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S.B. No. 1679

A BILL TO BE ENTITLED

AN ACT

relating to the creation of an urban land bank by certain municipalities.

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, deteriorated, non-revenue
2 generating, and non-tax producing properties and converting those
3 properties to productive uses. For purposes of this subsection,
4 productive uses of a property include the development of housing
5 that serves a wide range of local needs, including affordable
6 housing, long-term affordable housing, workforce housing, public
7 service housing, mixed-income housing, community-based economic
8 development, food desert solutions, parks and recreation, flood
9 reduction and storm resiliency, and other uses necessary and
10 appropriate to return properties to the tax rolls, stabilize
11 communities, improve living conditions, and protect against the
12 displacement of residents of the municipality served by the land
13 bank.

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

26 SUBCHAPTER B. BOARD OF DIRECTORS

27 Sec. 379H.051. COMPOSITION OF BOARD. The size, membership,

1 composition, and officers of the board of directors of a land bank,
2 and methods of appointment to the board, must be established by the
3 certificate of formation and the bylaws of the land bank.

4 Sec. 379H.052. ELIGIBILITY FOR MEMBERSHIP. (a) In this
5 section, "public officer" means an individual who is elected to a
6 municipal office.

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

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

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

16 (1) convened by the president of the board in
17 accordance with the bylaws of the board; or

18 (2) on written notice signed by a majority of the board
19 members.

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

22 (d) The board shall establish rules related to the
23 attendance and participation of members in regular or special
24 meetings of the board. Rules adopted under this subsection may
25 provide for the removal from office of a member for failure to
26 comply with the rules if a majority of the remaining members of the
27 board vote for the removal. Removal under this subsection takes

1 effect the first day of the calendar month following the date of the
2 vote. A person removed under this subsection is ineligible for
3 reappointment to the board unless reappointment is confirmed
4 unanimously by the board.

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

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

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

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

14 (3) incurring debt;

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

16 (5) sale, lease, encumbrance, or alienation of or
17 improvements to real or personal property with a value of more than
18 \$50,000.

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

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

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

26 Sec. 379H.055. CONFLICT OF INTEREST. (a) A board member or
27 employee of a land bank, or a relative of a member or employee

1 within the first degree of consanguinity or affinity, as determined
2 by Chapter 573, Government Code, may not:

3 (1) acquire any direct or indirect interest in real
4 property of the land bank, in any real property to be acquired by
5 the land bank, or in any real property to be acquired from the land
6 bank; or

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

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

14 (c) The board may adopt supplemental rules addressing
15 potential conflicts of interest and ethical guidelines for board
16 members and land bank employees.

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

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

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

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

26 (b) Approval by the governing body of a municipality of the
27 certificate of formation and bylaws of a corporation created under

1 Chapter 431, Transportation Code, that will serve as a land bank
2 under this chapter is sufficient to create a land bank under this
3 section.

4 (c) A land bank's certificate of formation and bylaws
5 approved under this section may not be changed or amended unless the
6 governing body of the municipality for which the land bank was
7 created approves the change or amendment by the adoption of an
8 ordinance.

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

12 (1) adopt, amend, and repeal bylaws for the regulation
13 of the land bank's affairs and the conduct of the land bank's
14 business;

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

18 (3) adopt and alter a seal;

19 (4) borrow funds necessary for the operation of the
20 land bank from private lenders, municipalities, this state, and the
21 federal government;

22 (5) adopt any policy for procurement that is
23 recognized under state law and permitted for governmental entities,
24 including a policy recognized under Chapters 252 and 271 of this
25 code, Chapter 431, Transportation Code, and Chapters 2254 and 2269,
26 Government Code;

27 (6) procure insurance or guarantees from this state or

1 the federal government of the payments of any debts or parts of
2 debts incurred by the land bank and pay premiums in connection with
3 those debts;

