

By: Alvarado

S.B. No. 1918

A BILL TO BE ENTITLED

AN ACT

relating to the creation of an urban land bank by certain municipalities; granting authority to issue bonds.

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

SECTION 1. Subtitle A, Title 12, Local Government Code, is amended by adding Chapter 379H to read as follows:

CHAPTER 379H. URBAN LAND BANK PROGRAM IN MUNICIPALITY WITH

POPULATION OF TWO MILLION OR MORE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 379H.001. SHORT TITLE. This chapter may be cited as the Urban Land Bank Program for a Municipality with a Population of Two Million or More.

Sec. 379H.002. APPLICABILITY OF CHAPTER. This chapter applies only to a municipality with a population of two million or more.

Sec. 379H.003. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of a land bank.

(2) "Land bank" means an entity established or approved by the governing body of a municipality under this chapter.

(3) "Non-qualifying municipality" means a municipality to which this chapter does not apply and that is located in the same county in which a municipality to which this

1 chapter does apply is predominantly located.

2 (4) "Real property" means land, land under water, and
3 any structure, easement, air rights, franchise, or incorporeal
4 hereditament, every estate, interest, and right therein, legal and
5 equitable, including terms for years and liens by way of judgment,
6 mortgage, or otherwise, and any fixture or improvement located
7 thereon.

8 Sec. 379H.004. APPLICABILITY OF OTHER LAW. A land bank
9 created under this chapter:

10 (1) is:

11 (A) a governmental unit, as defined by Section
12 101.001, Civil Practice and Remedies Code;

13 (B) a local government corporation, as defined by
14 Section 431.003, Transportation Code; and

15 (C) a public nonprofit corporation that has and
16 may exercise all of the rights, powers, privileges, authority, and
17 functions given by the general laws of this state to nonprofit
18 corporations in this state;

19 (2) is not:

20 (A) a program created or operating under Chapter
21 373 or 374; or

22 (B) a housing finance corporation created under
23 Chapter 394; and

24 (3) must comply with the requirements of Chapters 551
25 and 552, Government Code.

26 Sec. 379H.005. PURPOSE. A land bank created under this
27 chapter exists for the purpose of acquiring, managing, and

1 disposing of vacant, abandoned, and deteriorated properties and
2 returning those properties to productive uses, including
3 affordable housing, workforce housing, public service housing,
4 community-based economic development, food desert solutions,
5 beautification and public art, parks and recreation, flood
6 reduction and storm resiliency, and other uses necessary and
7 appropriate to stabilize communities, improve living conditions,
8 and protect against the displacement of residents of the
9 municipality served by the land bank.

10 Sec. 379H.006. CONSTRUCTION. This chapter shall be
11 construed liberally to carry out the intended purposes as a
12 complete and independent authorization for the performance of each
13 and every act and thing authorized by this chapter, and all powers
14 granted shall be broadly interpreted to carry out the intended
15 purposes and not as a limitation of powers. Except as otherwise
16 provided by this chapter, a land bank, in the exercise of its powers
17 and duties under this chapter and with respect to real property held
18 by the land bank, has the same amount of control as if the land bank
19 represented a private property owner, and the land bank is not
20 subject to restrictions imposed by the charter, ordinances, or
21 resolutions of a local unit of government.

22 SUBCHAPTER B. BOARD OF DIRECTORS

23 Sec. 379H.051. COMPOSITION OF BOARD. The size, membership,
24 composition, and officers of the board of directors of a land bank,
25 and methods of appointment to the board, must be established by the
26 certificate of formation and the bylaws of the land bank.

27 Sec. 379H.052. ELIGIBILITY FOR MEMBERSHIP. (a) In this

1 section, "public officer" means an individual who is elected to a
2 municipal office.

3 (b) A municipal employee is eligible to serve as a member of
4 the board, and notwithstanding any law to the contrary, a public
5 officer is eligible to serve as a member of the board and acceptance
6 of the appointment will neither terminate nor impair service in the
7 public office.

8 Sec. 379H.053. MEETINGS; ATTENDANCE. (a) The board shall
9 meet in regular session according to a schedule adopted by the
10 board.

11 (b) The board may meet in a special session:

12 (1) convened by the president of the board in
13 accordance with the bylaws of the board; or

14 (2) on written notice signed by a majority of the board
15 members.

16 (c) The presence of a majority of the board's total
17 membership constitutes a quorum for any regular or special session.

