

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Giddings

H.B. No. 1742

A BILL TO BE ENTITLED

AN ACT

1

2 relating to urban land bank demonstration programs.

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

4 SECTION 1. Section 361.1875, Health and Safety Code, is  
5 amended to read as follows:

6 Sec. 361.1875. EXCLUSION OF CERTAIN POTENTIALLY  
7 RESPONSIBLE PARTIES. (a) The commission may not name a person as a  
8 responsible party for an enforcement action or require a person to  
9 reimburse remediation costs for a site if the commission has  
10 conducted an investigation of a site owned or operated by the person  
11 and as a result of the investigation has determined that:

12 (1) the contaminants that are the subject of  
13 investigation under this subchapter appear to originate from an  
14 up-gradient, off-site source that is not owned or operated by the  
15 person;

16 (2) additional corrective action is not required at  
17 the site owned or operated by the person; and

18 (3) the commission will not undertake a formal  
19 enforcement action in the matter.

20 (b) The commission may not name a land bank established  
21 under Chapter 379C, Local Government Code, as a responsible party  
22 for an enforcement action or require the land bank to reimburse  
23 remediation costs for a site if the commission has conducted an  
24 investigation of a site owned or operated by the land bank and as a

1 result of the investigation has determined that:

2 (1) the contaminants that are the subject of  
3 investigation under this subchapter:

4 (A) appear to originate from an up-gradient,  
5 off-site source that is not owned or operated by the land bank; or

6 (B) appear to have been present on the site  
7 before the land bank purchased the site; and

8 (2) the land bank could not have reasonably known  
9 about the contaminants at the time the land bank purchased the site.

10 SECTION 2. Section 361.271(b), Health and Safety Code, is  
11 amended to read as follows:

12 (b) A political subdivision, a land bank established under  
13 Chapter 379C, Local Government Code, or an officer or employee of  
14 the political subdivision or land bank is not a person responsible  
15 for solid waste released or threatened to be released from a  
16 facility or at a site if:

17 (1) the political subdivision or land bank acquired  
18 ownership or control of the facility or site through a  
19 [bankruptcy,] tax delinquency[~~, abandonment,~~] or if the  
20 subdivision acquired ownership or control of the facility or site  
21 through bankruptcy, abandonment, or other circumstances in which  
22 the subdivision involuntarily acquired title to the facility or  
23 site by virtue of the subdivision's function as sovereign; and

24 (2) the political subdivision, land bank, officer, or  
25 employee did not cause or contribute to the release or threatened  
26 release of solid waste at the facility or site.

27 SECTION 3. Section 379C.003(3), Local Government Code, is

1 amended to read as follows:

2 (3) "Low income household" means a household with a  
3 gross income of not greater than 115 [~~80~~] percent of the area median  
4 family income, adjusted for household size, for the metropolitan  
5 statistical area in which the municipality is located, as  
6 determined annually by the United States Department of Housing and  
7 Urban Development.

8 SECTION 4. Section 379C.008(a), Local Government Code, is  
9 amended to read as follows:

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

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

21 (2) the property is not improved with:

22 (A) a habitable building or buildings; or

23 (B) an uninhabitable building or buildings that  
24 are occupied as a residence by an owner or tenant who is legally  
25 entitled to occupy the building or buildings;

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

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

6           SECTION 5. Section 379C.010(b), Local Government Code, is  
7 amended to read as follows:

8           (b) Each land bank property sold during any given fiscal  
9 year to be developed for sale must be deed restricted for sale to  
10 low income households, and:

11           (1) at ~~At~~ least 20 ~~[25]~~ percent of those ~~[the]~~ land  
12 bank properties ~~must~~ ~~[sold during any given fiscal year to be~~  
13 ~~developed for sale shall]~~ be deed restricted for sale to households  
14 with gross household incomes not greater than 60 percent of the area  
15 median family income, adjusted for household size; and

16           (2) not more than 30 percent of those land bank  
17 properties may be deed restricted for sale to households with gross  
18 household incomes greater than 80 percent of the area median family  
19 income, adjusted for household size ~~[, for the metropolitan~~  
20 ~~statistical area in which the municipality is located, as~~  
21 ~~determined annually by the United States Department of Housing and~~  
22 ~~Urban Development]~~.

23           SECTION 6. Section 379C.011(d), Local Government Code, is  
24 amended to read as follows:

25           (d) The municipality shall specify in its plan that the  
26 period during which the right of first refusal provided by this  
27 section may be exercised by a qualified organization is six ~~[- That~~

1 ~~period must be at least nine months but not more than 26]~~ months  
2 from the date of the deed of conveyance of the property to the land  
3 bank.

4 SECTION 7. Section 11.18, Tax Code, is amended by amending  
5 Subsection (d) and adding Subsection (o) to read as follows:

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

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

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

20 (3) providing support to elderly persons, including  
21 the provision of recreational or social activities and facilities  
22 designed to address the special needs of elderly persons, or to the  
23 handicapped, without regard to the beneficiaries' ability to pay;

24 (4) preserving a historical landmark or site;

25 (5) promoting or operating a museum, zoo, library,  
26 theater of the dramatic or performing arts, or symphony orchestra  
27 or choir;

1           (6) promoting or providing humane treatment of  
2 animals;

3           (7) acquiring, storing, transporting, selling, or  
4 distributing water for public use;

5           (8) answering fire alarms and extinguishing fires with  
6 no compensation or only nominal compensation to the members of the  
7 organization;

8           (9) promoting the athletic development of boys or  
9 girls under the age of 18 years;

10          (10) preserving or conserving wildlife;

11          (11) promoting educational development through loans  
12 or scholarships to students;

13          (12) providing halfway house services pursuant to a  
14 certification as a halfway house by the pardons and paroles  
15 division of the Texas Department of Criminal Justice;

16          (13) providing permanent housing and related social,  
17 health care, and educational facilities for persons who are 62  
18 years of age or older without regard to the residents' ability to  
19 pay;

20          (14) promoting or operating an art gallery, museum, or  
21 collection, in a permanent location or on tour, that is open to the  
22 public;

23          (15) providing for the organized solicitation and  
24 collection for distributions through gifts, grants, and agreements  
25 to nonprofit charitable, education, religious, and youth  
26 organizations that provide direct human, health, and welfare  
27 services;

1           (16) performing biomedical or scientific research or  
2 biomedical or scientific education for the benefit of the public;

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

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

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

20                   (A) without regard to the residents' ability to  
21 pay; or

22                   (B) in which at least four percent of the  
23 retirement community's combined net resident revenue is provided in  
24 charitable care to its residents; [~~or~~]

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

27                   (A) the organization is exempt from federal

1 income taxation under Section 501(a), Internal Revenue Code of  
2 1986, as amended, by being listed as an exempt entity under Section  
3 501(c)(3) of that code;

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

7 (C) the organization is governed by its members;  
8 and

9 (D) the members of the organization share the  
10 responsibility for managing the housing; or

11 (21) acquiring, holding, and transferring unimproved  
12 real property under an urban land bank demonstration program  
13 established under Chapter 379C, Local Government Code, as or on  
14 behalf of a land bank.

