxing units who were parties to a sale of
16 property under Subsection (i). The veterans' land bank shall
17 provide notice of the availability of the performance report for
18 review to the organizations and neighborhood associations
19 identified by the corporation as serving the neighborhoods in which
20 are located properties sold or transferred to the veterans' land
21 bank under this section. The veterans' land bank and the
22 corporation shall maintain copies of the performance report
23 available for public review.

24 (w) The veterans' land bank shall maintain in its records
25 for inspection a copy of the sale settlement statement for each
26 property sold by a qualified participating developer and a copy of
27 the first page of the mortgage note with the interest rate and

1 indicating the volume and page number of the instrument as filed
2 with the county clerk.

3 SECTION 3. Sections 11.18(d) and (o), Tax Code, are amended
4 to read as follows:

5 (d) A charitable organization must be organized exclusively
6 to perform religious, charitable, scientific, literary, or
7 educational purposes and, except as permitted by Subsections (h)
8 and (l), engage exclusively in performing one or more of the
9 following charitable functions:

10 (1) providing medical care without regard to the
11 beneficiaries' ability to pay, which in the case of a nonprofit
12 hospital or hospital system means providing charity care and
13 community benefits in accordance with Section 11.1801;

14 (2) providing support or relief to orphans,
15 delinquent, dependent, or handicapped children in need of
16 residential care, abused or battered spouses or children in need of
17 temporary shelter, the impoverished, or victims of natural disaster
18 without regard to the beneficiaries' ability to pay;

19 (3) providing support without regard to the
20 beneficiaries' ability to pay to:

21 (A) elderly persons, including the provision of:
22 (i) recreational or social activities; and
23 (ii) facilities designed to address the
24 special needs of elderly persons; or

25 (B) the handicapped, including training and
26 employment:

27 (i) in the production of commodities; or

- 1 (ii) in the provision of services under 41
2 U.S.C. Sections 8501-8506;
- 3 (4) preserving a historical landmark or site;
- 4 (5) promoting or operating a museum, zoo, library,
5 theater of the dramatic or performing arts, or symphony orchestra
6 or choir;
- 7 (6) promoting or providing humane treatment of
8 animals;
- 9 (7) acquiring, storing, transporting, selling, or
10 distributing water for public use;
- 11 (8) answering fire alarms and extinguishing fires with
12 no compensation or only nominal compensation to the members of the
13 organization;
- 14 (9) promoting the athletic development of boys or
15 girls under the age of 18 years;
- 16 (10) preserving or conserving wildlife;
- 17 (11) promoting educational development through loans
18 or scholarships to students;
- 19 (12) providing halfway house services pursuant to a
20 certification as a halfway house by the parole division of the Texas
21 Department of Criminal Justice;
- 22 (13) providing permanent housing and related social,
23 health care, and educational facilities for persons who are 62
24 years of age or older without regard to the residents' ability to
25 pay;
- 26 (14) promoting or operating an art gallery, museum, or
27 collection, in a permanent location or on tour, that is open to the

1 public;

2 (15) providing for the organized solicitation and
3 collection for distributions through gifts, grants, and agreements
4 to nonprofit charitable, education, religious, and youth
5 organizations that provide direct human, health, and welfare
6 services;

7 (16) performing biomedical or scientific research or
8 biomedical or scientific education for the benefit of the public;

9 (17) operating a television station that produces or
10 broadcasts educational, cultural, or other public interest
11 programming and that receives grants from the Corporation for
12 Public Broadcasting under 47 U.S.C. Section 396, as amended;

13 (18) providing housing for low-income and
14 moderate-income families, for unmarried individuals 62 years of age
15 or older, for handicapped individuals, and for families displaced
16 by urban renewal, through the use of trust assets that are
17 irrevocably and, pursuant to a contract entered into before
18 December 31, 1972, contractually dedicated on the sale or
19 disposition of the housing to a charitable organization that
20 performs charitable functions described by Subdivision (9);

21 (19) providing housing and related services to persons
22 who are 62 years of age or older in a retirement community, if the
23 retirement community provides independent living services,
24 assisted living services, and nursing services to its residents on
25 a single campus:

26 (A) without regard to the residents' ability to
27 pay; or

1 (B) in which at least four percent of the
2 retirement community's combined net resident revenue is provided in
3 charitable care to its residents;

4 (20) providing housing on a cooperative basis to
5 students of an institution of higher education if:

6 (A) the organization is exempt from federal
7 income taxation under Section 501(a), Internal Revenue Code of
8 1986, as amended, by being listed as an exempt entity under Section
9 501(c)(3) of that code;

10 (B) membership in the organization is open to all
11 students enrolled in the institution and is not limited to those
12 chosen by current members of the organization;

13 (C) the organization is governed by its members;
14 and

15 (D) the members of the organization share the
16 responsibility for managing the housing;

17 (21) acquiring, holding, and transferring unimproved
18 real property under an urban land bank demonstration program
19 established under Chapter 379C, Local Government Code, as or on
20 behalf of a land bank;

21 (22) acquiring, holding, and transferring unimproved
22 real property under an urban land bank program established under
23 Chapter 379E, Local Government Code, as or on behalf of a land bank;

24 (22-a) acquiring, holding, and transferring
25 unimproved real property under a veterans' land bank program
26 established under Section 2306.5622, Government Code, as or on
27 behalf of a veterans' land bank;

1 (23) providing housing and related services to
2 individuals who:

3 (A) are unaccompanied and homeless and have a
4 disabling condition; and

5 (B) have been continuously homeless for a year or
6 more or have had at least four episodes of homelessness in the
7 preceding three years;

8 (24) operating a radio station that broadcasts
9 educational, cultural, or other public interest programming,
10 including classical music, and that in the preceding five years has
11 received or been selected to receive one or more grants from the
12 Corporation for Public Broadcasting under 47 U.S.C. Section 396, as
13 amended; or

14 (25) providing, without regard to the beneficiaries'
15 ability to pay, tax return preparation services and assistance with
16 other financial matters.

17 (o) For purposes of Subsection (a)(2), real property
18 acquired, held, and transferred by an organization that performs
19 the function described by Subsection (d)(21), ~~[or] (22)~~, or (22-a)
20 is considered to be used exclusively by the qualified charitable
21 organization to perform that function.

22 SECTION 4. Section [11.18](#), Tax Code, as amended by this Act,
23 applies only to an ad valorem tax year that begins on or after the
24 effective date of this Act.

25 SECTION 5. This Act takes effect September 1, 2021.