

BILL ANALYSIS

C.S.H.B. 4374
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Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Rapid population growth in urban areas of Texas has led to the increasing subdivision of land in formerly rural areas to provide an ever-increasing number of residential lots for homes. When this subdivision is accomplished through a contract in which the seller retains the deed to the property until the purchaser has made all payments, known as an executory contract for the conveyance of property, the purchaser may lose all equity that the buyer has accumulated in the land because of a single missed payment. Current state restrictions on the use of executory contracts that would protect purchasers only presumptively apply to the conveyance of residential lots of one acre or less, but in these formerly rural areas residential lots as large as 20 acres are frequently being sold under executory contracts. C.S.H.B. 4374 seeks to address this issue by allowing certain counties in metropolitan growth corridors to include these larger lots in the existing statewide protections for purchasers.

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. 4374 amends the Property Code to authorize the commissioners court of a county to adopt an order requiring an executory contract for the conveyance of land measuring 20 acres or less used or to be used as a residence located in the county to be subject to statutory provisions regarding executory contracts for the conveyance of certain residential property. This authorization applies only to a county with a population of less than 100,000 that is located in a metropolitan statistical area (MSA) as defined by the federal Office of Management and Budget that meets the following criteria:

- the MSA has a population of more than 1.5 million; and
- the MSA is adjacent to a different MSA with a population of more than 2 million.

C.S.H.B. 4374 requires the order to specify a method for determining whether the land is used or to be used as a residence and prohibits the order from including an executory contract for the conveyance of certain land. The bill generally prohibits the commissioners court from modifying the applicable statutory provisions but authorizes the establishment of a minimum frontage requirement on a road and a certain deadline for conversion of a purchaser's interest in property into recorded, legal title.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4374 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 original made the authorization for a county commissioners court to adopt the order applicable to a county with a population of less than 50,000 that is located in a metropolitan area with a population of more than 2 million and adjacent to a county located in a different metropolitan area with a population of more than 2 million. The substitute applies the authorization instead to a county with a population of less than 100,000 that is located in an MSA that has a population of more than 1.5 million and is adjacent to a different MSA with a population of more than 2 million.