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

20 SECTION 8. (a) Section 361.1875, Health and Safety Code, as  
21 amended by this Act, applies only to a site investigation conducted  
22 by the Texas Commission on Environmental Quality that begins on or  
23 after the effective date of this Act. A site investigation that  
24 begins before the effective date of this Act is governed by the law  
25 in effect at the time the investigation began, and the former law is  
26 continued in effect for that purpose.

27 (b) Section 361.271(b), Health and Safety Code, as amended



1 by this Act, applies only to an enforcement action initiated by the  
2 Texas Commission on Environmental Quality on or after the effective  
3 date of this Act. An enforcement action initiated before the  
4 effective date of this Act is governed by the law in effect at the  
5 time the action was initiated, and the former law is continued in  
6 effect for that purpose.

7 (c) The changes in law made by this Act to Chapter 379C,  
8 Local Government Code, apply only to an urban land bank  
9 demonstration program operating in conformance with an urban land  
10 bank demonstration plan adopted by the governing body of a  
11 municipality on or after the effective date of this Act. An urban  
12 land bank demonstration program operating in conformance with an  
13 urban land bank demonstration plan adopted before the effective  
14 date of this Act is governed by the law in effect at the time the  
15 plan was adopted until a subsequent plan is adopted, and the former  
16 law is continued in effect for that purpose.

17 (d) Section 11.18, Tax Code, as amended by this Act, applies  
18 only to an ad valorem tax year that begins on or after the effective  
19 date of this Act.

20 SECTION 9. This Act takes effect September 1, 2007.

ADOPTED

MAY 23 2007

*Atty. Gen.*  
Secretary of the Senate

By:                     *MX*                    

H.B. No. 1742

Substitute the following for \_\_\_\_B. No. \_\_\_\_:

By:                     *MX*                    

C.S. H.B. No. 1742

A BILL TO BE ENTITLED

AN ACT

relating to urban land bank demonstration programs.

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SECTION 1. Section 361.1875, Health and Safety Code, is amended to read as follows:

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(1) the contaminants that are the subject of investigation under this subchapter appear to originate from an up-gradient, off-site source that is not owned or operated by the person;

(2) additional corrective action is not required at the site owned or operated by the person; and

(3) the commission will not undertake a formal enforcement action in the matter.

(b) The commission may not name a land bank established under Chapter 379C, Local Government Code, as a responsible party for an enforcement action or require the land bank to

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1 reimburse remediation costs for a site if the commission has  
2 conducted an investigation of a site owned or operated by the  
3 land bank and as a result of the investigation has determined  
4 that:

5 (1) the contaminants that are the subject of  
6 investigation under this subchapter:

7 (A) appear to originate from an up-gradient,  
8 off-site source that is not owned or operated by the land bank;  
9 or

10 (B) appear to have been present on the site  
11 before the land bank purchased the site; and

12 (2) the land bank could not have reasonably known  
13 about the contaminants at the time the land bank purchased the  
14 site.

15 SECTION 2. Section 361.271(b), Health and Safety Code, is  
16 amended to read as follows:

17 (b) A political subdivision, a land bank established under  
18 Chapter 379C, Local Government Code, or an officer or employee  
19 of the political subdivision or land bank is not a person  
20 responsible for solid waste released or threatened to be  
21 released from a facility or at a site if:

22 (1) the political subdivision or land bank acquired  
23 ownership or control of the facility or site through a  
24 [~~bankruptcy,~~] tax delinquency[~~, abandonment,~~] or if the  
25 subdivision acquired ownership or control of the facility or  
26 site through bankruptcy, abandonment, or other circumstances in

1 which the subdivision involuntarily acquired title to the  
2 facility or site by virtue of the subdivision's function as  
3 sovereign; and

4 (2) the political subdivision, land bank, officer, or  
5 employee did not cause or contribute to the release or  
6 threatened release of solid waste at the facility or site.

7 SECTION 3. Section 379C.003(3), Local Government Code, is  
8 amended to read as follows:

9 (3) "Low income household" means a household with a  
10 gross income of not greater than 115 [~~80~~] percent of the area  
11 median family income, adjusted for household size, for the  
12 metropolitan statistical area in which the municipality is  
13 located, as determined annually by the United States Department  
14 of Housing and Urban Development.

15 SECTION 4. Section 379C.008(a), Local Government Code, is  
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17 (a) Notwithstanding any other law and except as provided  
18 by Subsection (f), property that is ordered sold pursuant to  
19 foreclosure of a tax lien may be sold in a private sale to a  
20 land bank by the officer charged with the sale of the property  
21 without first offering the property for sale as otherwise  
22 provided by Section 34.01, Tax Code, if:

23 (1) the market value of the property as specified in  
24 the judgment of foreclosure is less than the total amount due  
25 under the judgment, including all taxes, penalties, and  
26 interest, plus the value of nontax liens held by a taxing unit

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1 and awarded by the judgment, court costs, and the cost of the  
2 sale;

3 (2) the property is not improved with a  
4 habitable building or buildings or an uninhabitable building or  
5 buildings that are occupied as a residence by an owner or tenant  
6 who is legally entitled to occupy the building or buildings;

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

9 (4) the municipality has executed with the other  
10 taxing units that are parties to the tax suit an interlocal  
11 agreement that enables those units to agree to participate in  
12 the program while retaining the right to withhold consent to the  
13 sale of specific properties to the land bank.