18 (d) The board shall establish rules related to the
19 attendance and participation of members in regular or special
20 meetings of the board. Rules adopted under this subsection may
21 provide for the removal from office of a member for failure to
22 comply with the rules if a majority of the remaining members of the
23 board vote for the removal. Removal under this subsection takes
24 effect the first day of the calendar month following the date of the
25 vote. A person removed under this subsection is ineligible for
26 reappointment to the board unless reappointment is confirmed
27 unanimously by the board.

1 Sec. 379H.054. BOARD ACTIONS. (a) Subject to Subsection
2 (b), actions of the board must be approved by the affirmative vote
3 of a quorum of the board.

4 (b) Action on the following matters requires approval by a
5 majority of the total membership of the board:

6 (1) adoption of bylaws or rules for conduct of the
7 business of the land bank for which the board serves;

8 (2) hiring or firing of any employee or contractor of
9 the land bank for which the board serves;

10 (3) incurring debt;

11 (4) adoption or amendment of the annual budget; and

12 (5) sale, lease, encumbrance, or alienation of or
13 improvements to real or personal property with a value of more than
14 \$50,000.

15 (c) By majority vote, the board may delegate the hiring and
16 firing of employees and contractors to a specific officer or
17 committee of the land bank for which the board serves, under terms
18 and to the extent specified by the board.

19 (d) A board member may not vote by proxy.

20 (e) A board member may request a recorded vote on any
21 resolution or action of the land bank.

22 Sec. 379H.055. CONFLICT OF INTEREST. (a) A board member
23 or employee of a land bank may not:

24 (1) acquire any direct or indirect interest in real
25 property of the land bank, in any real property to be acquired by
26 the land bank, or in any real property to be acquired from the land
27 bank; or

1 (2) have any direct or indirect interest in any
2 contract or proposed contract for materials or services to be
3 furnished or used by the land bank.

4 (b) The provisions of the former Texas Non-Profit
5 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
6 Statutes) related to powers, standards of conduct, and interests in
7 contracts apply to the directors and officers of the land bank.

8 (c) The board may adopt supplemental rules addressing
9 potential conflicts of interest and ethical guidelines for board
10 members and land bank employees.

11 Sec. 379H.056. COMPENSATION; REIMBURSEMENT. (a) Board
12 members serve without compensation.

13 (b) The board may reimburse a member for expenses actually
14 incurred in the performance of duties on behalf of the land bank.

15 SUBCHAPTER C. CREATION, OPERATION, AND DISSOLUTION OF LAND BANK

16 Sec. 379H.101. CREATION OF LAND BANK. (a) The governing
17 body of a municipality may create a land bank by the adoption of an
18 ordinance approving the land bank's certificate of formation and
19 bylaws.

20 (b) Approval by the governing body of a municipality of the
21 certificate of formation and bylaws of a corporation created under
22 Chapter 431, Transportation Code, that will serve as a land bank
23 under this chapter is sufficient to create a land bank under this
24 section.

25 (c) A land bank's certificate of formation and bylaws
26 approved under this section may not be changed or amended unless the
27 governing body of the municipality for which the land bank was

1 created approves the change or amendment by the adoption of an
2 ordinance.

3 Sec. 379H.102. GENERAL POWERS OF LAND BANK. (a) A land
4 bank has all powers necessary to carry out the purposes of this
5 chapter, including the power to:

6 (1) adopt, amend, and repeal bylaws for the regulation
7 of the land bank's affairs and the conduct of the land bank's
8 business;

9 (2) sue and be sued in the land bank's own name and
10 plead and be interpleaded in all civil actions, including actions
11 to clear title to real property of the land bank;

12 (3) adopt and alter a seal;

13 (4) borrow funds necessary for the operation of the
14 land bank from private lenders, municipalities, this state, and the
15 federal government;

16 (5) adopt any policy for procurement that is
17 recognized under state law and permitted for governmental entities,
18 including a policy recognized under Chapters 252 and 271 of this
19 code, Chapter 431, Transportation Code, and Chapters 2254 and 2269,
20 Government Code;

21 (6) issue negotiable revenue bonds and notes under
22 this chapter;

23 (7) procure insurance or guarantees from this state or
24 the federal government of the payments of any debts or parts of
25 debts incurred by the land bank and pay premiums in connection with
26 those debts;

27 (8) enter into contracts and other agreements

1 necessary, incidental, or convenient to the performance of the land
2 bank's duties and the exercise of the land bank's powers, including
3 governmental agreements under Subchapter D, Chapter 431,
4 Transportation Code, or interlocal contracts under Section
5 791.011, Government Code, for the joint exercise of powers under
6 this chapter;

7 (9) enter into contracts and other agreements with the
8 municipality that created the land bank for the performance of
9 services in accordance with Chapter 311, Tax Code;

