

By: Lucio

S.B. No. 628

A BILL TO BE ENTITLED

AN ACT

relating to an urban land bank program in certain municipalities.

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

SECTION 1. The heading to Chapter 379C, Local Government Code, is amended to read as follows:

CHAPTER 379C. URBAN LAND BANK [~~DEMONSTRATION~~] PROGRAM

SECTION 2. Section 379C.001, Local Government Code, is amended to read as follows:

Sec. 379C.001. SHORT TITLE. This chapter may be cited as the Urban Land Bank [~~Demonstration~~] Program Act.

SECTION 3. Section 379C.002, Local Government Code, is amended to read as follows:

Sec. 379C.002. APPLICABILITY. This chapter applies only to a municipality with [~~home-rule municipalities that:~~

~~(1) have] a population of 100,000 [~~1.18 million~~] or more[, and~~

~~(2) are located predominantly in a county that has a total area of less than 1,000 square miles].~~

SECTION 4. Section 379C.003, Local Government Code, is amended by amending Subdivisions (1), (5), and (6) and adding Subdivision (1-a) to read as follows:

(1) "Affordable" means that the monthly mortgage payment or contract rent does not exceed 30 percent of the applicable median family income for that unit size, in accordance

1 with the income and rent limit rules adopted by the Texas Department
2 of Housing and Community Affairs.

3 (1-a) "Community housing development organization" or
4 "organization" means an organization that:

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

7 (B) is certified by the municipality as a
8 community housing development organization.

9 (5) "Urban land bank [~~demonstration~~] plan" or "plan"
10 means a plan adopted by the governing body of a municipality as
11 provided by Section 379C.006.

12 (6) "Urban land bank [~~demonstration~~] program" or
13 "program" means a program adopted under Section 379C.004.

14 SECTION 5. Section 379C.004, Local Government Code, is
15 amended to read as follows:

16 Sec. 379C.004. URBAN LAND BANK [~~DEMONSTRATION~~] PROGRAM.

17 (a) The governing body of a municipality may adopt an urban land
18 bank [~~demonstration~~] program in which the officer charged with
19 selling real property ordered sold pursuant to foreclosure of a tax
20 lien may sell certain eligible real property by private sale for
21 purposes of affordable housing development as provided by this
22 chapter.

23 (b) The governing body of a municipality that adopts an
24 urban land bank [~~demonstration~~] program shall establish or approve
25 a land bank for the purpose of acquiring, holding, and transferring
26 unimproved real property under this chapter.

27 SECTION 6. Section 379C.005, Local Government Code, is

1 amended to read as follows:

2 Sec. 379C.005. QUALIFIED PARTICIPATING DEVELOPER. To
3 qualify to participate in an urban land bank [~~demonstration~~]
4 program, a developer must:

5 (1) have developed [~~built~~] three or more housing units
6 within the three-year period preceding the submission of a proposal
7 to the land bank seeking to acquire real property from the land
8 bank;

9 (2) have a development plan approved by the
10 municipality for the land bank property; and

11 (3) meet any other requirements adopted by the
12 municipality in the urban land bank [~~demonstration~~] plan.

13 SECTION 7. The heading to Section 379C.006, Local
14 Government Code, is amended to read as follows:

15 Sec. 379C.006. URBAN LAND BANK [~~DEMONSTRATION~~] PLAN.

16 SECTION 8. Subsections (a) and (b), Section 379C.006, Local
17 Government Code, are amended to read as follows:

18 (a) A municipality that adopts an urban land bank
19 [~~demonstration~~] program shall operate the program in conformance
20 with an urban land bank [~~demonstration~~] plan.

21 (b) The governing body of a municipality that adopts an
22 urban land bank [~~demonstration~~] program shall adopt a plan
23 annually. The plan may be amended from time to time.