14 SECTION 5. Section 379C.010(b), Local Government Code, is  
15 amended to read as follows:

16 (b) Each land bank property sold during any given fiscal  
17 year to be developed for sale must be deed restricted for sale  
18 to low income households, and:

19 (1) at [At] least 25 percent of those [the] land bank  
20 properties must [sold during any given fiscal year to be  
21 developed for sale shall] be deed restricted for sale to  
22 households with gross household incomes not greater than 60  
23 percent of the area median family income, adjusted for household  
24 size; and

25 (2) not more than 30 percent of those land bank  
26 properties may be deed restricted for sale to households with

1 gross household incomes greater than 80 percent of the area  
2 median family income, adjusted for household size [~~for the~~  
3 ~~metropolitan statistical area in which the municipality is~~  
4 ~~located, as determined annually by the United States Department~~  
5 ~~of Housing and Urban Development~~].

6 SECTION 6. Section 379C.011(d), Local Government Code, is  
7 amended to read as follows:

8 (d) The municipality shall specify in its plan that the  
9 period during which the right of first refusal provided by this  
10 section may be exercised by a qualified organization is six [~~-~~  
11 ~~That period must be at least nine months but not more than 26]~~  
12 months from the date of the deed of conveyance of the property  
13 to the land bank.

14 SECTION 7. Section 11.18, Tax Code, is amended by amending  
15 Subsection (d) and adding Subsection (o) to read as follows:

16 (d) A charitable organization must be organized  
17 exclusively to perform religious, charitable, scientific,  
18 literary, or educational purposes and, except as permitted by  
19 Subsections (h) and (l), engage exclusively in performing one or  
20 more of the following charitable functions:

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

25 (2) providing support or relief to orphans,  
26 delinquent, dependent, or handicapped children in need of

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1 residential care, abused or battered spouses or children in need  
2 of temporary shelter, the impoverished, or victims of natural  
3 disaster without regard to the beneficiaries' ability to pay;

4 (3) providing support to elderly persons, including  
5 the provision of recreational or social activities and  
6 facilities designed to address the special needs of elderly  
7 persons, or to the handicapped, without regard to the  
8 beneficiaries' ability to pay;

9 (4) preserving a historical landmark or site;

10 (5) promoting or operating a museum, zoo, library,  
11 theater of the dramatic or performing arts, or symphony  
12 orchestra or choir;

13 (6) promoting or providing humane treatment of  
14 animals;

15 (7) acquiring, storing, transporting, selling, or  
16 distributing water for public use;

17 (8) answering fire alarms and extinguishing fires  
18 with no compensation or only nominal compensation to the members  
19 of the organization;

20 (9) promoting the athletic development of boys or  
21 girls under the age of 18 years;

22 (10) preserving or conserving wildlife;

23 (11) promoting educational development through loans  
24 or scholarships to students;

25 (12) providing halfway house services pursuant to a  
26 certification as a halfway house by the pardons and paroles

1 division of the Texas Department of Criminal Justice;

2 (13) providing permanent housing and related social,  
3 health care, and educational facilities for persons who are 62  
4 years of age or older without regard to the residents' ability  
5 to pay;

6 (14) promoting or operating an art gallery, museum,  
7 or collection, in a permanent location or on tour, that is open  
8 to the public;

9 (15) providing for the organized solicitation and  
10 collection for distributions through gifts, grants, and  
11 agreements to nonprofit charitable, education, religious, and  
12 youth organizations that provide direct human, health, and  
13 welfare services;

14 (16) performing biomedical or scientific research or  
15 biomedical or scientific education for the benefit of the  
16 public;

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

21 (18) providing housing for low-income and moderate-  
22 income families, for unmarried individuals 62 years of age or  
23 older, for handicapped individuals, and for families displaced  
24 by urban renewal, through the use of trust assets that are  
25 irrevocably and, pursuant to a contract entered into before  
26 December 31, 1972, contractually dedicated on the sale or

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1 disposition of the housing to a charitable organization that  
2 performs charitable functions described by Subdivision (9);

3 (19) providing housing and related services to  
4 persons who are 62 years of age or older in a retirement  
5 community, if the retirement community provides independent  
6 living services, assisted living services, and nursing services  
7 to its residents on a single campus:

8 (A) without regard to the residents' ability to  
9 pay; or

10 (B) in which at least four percent of the  
11 retirement community's combined net resident revenue is provided  
12 in charitable care to its residents; [~~or~~]

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

15 (A) the organization is exempt from federal  
16 income taxation under Section 501(a), Internal Revenue Code of  
17 1986, as amended, by being listed as an exempt entity under  
18 Section 501(c)(3) of that code;

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

22 (C) the organization is governed by its members;  
23 and

24 (D) the members of the organization share the  
25 responsibility for managing the housing; or

26 (21) acquiring, holding, and transferring unimproved

1 real property under an urban land bank demonstration program  
2 established under Chapter 379C, Local Government Code, as or on  
3 behalf of a land bank.

4 (o) For purposes of Subsection (a)(2), real property  
5 acquired, held, and transferred by an organization that performs  
6 the function described by Subsection (d)(21) is considered to be  
7 used exclusively by the qualified charitable organization to  
8 perform that function.

9 SECTION 8. (a) Section 361.1875, Health and Safety Code,  
10 as amended by this Act, applies only to a site investigation  
11 conducted by the Texas Commission on Environmental Quality that  
12 begins on or after the effective date of this Act. A site  
13 investigation that begins before the effective date of this Act  
14 is governed by the law in effect at the time the investigation  
15 began, and the former law is continued in effect for that  
16 purpose.

17 (b) Section 361.271(b), Health and Safety Code, as amended  
18 by this Act, applies only to an enforcement action initiated by  
19 the Texas Commission on Environmental Quality on or after the  
20 effective date of this Act. An enforcement action initiated  
21 before the effective date of this Act is governed by the law in  
22 effect at the time the action was initiated, and the former law  
23 is continued in effect for that purpose.

24 (c) The changes in law made by this Act to Chapter 379C,  
25 Local Government Code, apply only to an urban land bank  
26 demonstration program operating in conformance with an urban



1 land bank demonstration plan adopted by the governing body of a  
2 municipality on or after the effective date of this Act. An  
3 urban land bank demonstration program operating in conformance  
4 with an urban land bank demonstration plan adopted before the  
5 effective date of this Act is governed by the law in effect at  
6 the time the plan was adopted until a subsequent plan is  
7 adopted, and the former law is continued in effect for that  
8 purpose.

9 (d) Section 11.18, Tax Code, as amended by this Act,  
10 applies only to an ad valorem tax year that begins on or after  
11 the effective date of this Act.