10 (10) make and execute contracts and other instruments
11 necessary or convenient to the exercise of the land bank's powers;

12 (11) procure insurance against losses in connection
13 with the real property, assets, or activities of the land bank;

14 (12) invest money of the land bank, at the discretion
15 of the board, in instruments, obligations, securities, or property
16 determined proper by the board and name and use depositories for the
17 land bank's money;

18 (13) enter into contracts for the management of,
19 collection of rent from, or sale of real property of the land bank;

20 (14) design, develop, construct, demolish,
21 reconstruct, rehabilitate, renovate, relocate, or otherwise
22 improve real property of the land bank;

23 (15) set, charge, and collect rents, fees, and charges
24 for the use of real property of the land bank and for services
25 provided by the land bank;

26 (16) finance by loan, grant, lease, or otherwise
27 refinance, construct, erect, assemble, purchase, acquire, own,

1 repair, remodel, rehabilitate, modify, maintain, extend, improve,
2 install, sell, equip, expand, add to, operate, or manage real
3 property of the land bank and pay the costs of those activities from
4 the proceeds of loans by persons, corporations, limited or general
5 partnerships, and other entities;

6 (17) grant or acquire a license, easement, lease, as
7 lessor or lessee, or option with respect to real property of the
8 land bank;

9 (18) enter into partnerships, joint ventures, and
10 other collaborative relationships with the municipality that
11 created the land bank and other public and private entities for the
12 ownership, management, development, and disposition of real
13 property of the land bank;

14 (19) make application directly or indirectly to any
15 federal, state, county, or municipal government or agency or to any
16 other public or private source for loans, grants, guarantees, or
17 other financial assistance in furtherance of the land bank's public
18 purpose and accept and use the loans, grants, guarantees, or
19 financial assistance on terms prescribed by that federal, state,
20 county, or municipal government or agency or other source;

21 (20) as security for the repayment of any notes or
22 other obligations of the land bank, pledge, mortgage, convey,
23 assign, hypothecate, or otherwise encumber any property of the land
24 bank, including real property, fixtures, personal property,
25 revenue, and other funds, and execute any lease, trust indenture,
26 trust agreement, agreement for the sale of the land bank's notes of
27 other obligation, loan agreement, mortgage, security agreement, or

1 other agreement necessary or desirable as determined by the land
2 bank; and

3 (21) hold title to real property for purposes of
4 establishing contracts with public and private nonprofit community
5 land trusts, including long-term lease contracts.

6 (b) A land bank may not:

7 (1) exercise the power of eminent domain; or

8 (2) acquire real property outside the geographical
9 boundaries of the municipality that created the land bank.

10 Sec. 379H.103. RESOLUTION OF COMPLEX TITLE QUESTIONS. A
11 land bank may provide assistance and guidance to owners of real
12 property for which there are complex, highly divided fractional
13 interests in the real property because of multigenerational
14 intestate distributions, unknown heirs, and other interested
15 parties for whom accurate information cannot be ascertained.

16 Sec. 379H.104. INTERLOCAL CONTRACTS. (a) A land bank may
17 enter into an interlocal contract under Section 791.011, Government
18 Code, with:

19 (1) a municipality for a program created by the
20 municipality under Chapter 373 or 374; or

21 (2) a non-qualifying municipality for the purpose of
22 the land bank conducting land bank activities on behalf of and
23 within the geographical boundaries of the non-qualifying
24 municipality.

25 (b) Notwithstanding Section 379H.102(b)(2), a land bank may
26 acquire real property within the geographical boundaries of a
27 non-qualifying municipality with which it has entered into an

1 agreement under Subsection (a).

2 Sec. 379H.105. RECORDS AND REPORTS. (a) A land bank shall
3 keep accurate minutes of the land bank's meetings and shall keep
4 accurate records and books of account that conform with generally
5 accepted principles of accounting and that clearly reflect the
6 income and expenses of the land bank and all transactions in
7 relation to the land bank's real property.

8 (b) A land bank shall maintain and make available for public
9 review and inspection:

10 (1) an inventory of all real property held by the land
11 bank;

12 (2) a copy of the sale settlement statement for each
13 real property sold or transferred to a third party; and

14 (3) a copy of the performance report filed under
15 Subsection (e).

16 (c) Not later than the 90th day after the end of the fiscal
17 year of the municipality that created the land bank, the land bank
18 shall file with the municipality an annual audited financial
19 statement prepared by a certified public accountant.

20 (d) Financial transactions of a land bank are subject to
21 audit by the municipality that created the land bank.

