

By: Giddings

H.B. No. 2344

A BILL TO BE ENTITLED

AN ACT

relating to the urban land bank demonstration program in certain municipalities.

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

SECTION 1. Section 379C.008(a), Local Government Code, is amended to read as follows:

(a) Notwithstanding any other law and except as provided by Subsection (f), 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 Section 34.01, Tax Code, if:

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

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

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

(4) the municipality has executed with the other

1 taxing units that are parties to the tax suit an interlocal
2 agreement that enables those units to agree to participate in the
3 program while retaining the right to withhold consent to the sale of
4 specific properties to the land bank; and

5 (5) the property:

6 (A) is located in an area that is not zoned for
7 residential housing; and

8 (B) on development, will be zoned for more than
9 one use that includes residential housing.

10 SECTION 2. Sections 379C.009(b) and (d), Local Government
11 Code, are amended to read as follows:

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

20 (d) The deed conveying a property sold by the land bank must
21 include a right of reverter so that if the qualified participating
22 developer does not apply for a construction permit and close on any
23 construction financing within the three-year [~~two-year~~] period
24 following the date of the conveyance of the property from the land
25 bank to the qualified participating developer, the property will
26 revert to the land bank for subsequent resale to another qualified
27 participating developer or conveyance to the taxing units who were

1 parties to the judgment for disposition as otherwise allowed under
2 the law.

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

5 (a) The land bank shall impose deed restrictions on property
6 sold to qualified participating developers requiring the
7 development and sale, ~~[or]~~ rental, or lease-purchase of the
8 property to low income households.

9 SECTION 4. Chapter 379C, Local Government Code, is amended
10 by adding Section 379C.0105 to read as follows:

11 Sec. 379C.0105. LOT EXCHANGE PERMITTED. (a)
12 Notwithstanding Section 379C.010, the land bank may permit a
13 qualified participating developer to exchange a property purchased
14 from the land bank with any other property purchased by the
15 developer if:

16 (1) the developer agrees to construct on the property
17 affordable housing for low income households as provided by this
18 chapter; and

19 (2) the property will be located in:
20 (A) the planned development incorporating the
21 property originally purchased from the land bank; or
22 (B) another location as approved by the land
23 bank.

24 (b) The land bank shall adjust the deed restrictions under
25 Section 379C.010 for each of the properties exchanged by the
26 developer under this section.

27 SECTION 5. Chapter 379C, Local Government Code, is amended

by adding Section 379C.0106 to read as follows:

Sec. 379C.0106. RIGHT OF FIRST REFUSAL FOR PROPERTY
DETERMINED TO BE INAPPROPRIATE FOR RESIDENTIAL DEVELOPMENT. (a)

In this section, "eligible adjacent property owner" means a person
who:

(1) owns property located adjacent to property owned
by the land bank;

(2) has owned the adjacent property and continuously
occupied that property as a primary residence for the two-year
period preceding the date of the sale; and

(3) satisfies eligibility requirements adopted by the
land bank.

(b) Notwithstanding any other right of first refusal
granted under this chapter, if the land bank determines that a
property owned by the land bank is not appropriate for residential
development, the land bank first shall offer the property for sale
to an eligible adjacent property owner according to terms and
conditions developed by the land bank that are consistent with this
chapter.

(c) The land bank shall sell the property to an eligible
adjacent property owner, at whichever value is lower:

(1) the fair market value for the property as
determined by the appraisal district in which the property is
located; or

(2) the sales price recorded in the annual plan.

(d) Except as provided by Subsection (e), an adjacent
property owner that purchases property under this section may not

1 lease, sell, or transfer that property to another person before the
2 third anniversary of the date the adjacent property owner purchased
3 that property from the land bank.

4 (e) Subsection (d) does not apply to the transfer of
5 property purchased under this section if the transfer:

6 (1) is made according to a policy adopted by the land
7 bank; and

8 (2) is made to a family member of the eligible adjacent
9 property owner or occurs as a result of the death of the eligible
10 adjacent property owner.

11 SECTION 6. Sections 379C.009(b) and (d), Local Government
12 Code, as amended by this Act, and Section 379C.0105, Local
13 Government Code, as added by this Act, apply to property purchased
14 from a land bank by a qualified participating developer without
15 regard to whether the purchase was made before, on, or after the
16 effective date of this Act.

17 SECTION 7. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2009.