12 SECTION 9. This Act takes effect September 1, 2007.

~~10~~ 19

ADOPTED

FLOOR AMENDMENT NO. 1

MAY 20 2007 BY:

*Roger W. W.*

*Lotay Spaw*  
Secretary of the Senate

1 Amend House Bill 1742 (Committee Printing) as follows:

2 Add the following SECTIONS and renumber subsequent SECTIONS  
3 accordingly:

4 SECTION \_\_\_\_ § 373A.003 Local Government Code.

5 APPLICABILITY OF CHAPTER. (a) This chapter applies ~~only~~ to a  
6 municipality with a population of more than 650,000 that is  
7 located in a uniform state service region with fewer than  
8 550,000 occupied housing units as determined by the most recent  
9 United States decennial census.

10 (b) Subchapters A, B, C and D apply to any municipality  
11 with a population of 1.18 million or more which is located  
12 predominantly in a county that has a total area of less than  
13 1,000 square miles and has adopted an urban land bank  
14 demonstration program under Chapter 379C, Local Government Code.

15 SECTION \_\_\_\_ § 373A.052. ELIGIBILITY FOR DESIGNATION.

16 (a) To be designated as a district within a municipality  
17 described by §373.003(a) under this subchapter, an area must be  
18 composed of census tracts forming a spatially compact area  
19 contiguous to a central business district and with:

20 (1) fewer than 25,000 residents;

21 (2) fewer than 8,000 households;

22 (3) a number of owner-occupied households that does  
23 not exceed 50 percent of the total households in the area;

24 (4) housing stock at least 55 percent of which was  
25 built at least 45 years ago;

26 (5) an unemployment rate that is greater than 10  
27 percent;

28 (6) an overall poverty rate that is at least two  
29 times the poverty rate for the entire municipality; and

1           (7) in each census tract within the area, a median  
2 family income that is less than 60 percent of the median family  
3 income for the entire municipality.

4           (b) To be designated as a district within a municipality  
5 described by §373.003(b) under this subchapter, an area must be  
6 composed of census tracts forming a spatially compact area  
7 contiguous to a central business district and with:

8                   (1) fewer than 75,000 residents

9                   (2) a median family income that is less than  
10 \$30,000 according to the last decennial census,

11                   (3) an overall poverty rate that is at least two  
12 times the poverty rate for the entire municipality.

13           (c) An area that is designated as a district under this  
14 subchapter may retain its designation as a district regardless  
15 of whether the area continues to meet the eligibility criteria  
16 provided by this section, except that an area that does not  
17 elect to retain its designation as permitted by this subsection  
18 must meet all eligibility criteria to be considered for  
19 subsequent redesignation as a district.

20           SECTION \_\_\_\_ It is the intent of the legislature that the  
21 passage by the 80th Legislature, Regular Session, 2007, of  
22 another bill that amends Chapter 373A, Local Government Code,  
23 and the amendments made by this Act shall be harmonized, if  
24 possible, as provided by Section 311.025(b), Government Code, so  
25 that effect may be given to each. If the amendments made by  
26 this Act to Chapter 373A, Local Government Code, and the  
27 amendments made to Chapter 373A, Local Government Code, by any  
28 other bill are irreconcilable, it is the intent of the  
29 legislature that this Act prevail, regardless of the relative  
30 dates of enactment of this Act and the other bill or bills, but  
31 only to the extent that any differences are irreconcilable.

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FLOOR AMENDMENT NO. 2

**ADOPTED**

MAY 23 2007

BY:

*Lucio*

*Atty Gen*

1 Amend H.B. No. 1742 (Com ~~Printed~~ Printing) by adding the  
2 following appropriately numbered SECTIONS to read as follows and  
3 renumbering subsequent SECTIONS appropriately:

4 SECTION \_\_\_\_ . Subtitle A, Title 12, Local Government Code,  
5 is amended by adding Chapter 379E to read as follows:

6 CHAPTER 379E. URBAN LAND BANK PROGRAM

7 Sec. 379E.001. SHORT TITLE. This chapter may be cited as  
8 the Urban Land Bank Program Act.

9 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER  
10 LAW. This chapter applies only to a municipality:

11 (1) to which Chapter 379C or 379D does not apply; and

12 (2) that has not ever adopted a homestead land bank  
13 program under Subchapter E, Chapter 373A.

14 Sec. 379E.003. DEFINITIONS. In this chapter:

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

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

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

24 (B) is certified by the municipality as a  
25 community housing development organization.

26 (3) "Land bank" means an entity established or  
27 approved by the governing body of a municipality for the purpose  
28 of acquiring, holding, and transferring unimproved real property  
29 under this chapter.

+ 22

1           (4) "Low income household" means a household with a  
2 gross income of not greater than 80 percent of the area median  
3 family income, adjusted for household size, for the metropolitan  
4 statistical area in which the municipality is located, as  
5 determined annually by the United States Department of Housing  
6 and Urban Development.

7           (5) "Qualified participating developer" means a  
8 developer who meets the requirements of Section 379E.005 and  
9 includes a qualified organization under Section 379E.011.

10           (6) "Urban land bank plan" or "plan" means a plan  
11 adopted by the governing body of a municipality as provided by  
12 Section 379E.006.

13           (7) "Urban land bank program" or "program" means a  
14 program adopted under Section 379E.004.

15           Sec. 379E.004. URBAN LAND BANK PROGRAM. (a) The  
16 governing body of a municipality may adopt an urban land bank  
17 program in which the officer charged with selling real property  
18 ordered sold pursuant to foreclosure of a tax lien may sell  
19 certain eligible real property by private sale for purposes of  
20 affordable housing development as provided by this chapter.

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

25           Sec. 379E.005. QUALIFIED PARTICIPATING DEVELOPER. To  
26 qualify to participate in an urban land bank program, a  
27 developer must:

28           (1) have developed three or more housing units within  
29 the three-year period preceding the submission of a proposal to  
30 the land bank seeking to acquire real property from the land  
31 bank;

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

3           (3) meet any other requirements adopted by the  
4 municipality in the urban land bank plan.

5           Sec. 379E.006. URBAN LAND BANK PLAN. (a) A municipality  
6 that adopts an urban land bank program shall operate the program  
7 in conformance with an urban land bank plan.