22 (e) For purposes of evaluating the effectiveness of a land
23 bank created under this chapter, a land bank shall submit an annual
24 performance report to the municipality that created the land bank
25 not later than November 1 of each year in which the land bank
26 acquires or sells real property in accordance with this chapter.

27 Sec. 379H.106. STAFF. (a) A land bank may employ an

1 executive director, counsel and legal staff, technical experts, and
2 other agents and employees, permanent or temporary, that the land
3 bank may require and may determine the qualifications and set the
4 compensation and benefits of each of those persons.

5 (b) A land bank may enter into contracts and agreements with
6 municipalities for staffing services to be provided to the land
7 bank by those municipalities or for the land bank to provide such
8 staffing services to those municipalities.

9 Sec. 379H.107. ADVISORY COMMITTEE AND NEIGHBORHOOD
10 CONSULTATION. (a) A land bank shall create one or more advisory
11 committees to consult with and advise the land bank on:

12 (1) properties within the municipality served by the
13 land bank that are imposing the greatest harm on neighborhoods and
14 communities in the municipality;

15 (2) neighborhood priorities for new uses of those
16 properties; and

17 (3) the range of potential transferees of those
18 properties.

19 (b) As appropriate to the location of the real property of
20 the land bank, advisory committee membership and neighborhood
21 consultations shall include formal and informal
22 neighborhood-specific community associations, residents'
23 associations, faith communities, community development
24 corporations, and anchor institutions.

25 Sec. 379H.108. DISSOLUTION OF LAND BANK. (a) A land bank
26 may be dissolved not earlier than the 60th day after the date an
27 affirmative resolution to dissolve the land bank is approved by

1 two-thirds of the membership of the board and confirmed by
2 resolution of the municipality that created the land bank.

3 (b) Not less than 60 days before the consideration of a
4 resolution of dissolution by the board, the board shall:

5 (1) provide to the governing body of the municipality
6 that created the land bank written notice of the board's intent to
7 vote on a resolution for dissolution of the land bank;

8 (2) publish the notice in a local newspaper of general
9 circulation; and

10 (3) send the notice by certified mail to the trustee of
11 any outstanding bonds of the land bank.

12 (c) On dissolution of the land bank, all real property,
13 personal property, and other assets and obligations of the land
14 bank become the assets and obligations of the municipality that
15 created the land bank.

16 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

17 Sec. 379H.151. TAX EXEMPT STATUS OF LAND BANK PROPERTY. The
18 real property of a land bank, including real property held by a land
19 bank under a long-term lease contract with a community land trust,
20 and the land bank's income and operations are exempt as public
21 property used for public purposes from all license fees, recording
22 fees, and all other taxes imposed by this state or by political
23 subdivisions of this state.

24 Sec. 379H.152. TITLE HELD BY LAND BANK. All real property
25 acquired by a land bank must be held in the name of the land bank.

26 Sec. 379H.153. QUIET TITLE ACTIONS. (a) A land bank may
27 file an action to quiet title as to any real property in which the

1 land bank has an interest. For purposes of a quiet title action,
2 the land bank is considered to be the holder of sufficient legal and
3 equitable interests and possessory rights to qualify the land bank
4 as an adequate complainant in the action.

5 (b) Before filing an action to quiet title, the land bank
6 shall conduct an examination of title to determine the identity of
7 all persons and entities possessing a claim or interest in or to the
8 real property. Service of the complaint to quiet title shall be
9 provided to the interested parties by the following methods:

10 (1) by first class mail to an identity and address as
11 reasonably ascertainable by an inspection of public records;

12 (2) in the case of occupied real property, by
13 registered or certified mail addressed to "occupant";

14 (3) by posting a copy of the notice on the real
15 property;

16 (4) by publication in a newspaper of general
17 circulation in the municipality in which the property is located;
18 and

19 (5) by another method the court may order.

20 (c) As part of the complaint to quiet title, a land bank
21 shall file an affidavit identifying all parties potentially having
22 an interest in the real property and the form of notice provided.

23 (d) A court hearing an action under this section shall:

24 (1) schedule a hearing on the complaint not later than
25 the 90th day after the date of the filing of the affidavit under
26 Subsection (c); and

27 (2) issue a final judgment not later than the 120th day

1 after the date of the filing of the complaint for all matters on
2 which an answer was not filed by an interested party.

3 (e) A land bank may join in a single complaint to quiet title
4 for one or more parcels of real property.

