

1-1 By: González of El Paso (Senate Sponsor - Blanco) H.B. No. 1564  
 1-2 (In the Senate - Received from the House May 5, 2021;  
 1-3 May 17, 2021, read first time and referred to Committee on Local  
 1-4 Government; May 21, 2021, reported favorably by the following  
 1-5 vote: Yeas 6, Nays 0; May 21, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13			X	
1-14	X			
1-15	X			
1-16			X	

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to the appointment of a receivership for and disposition  
 1-20 of certain platted lots that are abandoned, unoccupied, and  
 1-21 undeveloped in certain counties.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. The legislature finds that:

1-24 (1) in the decades beginning with and following the  
 1-25 1960s, purchasers from all over the United States and elsewhere  
 1-26 were lured by misrepresentations into buying lots in remote areas  
 1-27 of the state with promises of future development;

1-28 (2) the lots in one such area comprised more than  
 1-29 50,000 acres that have stood virtually undeveloped for more than 25  
 1-30 years after being platted;

1-31 (3) the area has been carved into lots as small as  
 1-32 one-quarter acre, creating highly fractionalized and uneconomic  
 1-33 real estate conditions, defeating any reasonable possibility of  
 1-34 developing the lots, depriving the purchasers of the value of their  
 1-35 investments, and effectively preventing installation of streets,  
 1-36 water, sanitation, electricity, and other infrastructure;

1-37 (4) in addition, the lots had, and have, in common an  
 1-38 absence of water and electricity, substandard, if any,  
 1-39 thoroughfares, and no reasonable prospect that the lots can be  
 1-40 developed for residential or commercial use;

1-41 (5) over the decades, the original purchasers have  
 1-42 abandoned the lots, the purchasers cannot be located, or the  
 1-43 purchasers died, in many cases leaving individuals representing  
 1-44 multiple generations of families as holders of a complicated web of  
 1-45 undivided interests in lots they may know nothing about;

1-46 (6) the lots are so lacking in value that local  
 1-47 governments have either removed them from the tax rolls altogether,  
 1-48 are unable to determine who owns them, or have found it uneconomical  
 1-49 to collect the pennies in property tax revenue they may represent;

1-50 (7) in recent years, rapid residential growth has  
 1-51 reached the areas adjacent to the lots, creating a substantial  
 1-52 demand for residential properties that cannot be met due to the  
 1-53 fractionalized nature of the properties and the absence of basic  
 1-54 infrastructure;

1-55 (8) the lots are often used for illegal dumping of  
 1-56 waste and hazardous materials and other purposes contrary to public  
 1-57 health and safety; and

1-58 (9) it is necessary to establish a system by which the  
 1-59 lots may be aggregated and re-platted in order to be able to return  
 1-60 them to the market, provide for streets, water, sanitation,  
 1-61 electricity, and other infrastructure, and ensure that any future

2-1 economic value that may be returned to the lots inures to the  
2-2 benefit of any owners and lienholders who can be located.

2-3 SECTION 2. Chapter 232, Local Government Code, is amended  
2-4 by adding Subchapter F to read as follows:

2-5 SUBCHAPTER F. ABANDONED, UNOCCUPIED, AND UNDEVELOPED  
2-6 PLATTED LOTS IN CERTAIN COUNTIES

2-7 Sec. 232.151. APPLICABILITY. This subchapter applies to a  
2-8 county that:

- 2-9 (1) has a population of more than 800,000;
- 2-10 (2) is adjacent to an international border; and
- 2-11 (3) contains more than 30,000 acres of lots that have  
2-12 remained substantially undeveloped for more than 25 years after the  
2-13 date the lots were platted.

2-14 Sec. 232.152. ADMINISTRATIVE DETERMINATION. (a) In  
2-15 addition to the authority granted under Section 232.045, a  
2-16 commissioners court may implement an expedited process to  
2-17 administratively determine that a platted lot is abandoned,  
2-18 unoccupied, and undeveloped if the lot:

- 2-19 (1) has remained undeveloped for 25 years or more  
2-20 after the date the lot was platted;
- 2-21 (2) is part of a subdivision in which 50 percent or  
2-22 more of the lots are undeveloped or unoccupied;
- 2-23 (3) is part of a subdivision in which 50 percent or  
2-24 more of the lots are 10 acres or less in size;
- 2-25 (4) had an assessed value of less than \$1,000 as of  
2-26 January 1, 2021; and
- 2-27 (5) as of January 1, 2021, was not valued for ad  
2-28 valorem taxation as land for agricultural use pursuant to  
2-29 Subchapter C, Chapter 23, Tax Code.