8           (b) The governing body of a municipality that adopts an  
9 urban land bank program shall adopt a plan annually. The plan  
10 may be amended from time to time.

11           (c) In developing the plan, the municipality shall  
12 consider other housing plans adopted by the municipality,  
13 including the comprehensive plan submitted to the United States  
14 Department of Housing and Urban Development and all fair housing  
15 plans and policies adopted or agreed to by the municipality.

16           (d) The plan must include the following:

17           (1) a list of community housing development  
18 organizations eligible to participate in the right of first  
19 refusal provided by Section 379E.011;

20           (2) a list of the parcels of real property that may  
21 become eligible for sale to the land bank during the next year;

22           (3) the municipality's plan for affordable housing  
23 development on those parcels of real property; and

24           (4) the sources and amounts of money anticipated to  
25 be available from the municipality for subsidies for development  
26 of affordable housing in the municipality, including any money  
27 specifically available for housing developed under the program,  
28 as approved by the governing body of the municipality at the  
29 time the plan is adopted.

30           Sec. 379E.007. PUBLIC HEARING ON PROPOSED  
31 PLAN. (a) Before adopting a plan, a municipality shall hold a



1 public hearing on the proposed plan.

2 (b) The city manager or the city manager's designee shall  
3 provide notice of the hearing to all community housing  
4 development organizations and to neighborhood associations  
5 identified by the municipality as serving the neighborhoods in  
6 which properties anticipated to be available for sale to the  
7 land bank under this chapter are located.

8 (c) The city manager or the city manager's designee shall  
9 make copies of the proposed plan available to the public not  
10 later than the 60th day before the date of the public hearing.

11 Sec. 379E.008. PRIVATE SALE TO LAND  
12 BANK. (a) Notwithstanding any other law and except as provided  
13 by Subsection (f), property that is ordered sold pursuant to  
14 foreclosure of a tax lien may be sold in a private sale to a  
15 land bank by the officer charged with the sale of the property  
16 without first offering the property for sale as otherwise  
17 provided by Section 34.01, Tax Code, if:

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

24 (2) the property is not improved with a building or  
25 buildings;

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

28 (4) the municipality has executed with the other  
29 taxing units that are parties to the tax suit an interlocal  
30 agreement that enables those units to agree to participate in  
31 the program while retaining the right to withhold consent to the

1 sale of specific properties to the land bank.

2 (b) A sale of property for use in connection with the  
3 program is a sale for a public purpose.

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

9 (d) For any sale of property under this chapter, each  
10 person who was a defendant to the judgment, or that person's  
11 attorney, shall be given, not later than the 90th day before the  
12 date of sale, written notice of the proposed method of sale of  
13 the property by the officer charged with the sale of the  
14 property. Notice must be given in the manner prescribed by Rule  
15 21a, Texas Rules of Civil Procedure.

16 (e) After receipt of the notice required by Subsection (d)  
17 and before the date of the proposed sale, the owner of the  
18 property subject to sale may file with the officer charged with  
19 the sale a written request that the property not be sold in the  
20 manner provided by this chapter.

21 (f) If the officer charged with the sale receives a  
22 written request as provided by Subsection (e), the officer shall  
23 sell the property as otherwise provided in Section 34.01, Tax  
24 Code.

25 (g) The owner of the property subject to sale may not  
26 receive any proceeds of a sale under this chapter. However, the  
27 owner does not have any personal liability for a deficiency of  
28 the judgment as a result of a sale under this chapter.

29 (h) Notwithstanding any other law, if consent is given by  
30 the taxing units that are a party to the judgment, property may  
31 be sold to the land bank for less than the market value of the

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

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

9 Sec. 379E.009. SUBSEQUENT RESALE BY LAND BANK. (a) Each  
10 subsequent resale of property acquired by a land bank under this  
11 chapter must comply with the conditions of this section.

12 (b) Within the three-year period following the date of  
13 acquisition, the land bank must sell a property to a qualified  
14 participating developer for the purpose of construction of  
15 affordable housing for sale or rent to low income households.  
16 If after three years a qualified participating developer has not  
17 purchased the property, the property shall be transferred from  
18 the land bank to the taxing units who were parties to the  
19 judgment for disposition as otherwise allowed under the law.

20 (c) Unless the municipality increases the amount in its  
21 plan, the number of properties acquired by a qualified  
22 participating developer under this section on which development  
23 has not been completed may not at any time exceed three times  
24 the annual average residential production completed by the  
25 qualified participating developer during the preceding two-year  
26 period as determined by the municipality.

27 (d) The deed conveying a property sold by the land bank  
28 must include a right of reverter so that, if the qualified  
29 participating developer does not apply for a construction permit  
30 and close on any construction financing within the two-year  
31 period following the date of the conveyance of the property from

1 the land bank to the qualified participating developer, the  
2 property will revert to the land bank for subsequent resale to  
3 another qualified participating developer or conveyance to the  
4 taxing units who were parties to the judgment for disposition as  
5 otherwise allowed under the law.

6 Sec. 379E.010. RESTRICTIONS ON OCCUPANCY AND USE OF  
7 PROPERTY. (a) The land bank shall impose deed restrictions on  
8 property sold to qualified participating developers requiring  
9 the development and sale or rental of the property to low income  
10 households.

11 (b) At least 25 percent of the land bank properties sold  
12 during any given fiscal year to be developed for sale shall be  
13 deed restricted for sale to households with gross household  
14 incomes not greater than 60 percent of the area median family  
15 income, adjusted for household size, for the metropolitan  
16 statistical area in which the municipality is located, as  
17 determined annually by the United States Department of Housing  
18 and Urban Development.

19 (c) If property is developed for rental housing, the deed  
20 restrictions must be for a period of not less than 20 years and  
21 must require that:

22 (1) 100 percent of the rental units be occupied by  
23 and affordable to households with incomes not greater than 60  
24 percent of area median family income, based on gross household  
25 income, adjusted for household size, for the metropolitan  
26 statistical area in which the municipality is located, as  
27 determined annually by the United States Department of Housing  
28 and Urban Development;

29 (2) 40 percent of the units be occupied by and  
30 affordable to households with incomes not greater than 50  
31 percent of area median family income, based on gross household

1 income, adjusted for household size, for the metropolitan  
2 statistical area in which the municipality is located, as  
3 determined annually by the United States Department of Housing  
4 and Urban Development; or

5 (3) 20 percent of the units be occupied by and  
6 affordable to households with incomes not greater than 30  
7 percent of area median family income, based on gross household  
8 income, adjusted for household size, for the metropolitan  
9 statistical area in which the municipality is located, as  
10 determined annually by the United States Department of Housing  
11 and Urban Development.