5 Sec. 379H.154. ACQUISITION OF PROPERTY GENERALLY. (a) A
6 land bank may acquire real property by gift, devise, transfer,
7 exchange, foreclosure, purchase, purchase contracts, lease
8 purchase agreements, installment sales contracts, land contracts,
9 or transfers from a municipality on terms as agreed by the land bank
10 and the municipality, or through any other means on terms and in a
11 manner the land bank considers appropriate.

12 (b) Notwithstanding any other law to the contrary, a
13 municipality served by a land bank or a non-qualifying municipality
14 that has entered into an interlocal contract with a land bank under
15 Section 379H.104 may transfer to the land bank real property of the
16 municipality or non-qualifying municipality on terms and according
17 to procedures determined by the municipality or non-qualifying
18 municipality.

19 (c) A land bank may acquire real property from this state,
20 the municipality served by the land bank, the county in which that
21 municipality is located, a governmental entity within the county,
22 the federal government, or an agency or department of the federal
23 government.

24 (d) A land bank shall maintain all of its real property in
25 accordance with the laws and ordinances of the jurisdiction in
26 which the real property is located.

27 Sec. 379H.155. ACQUISITION OF FORECLOSED OR SEIZED

1 PROPERTY. (a) In this section, "taxing unit" has the meaning
2 assigned by Section 1.04, Tax Code.

3 (b) A land bank may submit a written bid to acquire real
4 property at a tax sale conducted in accordance with Section 34.01,
5 Tax Code. The bid:

6 (1) must be in an amount not less than the amount
7 calculated under Section 34.01(b), Tax Code; and

8 (2) may be submitted in writing in advance of the
9 auction or tendered in person at the auction.

10 (c) If the bid submitted under Subsection (b) is the highest
11 bid received at the sale, the land bank:

12 (1) shall:

13 (A) pay in cash the amount of the costs and
14 expenses as described by Section 33.48, Tax Code, and any penalties
15 described by Section 33.07 or 33.08, Tax Code; or

16 (B) remit payment of the amounts described by
17 Paragraph (A) to the selling officer by check or electronic funds
18 transfer not later than the seventh calendar day after the date of
19 the auction; and

20 (2) is entitled to credit bid that portion of the bid
21 amount consisting of the amount of the taxes, penalties, other than
22 penalties described by Sections 33.07 and 33.08, Tax Code, and
23 interest set forth in the judgment.

24 (d) A taxing unit that is a party to a judgment of
25 foreclosure for property sold at auction may request that the
26 selling officer bid off the property to the taxing unit in the
27 manner provided by Section 34.01(j), Tax Code, and, if the request

1 is granted, the transfer to the taxing unit prevails over a bid by
2 the land bank if the land bank's bid is the only bid sufficient to
3 satisfy the minimum bid described by Section 34.01(j), Tax Code.

4 (e) The aggregate amount of all credit bids in a calendar
5 year shall be considered satisfied by the aggregate expenditure in
6 that calendar year of an amount equal to or greater than the credit
7 bid amount, which expenditures are attributable directly and
8 indirectly to maintenance, rehabilitation, construction,
9 demolition, and remediation activities. As to any specific tract
10 of property acquired by the credit bid and transferred by a land
11 bank to a public entity described by Section 379H.158(a), the
12 credit bid shall be considered satisfied by that transfer.

13 (f) A land bank may submit a written request to a taxing unit
14 at any time for the commencement of tax foreclosure proceedings for
15 delinquent taxes on real property, other than property legally
16 owned and occupied. A land bank may not submit a written request to
17 a taxing unit under this subsection for legally occupied
18 residential real property unless the property is five or more years
19 delinquent.

20 (g) A request submitted under Subsection (f) must include a
21 commitment to tender a bid in the amount specified under Subsection
22 (b). On receipt of the written request, the taxing unit, or the
23 governmental office acting on behalf of the taxing unit, shall
24 commence enforcement proceedings in accordance with Section 33.41,
25 Tax Code.

26 (h) If there is no private third party bid in an amount more
27 than the bid of the land bank, the real property must be sold to the

1 land bank.

2 (i) A sale to a land bank under this section is not a sale to
3 a taxing unit under Section 34.01(j) or (p) or 34.21, Tax Code.

4 (j) A land bank may bid an amount higher than the amount
5 calculated under Section 34.01(b), Tax Code, and if that higher bid
6 amount is the highest successful bid, the land bank shall pay the
7 full amount of the bid in cash.