2-30 (b) The county does not have an ownership interest in any  
2-31 lot that is administratively determined to be abandoned,  
2-32 unoccupied, and undeveloped or that is placed in a receivership  
2-33 under this subchapter, except for any existing or future legal  
2-34 interest established by other law.

2-35 Sec. 232.153. PUBLIC HEARING. (a) Before a county may make  
2-36 an administrative determination that a platted lot is abandoned,  
2-37 unoccupied, and undeveloped, the county must:

- 2-38 (1) hold a public hearing on the matter; and
- 2-39 (2) make reasonable efforts to notify each owner and  
2-40 lienholder of the lot of the time and place of the hearing as  
2-41 provided by Section 232.154.

2-42 (b) The hearing may be held by the commissioners court of  
2-43 the county or an appropriate county commission or board appointed  
2-44 by the commissioners court. The Texas Rules of Evidence do not apply  
2-45 to a hearing conducted under this section.

2-46 (c) At the hearing, an owner or lienholder may provide  
2-47 testimony and present evidence to refute any of the five required  
2-48 elements for a determination under Section 232.152. It is an  
2-49 affirmative defense to a determination under Section 232.152 that a  
2-50 lot's ad valorem taxes have been paid in full for each year that the  
2-51 taxing authority issued a tax invoice.

2-52 (d) The county may conduct a single hearing for multiple  
2-53 lots and make a determination that multiple lots are abandoned,  
2-54 unoccupied, and undeveloped based on the same evidence.

2-55 (e) Not later than the 14th day after the date of the  
2-56 hearing, if a lot is determined to be abandoned, unoccupied, and  
2-57 undeveloped, the county shall issue an order of its determination.

2-58 (f) Not later than the 14th day after the date of the order,  
2-59 the county shall:

- 2-60 (1) post notice of the order at the county courthouse;  
2-61 and
- 2-62 (2) publish in a newspaper of general circulation in  
2-63 the county in which the lot is located a notice of the determination  
2-64 containing:

- 2-65 (A) a description of the lot;
- 2-66 (B) the date of the hearing;
- 2-67 (C) a brief statement of the results of the  
2-68 order;
- 2-69 (D) instructions stating where a complete copy of

3-1 the order may be obtained; and  
3-2 (E) notice that the order is appealable to a  
3-3 district court in the county within 60 calendar days of the order.  
3-4 (g) In lieu of the notice required by Subsection (f), the  
3-5 county may:  
3-6 (1) post the information required by Subsection (f)(2)  
3-7 on the county's Internet website; and  
3-8 (2) publish a notice in a newspaper of general  
3-9 circulation in the county in which the lot is located stating that:  
3-10 (A) the commissioners court has adopted an order  
3-11 under this subchapter; and  
3-12 (B) the information required by Subsection  
3-13 (f)(2) may be found on the county's Internet website.  
3-14 Sec. 232.154. NOTICE OF HEARING. (a) The county shall:  
3-15 (1) provide notice of the hearing to each record owner  
3-16 of the applicable lot and to each holder of a recorded lien against  
3-17 the applicable lot by:  
3-18 (A) personal delivery;  
3-19 (B) certified mail with return receipt requested  
3-20 to the last known address of each owner and lienholder; or  
3-21 (C) delivery to the last known address of each  
3-22 owner or lienholder by the United States Postal Service using  
3-23 signature confirmation services;  
3-24 (2) publish notice of the hearing in a newspaper of  
3-25 general circulation in the county on or before the 10th day before  
3-26 the date of the hearing and on the county's Internet website; and  
3-27 (3) file in the property records of the county notice  
3-28 of the hearing that contains:  
3-29 (A) the name and last known address of the owner  
3-30 of the applicable lot; and  
3-31 (B) a description of the administrative  
3-32 determination proceeding, including notice that the administrative  
3-33 determination may result in the extinguishment of any and all  
3-34 rights and legal interests in the lot.  
3-35 (b) Notice under Subsection (a)(1) must be provided to each  
3-36 owner and lienholder for whom an address can be reasonably  
3-37 ascertained from the deed of trust or other applicable instrument  
3-38 on file in the office of the county clerk or in the records of the  
3-39 office of the central appraisal district for the county. The filed  
3-40 notice under Subsection (a)(3) must contain the name and address of  
3-41 each owner to the extent that that information can be reasonably  
3-42 ascertained from the deed of trust or other applicable instrument  
3-43 on file in the office of the county clerk or in the records of the  
3-44 office of the central appraisal district for the county.  
3-45 (c) The filing of notice under Subsection (a)(3):  
3-46 (1) is binding on subsequent grantees, lienholders, or  
3-47 other transferees of an interest in the platted lot who acquire that  
3-48 interest after the filing of the notice; and  
3-49 (2) constitutes notice of the proceeding on any  
3-50 subsequent recipient of any interest in the platted lot who  
3-51 acquires that interest after the filing of the notice.  
3-52 (d) An owner or lienholder is presumed to have received  
3-53 actual and constructive notice of the hearing if the commissioners  
3-54 court complies with this section, regardless of whether the  
3-55 commissioners court receives a response from the person.  
3-56 Sec. 232.155. JUDICIAL REVIEW. (a) Any owner or lienholder  
3-57 of record of a platted lot aggrieved by an order issued under  
3-58 Section 232.153 may file in a district court in the county in which  
3-59 the property is located a verified petition alleging that the  
3-60 decision is illegal, in whole or in part, and stating with  
3-61 specificity the grounds of the alleged illegality. The petition  
3-62 must be filed by an owner or lienholder of the lot within 60  
3-63 calendar days of the order. If a petition is not filed within 60  
3-64 calendar days of the order, the order shall become final.  
3-65 (b) On the filing of a petition under Subsection (a), the  
3-66 court may issue a writ of certiorari directed to the county to  
3-67 review the order of the county and shall prescribe in the writ the  
3-68 time within which a return on the writ must be made and served on the  
3-69 relator or the relator's attorney.