4 (7) enter into contracts and other agreements
5 necessary, incidental, or convenient to the performance of the land
6 bank's duties and the exercise of the land bank's powers, including
7 governmental agreements under Subchapter D, Chapter 431,
8 Transportation Code, or interlocal contracts under Section
9 791.011, Government Code, for the joint exercise of powers under
10 this chapter;

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

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

16 (10) procure insurance against losses in connection
17 with the real property, assets, or activities of the land bank;

18 (11) invest money of the land bank, at the discretion
19 of the board, in instruments, obligations, securities, or property
20 determined proper by the board and name and use depositories for the
21 land bank's money;

22 (12) enter into contracts for the management of,
23 collection of rent from, or sale of real property of the land bank;

24 (13) design, develop, construct, demolish,
25 reconstruct, rehabilitate, renovate, relocate, or otherwise
26 improve real property of the land bank;

27 (14) set, charge, and collect rents, fees, and charges

1 for the use of real property of the land bank and for services
2 provided by the land bank;

3 (15) finance by loan, grant, lease, or otherwise
4 refinance, construct, erect, assemble, purchase, acquire, own,
5 repair, remodel, rehabilitate, modify, maintain, extend, improve,
6 install, sell, equip, expand, add to, operate, or manage real
7 property of the land bank and pay the costs of those activities from
8 the proceeds of loans by persons, corporations, limited or general
9 partnerships, and other entities;

10 (16) grant or acquire a license, easement, lease, as
11 lessor or lessee, or option with respect to real property of the
12 land bank;

13 (17) enter into partnerships, joint ventures, and
14 other collaborative relationships with the municipality that
15 created the land bank and other public and private entities for the
16 ownership, management, development, and disposition of real
17 property of the land bank;

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

25 (19) as security for the repayment of any notes or
26 other obligations of the land bank, pledge, mortgage, convey,
27 assign, hypothecate, or otherwise encumber any property of the land

1 bank, including real property, fixtures, personal property,
2 revenue, and other funds, and execute any lease, trust indenture,
3 trust agreement, agreement for the sale of the land bank's notes of
4 other obligation, loan agreement, mortgage, security agreement, or
5 other agreement necessary or desirable as determined by the land
6 bank;

7 (20) hold title to real property for purposes of
8 establishing contracts with public and private nonprofit entities,
9 including long-term lease contracts; and

10 (21) perform any other appropriate action as necessary
11 to carry out the purposes of this chapter or to comply with a
12 requirement under other law.

13 (b) A land bank may not:

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

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

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

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

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

1 (2) a non-qualifying municipality for the purpose of
2 the land bank conducting land bank activities on behalf of and
3 within the geographical boundaries of the non-qualifying
4 municipality.

5 (b) Notwithstanding Section 379H.102(b)(2), a land bank may
6 acquire real property within the geographical boundaries of a
7 non-qualifying municipality with which it has entered into an
8 agreement under Subsection (a).

9 Sec. 379H.105. RECORDS AND REPORTS. (a) A land bank shall
10 keep accurate minutes of the land bank's meetings and shall keep
11 accurate records and books of account that conform with generally
12 accepted principles of accounting and that clearly reflect the
13 income and expenses of the land bank and all transactions in
14 relation to the land bank's real property.

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

17 (1) an inventory of all real property held by the land
18 bank;

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

21 (3) a copy of the performance report filed under
22 Subsection (e).

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

27 (d) Financial transactions of a land bank are subject to

1 audit by the municipality that created the land bank.

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

7 Sec. 379H.106. STAFF. (a) A land bank may employ an
8 executive director, counsel and legal staff, technical experts, and
9 other agents and employees, permanent or temporary, that the land
10 bank may require and may determine the qualifications and set the
11 compensation and benefits of each of those persons.

12 (b) A land bank may enter into contracts and agreements with
13 municipalities for staffing services to be provided to the land
14 bank by those municipalities or for the land bank to provide such
15 staffing services to those municipalities.

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

19 (1) properties within the municipality served by the
20 land bank that are imposing the greatest harm on neighborhoods and
21 communities in the municipality;

22 (2) neighborhood priorities for new uses of those
23 properties; and

24 (3) the range of potential transferees of those
25 properties.

