

By: Martinez

H.B. No. 3240

Substitute the following for H.B. No. 3240:

By: Alvarado

C.S.H.B. No. 3240

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a municipal program for foreclosure on and improvement
3 of certain property, and the subsequent sale of the property as
4 affordable housing.

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

6 SECTION 1. Subtitle A, Title 8, Local Government Code, is
7 amended by adding Chapter 255 to read as follows:

8 CHAPTER 255. FORECLOSURE, IMPROVEMENT, AND SALE AS AFFORDABLE

9 HOUSING OF CERTAIN PROPERTIES BY MUNICIPALITY

10 Sec. 255.001. DEFINITION. In this chapter, "program" means
11 a program adopted by ordinance under Section 255.002 for the
12 foreclosure and improvement of a property and subsequent sale of
13 the property as affordable housing.

14 Sec. 255.002. ADOPTION OF PROGRAM BY ORDINANCE. A
15 municipality by ordinance may adopt a program to allow the
16 municipality to foreclose on certain properties and delay the
17 payment of back taxes to other taxing entities until the property
18 has been improved and sold as affordable housing.

19 Sec. 255.003. PROGRAM REQUIREMENTS. An ordinance adopted
20 under this chapter must:

21 (1) provide criteria for determining the kinds of
22 properties that would be eligible for the program, including a
23 requirement that a property be located in the municipality's
24 corporate boundaries;

1 (2) require the municipality to sell a property under
2 the program to a state or federally recognized affordable housing
3 program, except as provided by Section 255.007;

4 (3) require the municipality to make a reasonable
5 effort to maximize the sales price of the property;

6 (4) allow the municipality to negotiate with another
7 taxing entity to establish an amount to be paid for back taxes owed
8 to the other entity on the property;

9 (5) allow the municipality to retain proceeds from the
10 sale of the property after payment of taxes owed to the other taxing
11 entities; and

12 (6) allow the municipality to retain an amount from
13 the proceeds of the sale equal to the increase in the value of the
14 property due to the improvement, as authorized by Section 34.06(g),
15 Tax Code.

16 Sec. 255.004. MUNICIPALITY AS TRUSTEE. After foreclosure
17 of a property under the program, the municipality:

18 (1) has the sole authority to improve and sell the
19 property; and

20 (2) acts as a trustee of the property on behalf of the
21 other taxing entities.

22 Sec. 255.005. PAYMENT OF AMOUNTS OWED TO OTHER TAXING
23 ENTITIES. (a) Except as provided by Subsection (b), a municipality
24 that forecloses, converts, and sells a property under a program
25 shall pay to each other taxing entity owed taxes on the property an
26 amount equal to the amount negotiated by the municipality and the
27 entity on the sale of the property.

1 (b) Notwithstanding Section 34.06(e), Tax Code, a
2 municipality is not required to pay another taxing entity any
3 amount for penalties or interest associated with taxes owed on a
4 property sold under a program if the improvement and sale of the
5 property as affordable housing provides a public benefit to the
6 taxpayers of the other taxing entity.

7 Sec. 255.006. INTERLOCAL AGREEMENT. If a municipality
8 enters into an interlocal agreement with all of the other taxing
9 entities in the municipality for the foreclosure on and improvement
10 of property and subsequent sale of the property as affordable
11 housing, the interlocal agreement controls over this chapter.

12 Sec. 255.007. INABILITY TO SELL PROPERTY TO AFFORDABLE
13 HOUSING PROGRAM. (a) If a municipality has made reasonable efforts
14 to sell a property foreclosed on and improved under this chapter to
15 a state or federally recognized affordable housing program and is
16 unable to do so, the municipality may sell the property to another
17 purchaser. If the municipality sells the property to a purchaser
18 other than a state or federally recognized affordable housing
19 program:

20 (1) the municipality must pay to the other taxing
21 entities the negotiated amount of the taxes owed to the other entity
22 on the property, subject to Subsection (b), and may not retain an
23 amount under Section 34.06(g), Tax Code; and

24 (2) Section 255.005(b) does not apply and the
25 municipality must pay to the other taxing entities penalties and
26 interest owed on the taxes owed to the entity.

27 (b) If the proceeds of a sale of a property under this

1 section are not sufficient to cover the payment of taxes owed to
2 other taxing entities, the municipality shall make payments to the
3 other entities from the sales proceeds on a pro rata basis.

4 SECTION 2. Section 34.06, Tax Code, is amended by amending
5 Subsection (c) and adding Subsection (g) to read as follows:

6 (c) The purchasing taxing unit shall first retain an amount
7 from the proceeds to reimburse the unit for reasonable costs, as
8 defined by Section 34.21, incurred by the unit for:

- 9 (1) maintaining, preserving, and safekeeping the
10 property;
11 (2) marketing the property for resale; ~~and~~
12 (3) costs described by Subsection (f); and
13 (4) improvement of the property under Subsection (g).

14 (g) If a municipality forecloses on a property, improves the
15 property, and sells the property to a state or federally recognized
16 affordable housing program under a program established under
17 Chapter 255, Local Government Code, the municipality may retain an
18 amount from the sale that is equal to the increase in value of the
19 property from improvements made by the municipality for the sale to
20 the affordable housing program.

21 SECTION 3. This Act takes effect September 1, 2009.