

## **BILL ANALYSIS**

Senate Research Center  
86R25253 JAM-D

C.S.S.B. 1129  
By: West  
Intergovernmental Relations  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Chapter 379 of the Local Government Code is the Urban Land Bank Demonstration Program Act. When a statutorily eligible municipality adopts a land bank demonstration program, it can buy real property that is subject to property tax foreclosure for the purpose of developing affordable housing with qualified participating developers. The City of Dallas, which has adopted such a program, has found that the current statute can inhibit the city's effective use of the program.

Accordingly, S.B. 1129 extends from four to eight years the time period that a land bank is authorized to "bank" a property before it is required to be transferred back to the taxing entities from which it was purchased. S.B. 1129 also removes the requirement that 100 percent of the units in a rental property built on a land bank lot be reserved for families making incomes not greater than 60 percent of area family median income (AFMI) and instead requires the rental housing development to include a mix of market-rate units and units, as follows:

- 40 percent at incomes not greater than 60 percent of AFMI;
- 30 percent at incomes not greater than 50 percent of AFMI; or
- 20 percent at incomes not greater than 30 percent of AFMI (current law).

Finally, S.B. 1129 provides a stable funding source for a land bank by allowing for property tax recapture related to land bank lots. Specifically, for a five-year period after the construction and sale, rental or lease-purchase of a single family, multi-family or commercial property on a land bank lot, 50 percent of all property tax revenues are authorized to be paid into a land bank fund, subject to the consent of all of the taxing units.

C.S.S.B. 1129 amends current law relating to the operation of certain urban land bank demonstration programs.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 379C.009(b), (b-1), and (b-2), Local Government Code, as follows:

(b) Requires the land bank engaged in subsequent resale of property, except as provided by Subsection (b-1), to sell a property to a qualified participating developer within the eight-year, rather than four-year, period following the date of acquisition for the purpose of construction of affordable housing for sale or rent to low income households.

(b-1) Makes a conforming change and authorizes the land bank, before the completion of the eight-year period described by Subsection (b), subject to Section 379C.0106 (Property Determined to be Inappropriate For Residential Development; Right of First Refusal), to:

- (1) transfer property that the land bank determines is not appropriate for residential development to the taxing units described by Subsection (b-2), rather than by Subsection (b); or

(2) makes no changes to this subdivision.

(b-2) Makes a conforming change to this subsection.

SECTION 2. Amends Section 379C.010(c), Local Government Code, as follows;

(c) Requires the deed restrictions, if property is developed for rental housing, to be for a period of not less than 15 years and to require that:

(1) 40 percent, rather than 100 percent, of the rental units be occupied by households with incomes not greater than 60 percent of area median family income, based on gross household income, adjusted for household size, for the metropolitan statistical area in which the municipality is located, as determined annually by the United States Department of Housing and Urban Development (HUD);

(2) 30 percent, rather than 40 percent, of the units be occupied by households with incomes not greater than 50 percent of area median family income, based on gross household income, adjusted for household size, for the metropolitan statistical area in which the municipality is located, as determined annually by HUD; or

(3) makes no changes to this subdivision.

SECTION 3. Amends Section 379.014(c), Local Government Code, as follows:

(c) Provides that a sale under this section within the eight-year, rather than four-year, period following the date of acquisition of the property by the land bank is for a public purpose and satisfies the requirement under Section 379C.009(b) that the property be sold within the eight-year, rather than four-year, period to a qualified participating developer.

SECTION 4. Amends Chapter 379C, Local Government Code, by adding Section 379C.016, as follows:

Sec. 379C.016. ALLOCATION AND USE OF AD VALOREM TAXES COLLECTED ON PROPERTY DEVELOPED UNDER PROGRAM. Authorizes an interlocal agreement under Section 379C.008(a)(4) (relating to authorizing a property ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to a land bank) to provide that, for the first five calendar years occurring after the date of completion of the development of a property acquired by a qualified participating developer under this chapter (Urban Land Bank Demonstration Program), 50 percent of the ad valorem taxes collected on the property is required to be deposited to the credit of the land bank for the use of the program.

SECTION 5. Makes application of Section 379C.010(c), Local Government Code, as added by this Act, prospective.

SECTION 6. Effective date: September 1, 2019.