

BILL ANALYSIS

C.S.H.B. 2646
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Defense & Veterans' Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that there should be a mechanism for veterans who are members of low income households to acquire affordable housing. C.S.H.B. 2646 seeks to provide this mechanism by requiring the Texas State Affordable Housing Corporation to adopt a veterans land bank program and to establish or approve a land bank for the purpose of acquiring, holding, and transferring unimproved real property to veterans who are members of low income households.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 2646 amends the Government Code to require the Texas State Affordable Housing Corporation (TSAHC) to adopt a land bank program and to establish or approve a land bank for the purpose of acquiring, holding, and transferring unimproved real property to provide affordable housing for veterans who are members of low income households.

C.S.H.B. 2646 provides for the property to be held by the program and for its sale or transfer as serving a public purpose and sets out program participation requirements for developers. The bill establishes requirements for a land bank plan to be adopted annually by the TSAHC relating to consideration of other housing plans in a municipality or county in which the TSAHC intends to implement the program, operational components of the plan, and a public hearing process on the proposed plan.

C.S.H.B. 2646 authorizes property that is ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to the land bank without first offering the property for sale as provided by certain Tax Code provisions. The bill provides for the requirements of such a sale relating to the rights of a person being sued for foreclosure of a tax lien and for requirements relating to a subsequent resale by a land bank of property acquired through private sale.

C.S.H.B. 2646 sets out certain deed restrictions on occupancy and use of property sold to qualified participating developers required to be imposed by the land bank, including requiring the owner to file an occupancy report with the TSAHC. The bill establishes that, except as otherwise provided, deed restrictions that are imposed for a term of years renew automatically. The bill authorizes the land bank or the TSAHC to modify or add to the deed restrictions and requires any modifications or additions made by the TSAHC to be adopted by the TSAHC as

part of its plan and to comply with the restrictions prescribed by the bill.

C.S.H.B. 2646 requires the land bank to first offer any property acquired through private sale to a community housing development organization that meets certain requirements and sets out certain requirements relating to such an organization's right of first refusal. The bill gives priority to a qualified organization that has designated the most geographically compact area encompassing a portion of the property in the event more than one qualified organization expresses an interest in exercising its right of first refusal. The bill authorizes the TSAHC to provide for other rights of first refusal in its plan for any other nonprofit corporation exempted from federal income tax provided that the preeminent right of first refusal is provided to qualified organizations. The bill expressly does not require the land bank to provide a right of first refusal to qualified organizations if the land bank is selling property that reverted back to the land bank or was acquired in a manner other than the manner provided by the bill's provisions relating to private sale to the land bank.

C.S.H.B. 2646 requires the land bank to comply with state open meetings and public information law and provides for recordkeeping, audit, and annual performance evaluation and reporting requirements.

C.S.H.B. 2646 amends the Tax Code to establish acquiring, holding, and transferring unimproved real property under a land bank program established under the bill's provisions as a charitable function of a charitable organization.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2646 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the entity required to adopt the land bank program and perform related duties from the Veterans' Land Board to the TSAHC.