8 (k) The deed to a land bank vests good and perfect title in
9 the land bank to the right, title, and interest owned by the
10 defendants included in the foreclosure judgment, including the
11 defendants' right to the use and possession of the property,
12 subject only to the defendants' right of redemption, the terms of a
13 recorded restrictive covenant running with the land that was
14 recorded before January 1 of the year in which the tax lien on the
15 property arose, a recorded lien that arose under that restrictive
16 covenant that was not extinguished by the judgment foreclosing the
17 tax lien, and each easement of record as of the date of the sale that
18 was recorded before January 1 of the year the tax lien arose.

19 (l) A sale of real property to a land bank under this
20 section:

21 (1) extinguishes each lien securing payment of the
22 delinquent taxes, penalties, and interest against the property and
23 included in the judgment; and

24 (2) does not affect the personal liability of any
25 person for those taxes, penalties, and interest included in the
26 judgment that are not satisfied from the proceeds of the sale.

27 (m) A municipality, and any taxing unit levying property

1 taxes within the geographical jurisdiction of the municipality, may
2 convey tax foreclosed real property owned by the municipality or
3 the taxing unit to the land bank on terms and for an amount of
4 consideration determined by the transferor and the land bank.

5 (n) A bid submitted by a land bank in accordance with this
6 section is considered a bid for the amount calculated under Section
7 34.01(b), Tax Code, and must be received in accordance with Section
8 34.01(j), Tax Code.

9 Sec. 379H.156. REDEMPTION BY OWNER OF FORECLOSED PROPERTY.

10 (a) The owner of real property sold to a land bank under Section
11 379H.155 may redeem the property in the manner prescribed for
12 owners of real property sold at a tax sale to a purchaser other than
13 a taxing unit under Section 34.21, Tax Code.

14 (b) The price to be paid by the owner of real property sold
15 to a land bank under this section to redeem the property shall be in
16 the amounts set forth in Sections 34.21(a) and (e), Tax Code. For
17 the purposes of calculating the price, the bid paid by the land bank
18 shall be the aggregate amount of the land bank's bid as described by
19 Section 379H.155(b).

20 (c) If the owner of real property sold to a land bank under
21 Section 379H.155 redeems the property by paying to the land bank the
22 full amount required to redeem as set forth in Sections 34.21(a) and
23 (e), Tax Code, the land bank shall:

24 (1) retain an amount equal to the amount paid in cash
25 by the land bank in accordance with Section 379H.155;

26 (2) retain any redemption premium and any reasonable
27 costs the land bank may have expended on maintenance or

1 environmental remediation of the property being redeemed; and

2 (3) remit to the county assessor-collector any
3 remaining amounts to be distributed among the taxing units that
4 were parties to the judgment of foreclosure in an amount equal to
5 the proportion of each taxing unit's taxes, penalties, and interest
6 due in accordance with the judgment of foreclosure.

7 Sec. 379H.157. DISPOSITION OF PROPERTY GENERALLY. (a) A
8 land bank may convey, exchange, sell, transfer, lease as lessor,
9 grant, release and demise, pledge, or hypothecate any interest in,
10 on, or to real property of the land bank.

11 (b) A municipality may, in the ordinance creating a land
12 bank, require that a particular form of disposition of real
13 property of the land bank, or any disposition of real property
14 located within a specified jurisdiction of the municipality, be
15 subject to specified voting and approval requirements of the board.
16 Unless restricted under this subsection, the board may delegate to
17 officers and employees the authority to enter into and execute
18 agreements, instruments of conveyance, and all other related
19 documents pertaining to the conveyance of real property by the land
20 bank.

21 (c) A land bank shall determine the terms, conditions, form,
22 and substance of consideration necessary and appropriate to convey,
23 exchange, sell, transfer, lease as lessor, grant, or mortgage as
24 mortgagor any interest in, on, or to real property of the land bank.
25 Consideration may take the form of monetary payments and secured
26 financial obligations, covenants, and conditions related to the
27 present and future use of the property, deed covenants and

1 limitations, contractual commitments of the transferee, mortgage
2 financing, defeasible fees, and other forms of consideration as
3 determined by the board to be in the best interests of the land
4 bank. The board shall determine and state in the land bank's
5 policies and procedures the general terms for consideration to be
6 received by the land bank for the transfer of real property of the
7 land bank.

8 (d) The board may authorize in the board's policies
9 governing the disposition of land bank property a program for the
10 disposition of land bank property to owners of contiguous
11 properties.