26 (b) As appropriate to the location of the real property of
27 the land bank, advisory committee membership and neighborhood

1 consultations shall include formal and informal
2 neighborhood-specific community associations, residents'
3 associations, faith communities, community development
4 corporations, and anchor institutions.

5 Sec. 379H.108. DISSOLUTION OF LAND BANK. (a) A land bank
6 may be dissolved not earlier than the 60th day after the date an
7 affirmative resolution to dissolve the land bank is approved by
8 two-thirds of the membership of the board and confirmed by
9 resolution of the municipality that created the land bank.

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

12 (1) provide to the governing body of the municipality
13 that created the land bank written notice of the board's intent to
14 vote on a resolution for dissolution of the land bank; and

15 (2) publish the notice in a local newspaper of general
16 circulation.

17 (c) On dissolution of the land bank, all real property,
18 personal property, and other assets and obligations of the land
19 bank become the assets and obligations of the municipality that
20 created the land bank.

21 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

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

1 subdivisions of this state.

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

4 Sec. 379H.153. QUIET TITLE ACTIONS. (a) A land bank may
5 file an action to quiet title as to any real property in which the
6 land bank has an interest. For purposes of a quiet title action,
7 the land bank is considered to be the holder of sufficient legal and
8 equitable interests and possessory rights to qualify the land bank
9 as an adequate complainant in the action.

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

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

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

19 (3) by posting a copy of the notice on the real
20 property;

21 (4) by publication in a newspaper of general
22 circulation in the municipality in which the property is located;

23 and

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

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

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

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

5 (2) issue a final judgment not later than the 120th day
6 after the date of the filing of the complaint for all matters on
7 which an answer was not filed by an interested party.

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

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

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

24 (c) A land bank may acquire real property from this state,
25 the municipality served by the land bank, the county in which that
26 municipality is located, a governmental entity within the county,
27 the federal government, or an agency or department of the federal

1 government.

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

5 Sec. 379H.155. ACQUISITION OF FORECLOSED OR SEIZED
6 PROPERTY. (a) In this section, "taxing unit" has the meaning
7 assigned by Section 1.04, Tax Code.

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

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

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

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

17 (1) shall:

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

21 (B) remit payment of the amounts described by
22 Paragraph (A) to the selling officer by check or electronic funds
23 transfer not later than the seventh calendar day after the date of
24 the auction; and

25 (2) is entitled to credit bid that portion of the bid
26 amount consisting of the amount of the taxes, penalties, other than
27 penalties described by Sections 33.07 and 33.08, Tax Code, and

1 interest set forth in the judgment.

2 (d) A taxing unit that is a party to a judgment of
3 foreclosure for property sold at auction may request that the
4 selling officer bid off the property to the taxing unit in the
5 manner provided by Section 34.01(j), Tax Code, and, if the request
6 is granted, the transfer to the taxing unit prevails over a bid by
7 the land bank if the land bank's bid is the only bid sufficient to
8 satisfy the minimum bid described by Section 34.01(j), Tax Code.

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

18 (f) A land bank may submit a written request to a taxing unit
19 at any time for the commencement of tax foreclosure proceedings for
20 delinquent taxes on real property, other than residential real
21 property legally owned and occupied. A land bank may submit a
22 written request to a taxing unit under this subsection for legally
23 occupied residential real property only if the property is five or
24 more years delinquent.

25 (g) A request submitted under Subsection (f) must include a
26 commitment to tender a bid in the amount specified under Subsection
27 (b). On receipt of the written request, the taxing unit, or the

1 governmental office acting on behalf of the taxing unit, shall
2 commence enforcement proceedings in accordance with Section 33.41,
3 Tax Code.