4-1           (c) The county is not required to return the original papers  
 4-2 acted on by it, but it is sufficient for the county to return  
 4-3 certified or sworn copies of the papers or parts of the papers as  
 4-4 may be called for by the writ.

4-5           (d) Appeal of the county's determination under this  
 4-6 subchapter shall be conducted under the substantial evidence rule.

4-7           Sec. 232.156. CIVIL ACTION FOR RECEIVERSHIP. (a) After a  
 4-8 final determination that a platted lot is abandoned, unoccupied,  
 4-9 and undeveloped, the county shall bring a civil action to have the  
 4-10 lot placed in a receivership. On a final determination that a  
 4-11 platted lot is abandoned, unoccupied, and undeveloped as provided  
 4-12 by this subchapter, an owner or lienholder's rights and legal  
 4-13 interests are extinguished, subject to the provisions of this  
 4-14 subchapter regarding any net proceeds resulting from the  
 4-15 disposition of the property, and transferred to the receiver.

4-16           (b) The only allegations required to be pleaded in an action  
 4-17 for receivership brought under this section are:

4-18                 (1) the identification of the applicable lot;  
 4-19                 (2) the relationship of the defendant to the real  
 4-20 property;

4-21                 (3) the notice of the administrative hearing given to  
 4-22 the owner; and

4-23                 (4) the administrative determination that the lot has  
 4-24 been abandoned, unoccupied, and undeveloped.

4-25           (c) The court may appoint as receiver any person with a  
 4-26 demonstrated record of knowledge of the problems created by  
 4-27 abandoned, unoccupied, and undeveloped platted lots. In selecting a  
 4-28 receiver, the court may also take into consideration whether the  
 4-29 person owns property in the affected area. The court may not appoint  
 4-30 the county, a county official or county employee, or a relative of a  
 4-31 county official or county employee within the third degree of  
 4-32 consanguinity or affinity as a receiver.

4-33           (d) In a civil action under this subchapter, the record  
 4-34 owners and any lienholders of record of the lot shall be served with  
 4-35 personal notice of the proceedings as provided by the Texas Rules of  
 4-36 Civil Procedure. Service on the record owners or lienholders  
 4-37 constitutes notice to all unrecorded owners or lienholders.

4-38           Sec. 232.157. AUTHORITY AND DUTY OF RECEIVER. (a) Unless  
 4-39 inconsistent with this chapter or other law, the rules of equity  
 4-40 govern all matters relating to the appointment, powers, duties, and  
 4-41 liabilities of a receiver and to the powers of a court regarding a  
 4-42 receiver. A receiver appointed by the court may:

4-43                 (1) take control of the platted lot;

4-44                 (2) make or have made any repairs or improvements to  
 4-45 the platted lot to make the lot developable;

4-46                 (3) make provisions for the platted lot to be subject  
 4-47 to street, road, drainage, utility, and other infrastructure  
 4-48 requirements;

4-49                 (4) aggregate the platted lot with other lots that  
 4-50 have been similarly determined to be abandoned, unoccupied, and  
 4-51 undeveloped;

4-52                 (5) re-plat the platted lot;

4-53                 (6) accept the grant or donation of any lot within the  
 4-54 affected area to carry out the purpose of this subchapter; and

4-55                 (7) exercise all other authority that an owner of the  
 4-56 platted lot could have exercised, including the authority to sell  
 4-57 the lot.

4-58           (b) Before a person assumes the duties of a receiver, the  
 4-59 person must be sworn to perform the duties faithfully.

4-60           (c) The appointed receiver is an officer of the court.