12 (e) A municipality may recommend that a land bank created by
13 the municipality, and the land bank may in the land bank's own
14 policies and procedures, establish a hierarchical ranking of
15 priorities for the use of real property conveyed by the land bank,
16 including use for:

17 (1) purely public spaces and places;

18 (2) flood reduction, storm water retention and
19 drainage, and storm resiliency;

20 (3) affordable housing, workforce housing, or public
21 service housing;

22 (4) community-based economic development, including
23 retail, commercial, and industrial activities;

24 (5) food desert solutions;

25 (6) beautification and public art, parks, and
26 recreation;

27 (7) conservation areas; and

1 (8) community land trusts or other public entities.

2 Sec. 379H.158. DISPOSITION OF PROPERTY FOR FLOOD CONTROL
3 AND STORM WATER DRAINAGE AND PLANNING. (a) A land bank may convey
4 to a public entity such as a flood control district or a municipal
5 parks and recreation department real property held by the land
6 bank:

7 (1) for which the highest and best use is flood control
8 or storm water retention or drainage; and

9 (2) that, as a result of housing and building code
10 restrictions, flood plain elevations, other local, state, or
11 federal laws, or public or private agreements, conditions, and
12 limitations, is no longer capable of being developed or
13 redeveloped.

14 (b) The transfer of real property by a land bank under this
15 section may be:

16 (1) by grant, deed lease, or other conveyance and may
17 include additional limitations, restrictions, and conditions
18 determined by the land bank; and

19 (2) for nominal consideration, for consideration
20 consisting of contractual commitments, for an exchange of real
21 properties, or for other consideration determined by the land bank.

22 Sec. 379H.159. AFFORDABLE HOUSING REQUIREMENT. A land bank
23 created under this chapter shall adopt a policy requiring not less
24 than 70 percent of real property conveyed for residential purposes
25 to the land bank be deed restricted for housing that is affordable
26 to households with an income of not greater than 80 percent of the
27 area median family income, adjusted for household size, for the

1 municipality, as determined annually by the United States
2 Department of Housing and Urban Development, unless otherwise
3 required by:

4 (1) the governing body of the municipality for which
5 the land bank is created;

6 (2) a source of funding; or

7 (3) a transferor of an interest in the real property.

8 SUBCHAPTER E. FINANCING OF LAND BANK OPERATIONS

9 Sec. 379H.201. GENERAL FINANCING. (a) A land bank may
10 receive funding through grants and loans from the municipality that
11 created the land bank, other municipalities, this state, the
12 federal government, and other public or private sources.

13 (b) A land bank may receive and retain payments for services
14 rendered, for rents and leasehold payments received, for
15 consideration for disposition of real and personal property, for
16 proceeds of insurance coverage for losses incurred, for income from
17 investments, and for any other asset or activity permitted under
18 this chapter.

19 Sec. 379H.202. SALE OF LAND BANK PROPERTY. At the time a
20 land bank sells or otherwise disposes of real property, the
21 proceeds from the sale, if any, shall be allocated to operations and
22 expenses of the land bank.

23 Sec. 379H.203. TAX PENALTY FINANCING. The governing
24 authority of the municipality that created the land bank, and a
25 taxing unit within the geographical boundaries of the municipality,
26 may increase the amount of the penalty imposed for the nonpayment of
27 real property taxes of the municipality levied within that

1 jurisdiction under Section 33.01, Tax Code, by increasing the
2 penalty amount on delinquent taxes on July 1, as described by
3 Section 33.01(a), Tax Code, from 12 percent to 14 percent. The
4 supplemental penalty authorized by this subsection applies only to
5 properties not owned and occupied as a residence homestead as
6 defined by Section 11.13(j)(1), Tax Code. If the supplemental
7 penalty is authorized and collected, all such supplemental revenue
8 must be transferred to the land bank.

9 Sec. 379H.204. COLLECTION OF TAXES ON PROPERTY CONVEYED BY
10 LAND BANK. Not more than 75 percent of the real property taxes the
11 municipality that created the land bank collected on real property,
12 excluding any school district or county ad valorem tax, conveyed by
13 a land bank under the laws of this state shall be remitted to the
14 land bank. The real property taxes of any other taxing unit, as to
15 real property of the land bank, may also be allocated to the land
16 bank in a similar manner under an interlocal agreement between the
17 other taxing unit and the land bank. The specific percentage of
18 those taxes to be remitted shall be established by ordinance,
19 resolution, or interlocal cooperation agreement of the land bank.
20 The allocation of property tax revenue shall begin with the first
21 taxable year following the date of conveyance and shall continue
22 for a period of five years. The funds shall be remitted to the land
23 bank in accordance with the administrative procedures established
24 by the assessor-collector of the county in which the land bank is
25 located. The allocation of property tax revenue may not occur if
26 those taxes have been previously allocated to a tax increment
27 reinvestment zone, or to secure a debt of the municipality or other

1 taxing unit, unless the municipality or other taxing unit enters
2 into an agreement with the land bank for the remittance of those
3 funds to the land bank. Any property tax revenue allocated to the
4 land bank under this subsection shall be excluded from the
5 calculation of ad valorem tax revenue under the municipality's
6 charter.