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

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

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

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

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

26 (1) extinguishes each lien securing payment of the
27 delinquent taxes, penalties, and interest against the property and

1 included in the judgment; and

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

5 (m) A municipality, and any taxing unit levying property
6 taxes within the geographical jurisdiction of the municipality, may
7 convey tax foreclosed real property owned by the municipality or
8 the taxing unit to the land bank on terms and for an amount of
9 consideration determined by the transferor and the land bank.

10 (n) A bid submitted by a land bank in accordance with this
11 section is considered a bid for the amount calculated under Section
12 34.01(b), Tax Code, and received under Section 34.01(j), Tax Code.

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

14 (a) The owner of real property sold to a land bank under Section
15 379H.155 may redeem the property in the manner prescribed for
16 owners of real property sold at a tax sale to a purchaser other than
17 a taxing unit under Section 34.21, Tax Code.

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

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

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

3 (2) retain any redemption premium and any reasonable
4 costs the land bank may have expended on maintenance or
5 environmental remediation of the property being redeemed; and

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

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

15 (b) For real property that a land bank holds fee simple
16 title to, the land bank must convey, exchange, sell, transfer, or
17 otherwise dispose of the fee simple interest in the property not
18 later than the last day of the fifth consecutive year during which
19 the land bank continuously holds the fee simple title. This
20 subsection does not apply to real property that a land bank holds
21 fee simple title to:

22 (1) that is subject to a long-term lease with:

23 (A) a nonprofit corporation that is incorporated
24 or holds a certificate of authority under Chapter 22, Business
25 Organizations Code;

26 (B) a local government corporation, as defined by
27 Section 431.003, Transportation Code; or

1 (C) a governmental unit, as defined by Section
2 101.001, Civil Practice and Remedies Code;

3 (2) for which the land bank is required, by the
4 municipality that created the land bank or an entity that funds the
5 land bank, to hold and assemble one or more parcels of real property
6 for a period that is longer than five years for the purpose of
7 fulfilling specific program or funding goals related to creating or
8 developing affordable housing, supporting community-based economic
9 development, creating parks and other public places, or supporting
10 other goals required by the municipality or entity described by
11 this subdivision;

12 (3) for which a determination has been made by the land
13 bank that the best use of the real property is for flood control or
14 storm water retention or drainage and the real property has not yet
15 been transferred to a public entity such as a flood control district
16 or a municipal parks and recreation department under Section
17 379H.158; or

18 (4) that is the subject of an active proceeding in a
19 court of competent jurisdiction or is subject to a court order that
20 conflicts with this subsection.

21 (c) A municipality may, in the ordinance creating a land
22 bank, require that a particular form of disposition of real
23 property of the land bank, or any disposition of real property
24 located within a specified jurisdiction of the municipality, be
25 subject to specified voting and approval requirements of the board.
26 Unless restricted under this subsection, the board may delegate to
27 officers and employees the authority to enter into and execute

1 agreements, instruments of conveyance, and all other related
2 documents pertaining to the conveyance of real property by the land
3 bank.

4 (d) Subject to Subsection (b), a land bank shall determine
5 the terms, conditions, form, and substance of consideration
6 necessary and appropriate to convey, exchange, sell, transfer,
7 lease as lessor, grant, or mortgage as mortgagor any interest in,
8 on, or to real property of the land bank. Consideration may take
9 the form of monetary payments and secured financial obligations,
10 covenants, and conditions related to the present and future use of
11 the property, deed covenants and limitations, contractual
12 commitments of the transferee, mortgage financing, defeasible
13 fees, and other forms of consideration as determined by the board to
14 be in the best interests of the land bank. The board shall
15 determine and state in the land bank's policies and procedures the
16 general terms for consideration to be received by the land bank for
17 the transfer of real property of the land bank.

18 (e) The board may authorize in the board's policies
19 governing the disposition of land bank property a program for the
20 disposition of land bank property to owners of contiguous
21 properties.

