

## **BILL ANALYSIS**

C.S.H.B. 1742  
By: Giddings  
Environmental Regulation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The City of Dallas Urban Land Bank Demonstration Program has been in operation since January 2004. The program acquires unproductive, vacant and developable lots for affordable single-family housing development. The Land Bank helps to both reduce unproductive expenditures and increase local government revenues. This process is being implemented by means of tax foreclosure. A property has to meet certain criteria to be considered for Land Bank use:

1. Owe six consecutive years in back taxes; and
2. The total taxes and liens must be greater than the value of the property.

The Land Bank will purchase the properties from the Sheriff, maintain the properties and assemble groups of parcels for sale to for-profit and nonprofit developers. The experience gained during this time and the change in focus for the City of Dallas' single family development programs has highlighted the need for statutory changes.

CSHB 1742 exempt lots owners in the Land Bank from property taxes. The bill shortens the delinquent tax eligibility period for sales of lots to the Land Bank from six consecutive years to five total years. The bill raises income limits for subsequent homeowners. The bill reduces the period during which the right of first refusal may be exercised by a qualified organization to six months. The bill exempts the Land Bank from responsibility for solid waste release under the Health and Safety Code.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

CSHB 1742 amends the Health and Safety Code to prohibit the Texas Commission on Environmental Quality (TCEQ) from naming a land bank as a responsible party for an enforcement action or require the land bank to reimburse remediation costs for a site if the TCEQ has conducted an investigation of a site owned or operated by the land bank and has made certain determinations as to the origin of the contaminants and the land bank's knowledge of the presence of the contaminants. The bill adds land banks to existing statutes that protect political subdivisions from responsibility for solid waste releases under certain circumstances.

The bill amends the Local Government Code to change the definition of "low income household" for the Urban Land Bank Demonstration Program as a household with a gross income of not greater than 115 percent, rather than 80 percent, of the adjusted area median family income.

The bill provides that property that is ordered sold pursuant to foreclosure of a tax lien may be sold in a private sale to a land bank by the officer charged with the sale of the property without first offering the property for sale as otherwise provided by statute if there are delinquent taxes on the property for a total of at least five, rather than six, years. The bill also provides that such a sale may take place if the property is not improved with certain habitable or uninhabitable buildings.

The bill provides that at least 20%, rather than 25%, of the land bank properties sold during any given fiscal year to be developed for sale that has to be deed restricted for sale of households

incomes not greater than 60% of the area median family income. Also not more than 30% of those land bank properties may be deed restricted for sale to the households with gross household incomes greater than 80% of the area median family income. The bill reduces the period during which the right of first refusal may be exercised by a qualified organization to six months, rather than between nine and twenty-six months.

The bill amends the Tax Code to include the function of acquiring, holding, and transferring unimproved real property, used exclusively by the qualified charitable organization to perform that function, under a urban land bank demonstration program as or on behalf of a land bank, as one of the charitable functions that a charitable organization must be engage exclusively in performing.

#### **EFFECTIVE DATE**

September 1, 2007.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute adds land banks to existing statutes that protect political subdivisions from responsibility for solid waste releases under certain circumstances.

The gross income percentage in the definition of "low income household" for the Urban Land Bank Demonstration Program was adjusted from 140% to 115% in the substitute.

The substitute adds uninhabitable building or buildings that are occupied as a residence by an owner or tenant who is legally entitled to occupy the building or buildings to Section 379C.008(a)(2).

The substitute adds that no more than 30% of those land back properties may be deed restricted for sale to households with gross incomes greater than 80% of the area median family income.

The substitute add a prospective clause governing enforcement action of the TCEQ.