4-61           (d) If a receiver dies, resigns, or becomes incapacitated,  
 4-62 the court shall appoint a receiver to succeed the former receiver.

4-63           (e) If the donation of a lot to the receiver is not  
 4-64 challenged before the first anniversary of the donation date, the  
 4-65 donation is final and not revocable under any other legal  
 4-66 proceeding.

4-67           (f) All funds that come into the hands of the receiver shall  
 4-68 be deposited in a place in this state directed by the court. The  
 4-69 receiver's use of the funds in connection with the receiver's duties

5-1 or authority under this subchapter shall be subject to the approval  
 5-2 of the court. All net proceeds from the disposition of a lot by the  
 5-3 receiver shall be placed in trust and remain in trust for at least  
 5-4 three years, unless claimed before the expiration of the trust  
 5-5 period. The court must order additional notices to an owner or  
 5-6 lienholder about the net proceeds as are practicable during the  
 5-7 trust period and, on expiration of the trust period, any money  
 5-8 remaining in the receivership shall escheat to the state. Funds  
 5-9 escheated to the state under this subchapter are subject to  
 5-10 disposition or recovery under Subchapters C and D, Chapter 71,  
 5-11 Property Code.

5-12 (g) After the receiver has improved the platted lot to the  
 5-13 degree that the lot is developable and meets all applicable  
 5-14 standards, or before petitioning the court for termination of the  
 5-15 receivership, the receiver shall file with the court:

5-16 (1) a summary and accounting of all costs and expenses  
 5-17 incurred, which may, at the receiver's discretion, include a  
 5-18 receivership fee of up to 15 percent of the costs and expenses  
 5-19 incurred, unless the court, for good cause shown, authorizes a  
 5-20 different limit;

5-21 (2) a statement describing the disposition of each  
 5-22 lot, including whether the lot was aggregated with other lots;

5-23 (3) a statement of all revenues collected by the  
 5-24 receiver in connection with the use or disposition of the lots; and

5-25 (4) to the extent required by the court, a description  
 5-26 of any undivided interest of an owner or lienholder, whether  
 5-27 identified or not, in the net proceeds from the disposition of the  
 5-28 property.

5-29 (h) The court must approve any sale of the property by the  
 5-30 receiver.

5-31 (i) A receiver shall have a lien on the property under  
 5-32 receivership for all of the receiver's unreimbursed costs and  
 5-33 expenses and any receivership fee as detailed in the summary and  
 5-34 accounting under Subsection (g)(1).

5-35 Sec. 232.158. SALE OF PROPERTY. (a) A sale under this  
 5-36 subchapter must be made by:

5-37 (1) public auction;

5-38 (2) sealed bid; or

5-39 (3) sealed proposal.

5-40 (b) Before a sale may take place under this subchapter, the  
 5-41 receiver must publish notice of the proposed sale before the 60th  
 5-42 day before the date the sale is to be held and again before the 30th  
 5-43 day before the date the sale is to be held. The notice must be  
 5-44 published in English and Spanish in a newspaper of general  
 5-45 circulation in the county in which the real property is located.  
 5-46 The notice must:

5-47 (1) clearly identify the property to be sold;

5-48 (2) specify the procedures and date for the public  
 5-49 auction, sealed bid, or sealed proposal method of sale;

5-50 (3) state the minimum bid for the property, if any;

5-51 (4) state any specific financial terms of sale imposed  
 5-52 by the receiver; and

5-53 (5) describe the restrictions, conditions, and  
 5-54 limitations on the use of the property that the receiver has  
 5-55 determined are appropriate, other than the restrictions,  
 5-56 conditions, and limitations provided by other law.

5-57 (c) In addition to the notice required by Subsection (b), to  
 5-58 maximize the price at which the property is sold and the number of  
 5-59 bidders, the receiver shall exercise best efforts to provide notice  
 5-60 of the proposed sale to those persons who may have the business  
 5-61 expertise, financial capability, and interest in developing the  
 5-62 property, including local, state, and national trade associations  
 5-63 whose members are development, real estate, or financial  
 5-64 professionals.

5-65 (d) On the closing of a sale of property under this  
 5-66 subchapter, fee simple title shall be vested in the purchaser.

5-67 (e) The receiver may reject any and all offers. If the  
 5-68 receiver rejects all offers, the receiver may subsequently reoffer  
 5-69 the same property for sale, reorganize the property and offer the

6-1 property for sale, or combine all or part of the property with other  
6-2 property and offer the combined property for sale.

6-3 (f) If the procedures in this section are followed and a  
6-4 sale occurs, the sale price obtained for the property is conclusive  
6-5 as to the fair market value of the property at the time of the sale.

6-6 SECTION 3. This Act takes effect September 1, 2021.

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