12 (d) The deed restrictions under Subsection (c) must  
13 require the owner to file an annual occupancy report with the  
14 municipality on a reporting form provided by the municipality.  
15 The deed restrictions must also prohibit any exclusion of an  
16 individual or family from admission to the development based  
17 solely on the participation of the individual or family in the  
18 housing choice voucher program under Section 8, United States  
19 Housing Act of 1937 (42 U.S.C. Section 1437f), as amended.

20 (e) Except as otherwise provided by this section, if the  
21 deed restrictions imposed under this section are for a term of  
22 years, the deed restrictions shall renew automatically.

23 (f) The land bank or the governing body of the  
24 municipality may modify or add to the deed restrictions imposed  
25 under this section. Any modifications or additions made by the  
26 governing body of the municipality must be adopted by the  
27 municipality as part of its plan and must comply with the  
28 restrictions set forth in Subsections (b), (c), and (d).

29 Sec. 379E.011. RIGHT OF FIRST REFUSAL. (a) In this  
30 section, "qualified organization" means a community housing  
31 development organization that:

1           (1) contains within its designated geographical  
2 boundaries of operation, as set forth in its application for  
3 certification filed with and approved by the municipality, a  
4 portion of the property that the land bank is offering for sale;

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

10          (3) within the preceding three-year period has  
11 developed or rehabilitated housing units within a two-mile  
12 radius of the property that the land bank is offering for sale.

13          (b) The land bank shall first offer a property for sale to  
14 qualified organizations.

15          (c) Notice must be provided to the qualified organizations  
16 by certified mail, return receipt requested, not later than the  
17 60th day before the beginning of the period in which a right of  
18 first refusal may be exercised.

19          (d) The municipality shall specify in its plan the period  
20 during which the right of first refusal provided by this section  
21 may be exercised by a qualified organization. That period must  
22 be at least nine months but not more than 26 months from the  
23 date of the deed of conveyance of the property to the land bank.

24          (e) If the land bank conveys the property to a qualified  
25 organization before the expiration of the period specified by  
26 the municipality under Subsection (d), the interlocal agreement  
27 executed under Section 379E.008(a)(4) must provide tax abatement  
28 for the property until the expiration of that period.

29          (f) During the specified period, the land bank may not  
30 sell the property to a qualified participating developer other  
31 than a qualified organization. If all qualified organizations

1 notify the land bank that they are declining to exercise their  
2 right of first refusal during the specified period, or if an  
3 offer to purchase the property is not received from a qualified  
4 organization during that period, the land bank may sell the  
5 property to any other qualified participating developer at the  
6 same price that the land bank offered the property to the  
7 qualified organizations.

8 (g) In its plan, the municipality shall establish the  
9 amount of additional time, if any, that a property may be held  
10 in the land bank once an offer has been received and accepted  
11 from a qualified organization or other qualified participating  
12 developer.

13 (h) If more than one qualified organization expresses an  
14 interest in exercising its right of first refusal, the  
15 organization that has designated the most geographically compact  
16 area encompassing a portion of the property shall be given  
17 priority.

18 (i) In its plan, the municipality may provide for other  
19 rights of first refusal for any other nonprofit corporation  
20 exempted from federal income tax under Section 501(c)(3),  
21 Internal Revenue Code of 1986, as amended, provided that the  
22 preeminent right of first refusal is provided to qualified  
23 organizations as provided by this section.

24 (j) The land bank is not required to provide a right of  
25 first refusal to qualified organizations under this section if  
26 the land bank is selling property that reverted to the land bank  
27 under Section 379E.009(d).

28 Sec. 379E.012. OPEN RECORDS AND MEETINGS. The land bank  
29 shall comply with the requirements of Chapters 551 and 552,  
30 Government Code.

31 Sec. 379E.013. RECORDS; AUDIT; REPORT. (a) The land bank

1 shall keep accurate minutes of its meetings and shall keep  
2 accurate records and books of account that conform with  
3 generally accepted principles of accounting and that clearly  
4 reflect the income and expenses of the land bank and all  
5 transactions in relation to its property.

6 (b) The land bank shall file with the municipality not  
7 later than the 90th day after the close of the fiscal year  
8 annual audited financial statements prepared by a certified  
9 public accountant. The financial transactions of the land bank  
10 are subject to audit by the municipality.

11 (c) For purposes of evaluating the effectiveness of the  
12 program, the land bank shall submit an annual performance report  
13 to the municipality not later than November 1 of each year in  
14 which the land bank acquires or sells property under this  
15 chapter. The performance report must include:

16 (1) a complete and detailed written accounting of all  
17 money and properties received and disbursed by the land bank  
18 during the preceding fiscal year;

19 (2) for each property acquired by the land bank  
20 during the preceding fiscal year:

21 (A) the street address of the property;

22 (B) the legal description of the property;

23 (C) the date the land bank took title to the  
24 property;

25 (D) the name and address of the property owner  
26 of record at the time of the foreclosure;

27 (E) the amount of taxes and other costs owed at  
28 the time of the foreclosure; and

29 (F) the assessed value of the property on the  
30 tax roll at the time of the foreclosure;

31 (3) for each property sold by the land bank during



1 the preceding fiscal year to a qualified participating  
2 developer:

3 (A) the street address of the property;

4 (B) the legal description of the property;

5 (C) the name and mailing address of the  
6 developer;

7 (D) the purchase price paid by the developer;

8 (E) the maximum incomes allowed for the  
9 households by the terms of the sale; and

10 (F) the source and amount of any public subsidy  
11 provided by the municipality to facilitate the sale or rental of  
12 the property to a household within the targeted income levels;

13 (4) for each property sold by a qualified  
14 participating developer during the preceding fiscal year, the  
15 buyer's household income and a description of all use and sale  
16 restrictions; and

17 (5) for each property developed for rental housing  
18 with an active deed restriction, a copy of the most recent  
19 annual report filed by the owner with the land bank.

20 (d) The land bank shall maintain in its records for  
21 inspection a copy of the sale settlement statement for each  
22 property sold by a qualified participating developer and a copy  
23 of the first page of the mortgage note with the interest rate  
24 and indicating the volume and page number of the instrument as  
25 filed with the county clerk.