22 (f) A municipality may recommend that a land bank created by
23 the municipality, and the land bank may in the land bank's own
24 policies and procedures, establish a hierarchical ranking of
25 priorities for the use of real property conveyed by the land bank,
26 including use for:

27 (1) production of housing, including affordable

1 housing, long-term affordable housing, workforce housing, public
2 service housing, and mixed-income housing;

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

5 (3) parks and other purely public spaces and places;

6 (4) flood reduction, storm water retention and
7 drainage, and storm resiliency;

8 (5) food desert solutions;

9 (6) conservation areas; and

10 (7) other purposes necessary and appropriate to
11 convert properties to the tax rolls, stabilize communities, improve
12 living conditions, and protect against the displacement of
13 residents of the municipality served by the land bank.

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

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

21 (2) that, as a result of housing and building code
22 restrictions, flood plain elevations, other local, state, or
23 federal laws, or public or private agreements, conditions, and
24 limitations, is no longer capable of being developed or
25 redeveloped.

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

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

4 (2) for nominal consideration, for consideration
5 consisting of contractual commitments, for an exchange of real
6 properties, or for other consideration determined by the land bank.

7 Sec. 379H.159. AFFORDABLE HOUSING POLICY. The board of a
8 land bank may adopt a policy requiring that a percentage, as
9 determined by the board based on local needs and available land bank
10 inventory, of residential units constructed on residential real
11 property conveyed by the land bank be deed restricted for housing
12 that is affordable to households with an income of not greater than
13 80 percent of the area median family income, adjusted for household
14 size, for the municipality, as determined annually by the United
15 States Department of Housing and Urban Development.

16 SUBCHAPTER E. FINANCING OF LAND BANK OPERATIONS

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

21 (b) A land bank may receive and retain payments for services
22 rendered, for rents and leasehold payments received, for
23 consideration for disposition of real and personal property, for
24 proceeds of insurance coverage for losses incurred, for income from
25 investments, and for any other asset or activity permitted under
26 this chapter.

27 Sec. 379H.202. SALE OF LAND BANK PROPERTY. At the time a

1 land bank sells or otherwise disposes of real property, the
2 proceeds from the sale, if any, shall be allocated to operations and
3 expenses of the land bank.

4 Sec. 379H.203. COLLECTION OF TAXES ON PROPERTY CONVEYED BY
5 LAND BANK. Not more than 75 percent of the real property taxes the
6 municipality that created the land bank collected on real property,
7 excluding any school district or county ad valorem tax, conveyed by
8 a land bank under the laws of this state shall be remitted to the
9 land bank. The real property taxes of any other taxing unit, as to
10 real property of the land bank, may also be allocated to the land
11 bank in a similar manner under an interlocal agreement between the
12 other taxing unit and the land bank. The specific percentage of
13 those taxes to be remitted shall be established by ordinance,
14 resolution, or interlocal cooperation agreement of the land bank.
15 The allocation of property tax revenue shall begin with the first
16 taxable year following the date of conveyance and shall continue
17 for a period of five years. The funds shall be remitted to the land
18 bank in accordance with the administrative procedures established
19 by the assessor-collector of the county in which the land bank is
20 located. The allocation of property tax revenue may not occur if
21 those taxes have been previously allocated to a tax increment
22 reinvestment zone, or to secure a debt of the municipality or other
23 taxing unit, unless the municipality or other taxing unit enters
24 into an agreement with the land bank for the remittance of those
25 funds to the land bank. Any property tax revenue allocated to the
26 land bank under this subsection shall be excluded from the
27 calculation of ad valorem tax revenue under the municipality's

1 charter.

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

4 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER LAW.

5 This chapter applies only to a municipality:

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

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

10 SECTION 3. Chapter 379D, Local Government Code, is
11 repealed.

12 SECTION 4. (a) A joint interim committee is created to
13 study land banks.

14 (b) The committee shall be composed of:

15 (1) four members appointed by the lieutenant governor;

16 (2) four members appointed by the speaker of the house
17 of representatives; and

18 (3) four members appointed by the governor, one of
19 whom the governor shall designate as the committee's presiding
20 officer.