7 Sec. 379H.205. ISSUANCE OF BONDS. (a) A land bank may
8 issue bonds for the land bank's purposes. The principal and
9 interest of bonds issued under this section are payable from the
10 land bank's general revenue. Any bonds issued under this section
11 may be secured by a pledge of any revenue, including grants or
12 contributions from this state, the federal government, or any
13 agency or instrumentality of this state or the federal government,
14 or by a mortgage of any real property of the land bank.

15 (b) Bonds issued by a land bank are negotiable instruments
16 under the law.

17 (c) Bonds of a land bank issued under this section and the
18 income from those bonds shall at all times be free from taxation for
19 state or local purposes under any provision of state law.

20 (d) Bonds issued by a land bank must be authorized by
21 resolution of the board and shall be limited obligations of the land
22 bank. A land bank may not issue bonds unless authorized by the
23 municipality for which the land bank is created.

24 (e) The principal and interest, costs of issuance, and other
25 costs incidental to bonds issued under this section shall be
26 payable solely from the income and revenue derived from the sale,
27 lease, or other disposition of the assets of the land bank.

1 (f) In the discretion of the land bank, the bonds may be
2 additionally secured by mortgage or other security device covering
3 all or part of the project from which the revenue pledged may be
4 derived.

5 (g) Any refunding bonds issued shall be payable from any
6 source described by this section or from the investment of any of
7 the proceeds of the refunding bonds, may not constitute an
8 indebtedness or pledge of the general credit of a municipality or
9 any other governmental entity within the meaning of any
10 constitutional or statutory limitation of indebtedness, and must
11 contain a recital to that effect.

12 (h) Bonds of the land bank may be issued in the form, may be
13 in the denominations, may bear interest, may mature in the manner,
14 and may be executed by one or more members of the board as provided
15 by the resolution authorizing the issuance of the bonds. The bonds
16 may be subject to redemption at the option of and in the manner
17 determined by the board in the resolution authorizing the issuance
18 of the bonds.

19 (i) The municipality in which a land bank operates may
20 guarantee, insure, or otherwise become primarily or secondarily
21 obligated on the indebtedness of the land bank subject to all other
22 provisions of state law applicable to municipal indebtedness.

23 (j) Bonds issued by a land bank shall be issued, sold, and
24 delivered in accordance with the terms and provisions of a
25 resolution adopted by the board. The board of a land bank may sell
26 the bonds in a manner, either at public or at private sale, and for a
27 price as the board determines to be in the best interests of the

1 land bank. The resolution issuing bonds shall be published in a
2 newspaper of general circulation within the jurisdiction of the
3 land bank.

4 (k) A board member or a person executing the bonds is not
5 liable personally on any bonds by reason of the issuance of the
6 bonds. The bonds or other obligations of the land bank are not a
7 debt of the municipality that created the land bank or of this state
8 and must state so on their face. The municipality, this state, or
9 any revenue or any property of a municipality or this state is not
10 liable for the bond.

11 SECTION 2. Section 379E.002, Local Government Code, is
12 amended to read as follows:

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

15 (1) to which Chapter 379C or 379H [~~or 379D~~] does not
16 apply; and

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

19 SECTION 3. Chapter 379D, Local Government Code, is
20 repealed.

21 SECTION 4. The Houston Land Bank, a public nonprofit
22 corporation evidenced by its amended and restated Certificate of
23 Formation dated September 26, 2018, as filed with the Secretary of
24 State under File No. 155688901, under ordinance dated HCD 18-51,
25 approved and adopted by the city council of the City of Houston on
26 July 25, 2018, and originally created as the Land Assemblage
27 Redevelopment Authority under Subchapter D, Chapter 431,

1 Transportation Code, is a land bank under Chapter 379H, Local
2 Government Code, as added by this Act, and shall continue to possess
3 the statutory authorization by which it was originally created
4 under Subchapter D, Chapter 431, Transportation Code. All actions
5 of the board of directors and employees of the Houston Land Bank,
6 all contracts, agreements, services, and real property
7 acquisitions and dispositions taken before the effective date of
8 this Act shall remain unaffected by the adoption of an ordinance
9 under Chapter 379H, Local Government Code, as added by this Act.

10 SECTION 5. This Act takes effect September 1, 2019.