26 (e) The land bank shall provide copies of the performance  
27 report to the taxing units who were parties to the judgment of  
28 foreclosure and shall provide notice of the availability of the  
29 performance report for review to the organizations and  
30 neighborhood associations identified by the municipality as  
31 serving the neighborhoods in which properties sold to the land

1 bank under this chapter are located.

2 (f) The land bank and the municipality shall maintain  
3 copies of the performance report available for public review.

4 SECTION \_\_\_\_ . Section 11.18, Tax Code, is amended by  
5 amending Subsection (d) and adding Subsection (o) to read as  
6 follows:

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

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

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

21 (3) providing support to elderly persons, including  
22 the provision of recreational or social activities and  
23 facilities designed to address the special needs of elderly  
24 persons, or to the handicapped, without regard to the  
25 beneficiaries' ability to pay;

26 (4) preserving a historical landmark or site;

27 (5) promoting or operating a museum, zoo, library,  
28 theater of the dramatic or performing arts, or symphony  
29 orchestra or choir;

30 (6) promoting or providing humane treatment of  
31 animals;

- 1 (7) acquiring, storing, transporting, selling, or  
2 distributing water for public use;
- 3 (8) answering fire alarms and extinguishing fires  
4 with no compensation or only nominal compensation to the members  
5 of the organization;
- 6 (9) promoting the athletic development of boys or  
7 girls under the age of 18 years;
- 8 (10) preserving or conserving wildlife;
- 9 (11) promoting educational development through loans  
10 or scholarships to students;
- 11 (12) providing halfway house services pursuant to a  
12 certification as a halfway house by the pardons and paroles  
13 division of the Texas Department of Criminal Justice;
- 14 (13) providing permanent housing and related social,  
15 health care, and educational facilities for persons who are 62  
16 years of age or older without regard to the residents' ability  
17 to pay;
- 18 (14) promoting or operating an art gallery, museum,  
19 or collection, in a permanent location or on tour, that is open  
20 to the public;
- 21 (15) providing for the organized solicitation and  
22 collection for distributions through gifts, grants, and  
23 agreements to nonprofit charitable, education, religious, and  
24 youth organizations that provide direct human, health, and  
25 welfare services;
- 26 (16) performing biomedical or scientific research or  
27 biomedical or scientific education for the benefit of the  
28 public;
- 29 (17) operating a television station that produces or  
30 broadcasts educational, cultural, or other public interest  
31 programming and that receives grants from the Corporation for

1 Public Broadcasting under 47 U.S.C. Section 396, as amended;

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

10 (19) providing housing and related services to  
11 persons who are 62 years of age or older in a retirement  
12 community, if the retirement community provides independent  
13 living services, assisted living services, and nursing services  
14 to its residents on a single campus:

15 (A) without regard to the residents' ability to  
16 pay; or

17 (B) in which at least four percent of the  
18 retirement community's combined net resident revenue is provided  
19 in charitable care to its residents; [~~or~~]

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

22 (A) the organization is exempt from federal  
23 income taxation under Section 501(a), Internal Revenue Code of  
24 1986, as amended, by being listed as an exempt entity under  
25 Section 501(c)(3) of that code;

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

29 (C) the organization is governed by its members;  
30 and

31 (D) the members of the organization share the

1 responsibility for managing the housing; or  
2 (21) acquiring, holding, and transferring unimproved  
3 real property under an urban land bank program established under  
4 Chapter 379E, Local Government Code, as or on behalf of a land  
5 bank.

6 (o) For purposes of Subsection (a)(2), real property  
7 acquired, held, and transferred by an organization that performs  
8 the function described by Subsection (d)(21) is considered to be  
9 used exclusively by the qualified charitable organization to  
10 perform that function.

11 SECTION \_\_\_\_ . Section 11.18, Tax Code, as amended by this  
12 Act, applies only to an ad valorem tax year that begins on or  
13 after the effective date of this Act.

# ADOPTED

FLOOR AMENDMENT NO. 3

MAY 23 2007

BY: Ellis

*Atay Saw*  
Secretary of the Senate

1 Amend H.B. 1742 by adding the following Sections to read as  
2 follows and renumbering the subsequent Sections appropriately:

3 SECTION \_\_\_\_ . Subsection (a), Section 379D.010, Local  
4 Government Code, is amended to read as follows:

5 (a) The land bank shall impose deed restrictions with  
6 appropriate terms and conditions on property sold to qualified  
7 participating developers and eligible adjacent property owners  
8 that require:

9 (1) the development and sale or rental of the  
10 property to low income households, if the property is sold to a  
11 qualified participating developer; or

12 (2) the use of the property to be consistent and  
13 compatible with the residential character of the neighborhood  
14 and any applicable standards for use adopted by the land bank,  
15 if the property is sold to an eligible adjacent property owner.

16 SECTION \_\_\_\_ . Section 379D.011, Local Government Code, is  
17 amended to read as follows:

18 Sec. 379D.011. RIGHT OF FIRST REFUSAL IN ELIGIBLE ADJACENT  
19 PROPERTY OWNERS; CONDITIONS OF PURCHASE. (a) Property acquired  
20 by the land bank shall be offered for sale, at fair market value  
21 as determined by the appraisal district in which the property is  
22 located, to eligible adjacent property owners under a right of  
23 first refusal on terms and conditions developed by the land bank  
24 that are consistent with this chapter.

25 (b) To be eligible to exercise a right of first refusal  
26 under this section, an owner of property adjacent to property  
27 acquired by the land bank:

28 (1) must have owned and continuously occupied that  
29 property for at least the five preceding years as that person's

1 principal residence; and

2 (2) must meet any eligibility requirements adopted by  
3 the land bank.

4 (c) An adjacent property owner who purchases property  
5 under this section may not lease, sell, or otherwise transfer  
6 the property to another party before the 10th anniversary of the  
7 date the adjacent property owner purchases the property. This  
8 prohibition does not apply to a transfer of property, as allowed  
9 by policies adopted by the land bank:

10 (1) to a family member of the adjacent property  
11 owner; or

12 (2) in the case of the death of the adjacent property  
13 owner.