24 SECTION 9. Section 379C.008, Local Government Code, is
25 amended by amending Subsection (a) and adding Subsection (j) to
26 read as follows:

27 (a) Notwithstanding any other law and except as provided by

1 Subsection (f), property that is ordered sold pursuant to
2 foreclosure of a tax lien may be sold in a private sale to a land
3 bank by the officer charged with the sale of the property without
4 first offering the property for sale as otherwise provided by
5 Section 34.01, Tax Code, if:

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

11 (2) the property is not improved with a building or
12 buildings;

13 (3) there are delinquent taxes on the property for a
14 total of at least five [~~each of the preceding six~~] years; and

15 (4) the municipality has executed with the other
16 taxing units that are parties to the tax suit an interlocal
17 agreement that enables those units to agree to participate in the
18 program while retaining the right to withhold consent to the sale of
19 specific properties to the land bank.

20 (j) Property sold to and held by the land bank for
21 subsequent resale is eligible for an exemption from ad valorem
22 taxes for a period not to exceed three years from the date of
23 acquisition.

24 SECTION 10. Subsection (c), Section 379C.010, Local
25 Government Code, is amended to read as follows:

26 (c) If property is developed for rental housing, the deed
27 restrictions must be for a period of not less than 20 [~~15~~] years and

1 must require that:

2 (1) 100 percent of the rental units be occupied by and
3 affordable to households with incomes not greater than 60 percent
4 of area median family income, based on gross household income,
5 adjusted for household size, for the metropolitan statistical area
6 in which the municipality is located, as determined annually by the
7 United States Department of Housing and Urban Development;

8 (2) 40 percent of the units be occupied by and
9 affordable to households with incomes not greater than 50 percent
10 of area median family income, based on gross household income,
11 adjusted for household size, for the metropolitan statistical area
12 in which the municipality is located, as determined annually by the
13 United States Department of Housing and Urban Development; or

14 (3) 20 percent of the units be occupied by and
15 affordable to households with incomes not greater than 30 percent
16 of area median family income, based on gross household income,
17 adjusted for household size, for the metropolitan statistical area
18 in which the municipality is located, as determined annually by the
19 United States Department of Housing and Urban Development.

20 SECTION 11. Section 379C.011, Local Government Code, is
21 amended by amending Subsections (a) and (c) and adding Subsection
22 (d-1) to read as follows:

23 (a) In this section, "qualified organization" means a
24 community housing development organization that:

25 (1) contains within its designated geographical
26 boundaries of operation, as set forth in its application for
27 certification filed with and approved by the municipality, a

1 portion of the property that the land bank is offering for sale;

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

7 (3) within the preceding three-year [~~two-year~~] period
8 has developed [~~built~~] or rehabilitated housing units within a two
9 [~~one-half~~] mile radius of the property that the land bank is
10 offering for sale.

11 (c) Notice must be provided to the qualified organizations
12 by certified mail, return receipt requested, not later than the
13 60th day before the beginning of the period in which a right of
14 first refusal may be exercised.

15 (d-1) If the land bank conveys the property to a qualified
16 organization before the expiration of the period specified by the
17 municipality under Subsection (d), the interlocal agreement
18 executed under Section 379C.008(a)(4) must provide tax abatement
19 for the property until the expiration of that period.

20 SECTION 12. (a) The changes in law made by this Act apply
21 only to an urban land bank program operating in conformance with an
22 urban land bank plan adopted by the governing body of a municipality
23 on or after the effective date of this Act. An urban land bank
24 program operating in conformance with an urban land bank plan
25 adopted before the effective date of this Act is governed by the law
26 in effect at the time the plan was adopted until a subsequent plan
27 is adopted, and the former law is continued in effect for that

1 purpose.

2 (b) Subsection (j), Section 379C.008, Local Government
3 Code, as added by this Act, does not affect tax liability accruing
4 before the effective date of this Act. That liability continues in
5 effect as if this Act had not been enacted, and the former law is
6 continued in effect for the collection of taxes due and for civil
7 and criminal enforcement of the liability for those taxes.

8 SECTION 13. This Act takes effect September 1, 2005.