14 SECTION \_\_\_\_ . Chapter 379D, Local Government Code, is  
15 amended by adding Section 379D.015 to read as follows:

16 Sec. 379D.015. EFFECT OF SALE TO LAND BANK OR SUBSEQUENT  
17 PURCHASERS OR LENDERS FOR VALUE; LIMITATION ON CERTAIN CAUSES OF  
18 ACTION. After the first anniversary of a sale of property to a  
19 land bank under this chapter:

20 (1) a third party, other than a qualified  
21 participating developer or eligible adjacent property owner who  
22 purchased the property from the land bank under this chapter or  
23 a person with a cause of action based on a right, title,  
24 interest, or other claim described by Subdivision (2)(A)(ii),  
25 may not bring a cause of action to set aside or otherwise  
26 challenge the sale of the property to the land bank, including a  
27 cause of action that is brought against:

28 (A) a qualified participating developer or  
29 eligible adjacent property owner who purchases property from the  
30 land bank under Section 379D.009 or 379D.011, as applicable; or

31 (B) any other subsequent purchaser for value or

1 lender for value; and  
2 (2) a qualified participating developer or eligible  
3 adjacent property owner who purchases property from a land bank  
4 under this chapter or any other subsequent purchaser for value  
5 or, if applicable, a lender for a developer, owner, or purchaser  
6 described by this subdivision or any other subsequent lender for  
7 value:  
8 (A) has, with the following characteristics, a  
9 full title to the property:  
10 (i) except as provided by Subparagraph  
11 (ii), the title is not subject to any right, title, interest, or  
12 other claim a person acquired in the property before or after  
13 the sale of the property to the land bank, including a right of  
14 first refusal, right of second refusal, and any other right,  
15 title, interest, or other claim provided by this chapter, other  
16 than the right of reverter provided by Section 379D.009(d); and  
17 (ii) the title is subject only to:  
18 (a) the recorded restrictive  
19 covenants, liens, and valid easements of record described by  
20 Section 34.01(n), Tax Code;  
21 (b) any rights of redemption  
22 applicable to the property;  
23 (c) any cause of action to impeach the  
24 property deed based on a claim of fraud;  
25 (d) the right of reverter provided by  
26 Section 379D.009(d) and the recorded deed restrictions described  
27 by Section 379D.010; and  
28 (e) any right, title, interest, or  
29 other claim with respect to the property that arose after the  
30 sale of the property to the land bank under a law other than  
31 this chapter; and



1                    (B) may conclusively presume that:

2                    (i) the sale of the property to the land  
3 bank under this chapter was valid; and

4                    (ii) a mortgage on or a subsequent sale of  
5 the property complies with this chapter and is subject only to a  
6 right, title, interest, or other claim provided by Paragraph  
7 (A)(ii).

8                    SECTION \_\_\_\_\_. Section 379D.015, Local Government Code, as  
9 added by this Act, applies only to a cause of action that  
10 accrues on or after the effective date of this Act and concerns  
11 property that is first purchased by a land bank under Section  
12 379D.015, Local Government Code, on or after the effective date  
13 of this Act.



LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB1742** by Giddings (Relating to urban land bank demonstration programs.), **Committee Report 2nd House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Health and Safety Code to exclude urban land banks as responsible parties for enforcement actions or remediation costs for contaminants if contaminants appear to originate from an up-gradient source; if contaminants appear to have been present before the land bank purchased the site; and if the land bank could not have reasonably known about the contaminants at the time of purchase. The bill would amend the Local Government Code to prohibit the Texas Commission on Environmental Quality (TCEQ) from naming a land bank as a responsible party, under the conditions above, from which to seek reimbursement of remediation costs or imposition of enforcement actions. The bill would amend the Tax Code to allow the act of acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program to be included in the list of acceptable charitable functions that a charitable organization must perform.

Based on information provided by the Texas Department of Housing and Community Affairs and TCEQ, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 332 Department of Housing and Community Affairs, 582 Commission on Environmental Quality

**LBB Staff:** JOB, DB, WK, AH, KJG



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 16, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1742** by Giddings (Relating to urban land bank demonstration programs.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Health and Safety Code to exclude urban land banks as responsible parties for enforcement actions or remediation costs for contaminants if contaminants appear to originate from an up-gradient source; if contaminants appear to have been present before the land bank purchased the site; and if the land bank could not have reasonably known about the contaminants at the time of purchase. The bill would amend Local Government Code to prohibit the agency from naming a land bank as a responsible party, under the conditions above, from which to seek reimbursement of remediation costs or imposition of enforcement actions. The bill would amend Tax Code to allow the act of acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program to be included in the list of acceptable charitable functions which a charitable organization must perform.

Based on information provided by the Department of Housing and Community Affairs and the Commission on Environmental Quality, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 332 Department of Housing and Community Affairs, 582 Commission on Environmental Quality

**LBB Staff:** JOB, DB, WK, AH, KJG



**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 20, 2007**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** HB1742 by Giddings (Relating to urban land bank demonstration programs. ), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Health and Safety Code to exclude urban land banks as responsible parties for enforcement actions or remediation costs for contaminants if contaminants appear to originate from an up-gradient source; if contaminants appear to have been present before the land bank purchased the site; and if the land bank could not have reasonably known about the contaminants at the time of purchase. The bill would amend Local Government Code to prohibit the agency from naming a land bank as a responsible party, under the conditions above, from which to seek reimbursement of remediation costs or imposition of enforcement actions. The bill would amend Tax Code to allow the act of acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program to be included in the list of acceptable charitable functions which a charitable organization must perform.

Based on information provided by the Department of Housing and Community Affairs and the Commission on Environmental Quality, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 332 Department of Housing and Community Affairs, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, AH, KJG





**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 26, 2007**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1742** by Giddings (Relating to urban land bank demonstration programs.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Health and Safety Code to exclude urban land banks as responsible parties for enforcement actions or remediation costs for contaminants if contaminants appear to originate from an up-gradient source; if contaminants appear to have been present before the land bank purchased the site; and if the land bank could not have reasonably known about the contaminants at the time of purchase. The bill would amend Local Government Code to prohibit the agency from naming a land bank as a responsible party, under the conditions above, from which to seek reimbursement of remediation costs or imposition of enforcement actions. The bill would amend Tax Code to allow the act of acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program to be included in the list of acceptable charitable functions which a charitable organization must perform.

Based on information provided by the Department of Housing and Community Affairs and the Commission on Environmental Quality, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:** 332 Department of Housing and Community Affairs, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, AH, KJG