21 (c) In making appointments under Subsection (b) of this
22 section, the appropriate appointing authority shall, if
23 practicable, prioritize appointing members who:

24 (1) serve in a leadership role of a municipality's
25 department of housing, housing and community development, or a
26 related department;

27 (2) are employed by a nonprofit or other organization

1 that advocates for or develops affordable housing;

2 (3) are employed by a nonprofit or other organization
3 that advocates for or supports long-term affordable housing,
4 including a community land trust;

5 (4) have expertise as a real estate agent,
6 particularly expertise or knowledge of neighborhoods impacted by
7 vacant and abandoned properties;

8 (5) have expertise in urban planning or a related
9 field;

10 (6) are licensed as an attorney and have expertise in
11 laws related to real estate, real estate finance, or development;

12 (7) are residents of or leaders of a community-based
13 organization that serves neighborhoods impacted by vacant,
14 abandoned, and deteriorated properties; or

15 (8) have expertise in the enforcement of unpaid taxes,
16 which may include leaders or representatives from a county tax
17 assessor-collector.

18 (d) The committee shall convene at the call of the presiding
19 officer.

20 (e) The committee has all other powers and duties provided
21 to a special or select committee by the rules of the senate and
22 house of representatives, by Subchapter B, Chapter 301, Government
23 Code, and by policies of the senate and house committees on
24 administration.

25 (f) The members of the committee are entitled to
26 reimbursement from the contingent expense fund of the senate and
27 the contingent expense fund of the house of representatives equally

1 for expenses incurred in carrying out the provisions of this
2 section in accordance with the rules of the senate and house of
3 representatives and the policies of the senate and house committees
4 on administration.

5 (g) Not later than the 60th day after the effective date of
6 this Act, the lieutenant governor, the speaker of the house of
7 representatives, and the governor shall appoint the members of the
8 interim committee created under this section.

9 (h) The committee shall study:

10 (1) powers of land banks to acquire and dispose of real
11 property;

12 (2) impacts of land banks on flood reduction, storm
13 water retention and drainage, and storm resiliency;

14 (3) impacts of land banks on affordable housing,
15 workforce housing, or public service housing;

16 (4) funding mechanisms of land banks;

17 (5) impacts of land banks on tax base from properties
18 conveyed by a land bank; and

19 (6) land banks, including land bank enabling
20 legislation, from other states.

21 (i) Not later than January 15, 2023, the committee shall
22 prepare and submit to the lieutenant governor, the speaker of the
23 house of representatives, and the governor a written report
24 summarizing the results of the study conducted under Subsection (h)
25 of this section, including any legislative recommendations for
26 changes to Chapter 379H, Local Government Code, as added by this
27 Act, that may appear necessary or advisable based on the results of

1 the study.

2 (j) The committee is abolished and this section expires
3 September 1, 2023.

4 SECTION 5. Notwithstanding Section 379H.157(b), Local
5 Government Code, as added by this Act, an urban land bank
6 established under Chapter 379H, Local Government Code, as added by
7 this Act, that holds fee simple title to real property before the
8 effective date of this Act is not required to convey, exchange,
9 sell, transfer, or otherwise dispose of the real property, as
10 required by that subsection, until the last day of the fifth
11 consecutive year during which the urban land bank holds the fee
12 simple title on and after the effective date of this Act.

13 SECTION 6. The Houston Land Bank, a public nonprofit
14 corporation evidenced by its amended and restated Certificate of
15 Formation dated September 26, 2018, as filed with the Secretary of
16 State under File No. 155688901, under ordinance dated HCD 18-51,
17 approved and adopted by the city council of the City of Houston on
18 July 25, 2018, and originally created as the Land Assemblage
19 Redevelopment Authority under Subchapter D, Chapter 431,
20 Transportation Code, is a land bank under Chapter 379H, Local
21 Government Code, as added by this Act, and shall continue to possess
22 the statutory authorization by which it was originally created
23 under Subchapter D, Chapter 431, Transportation Code. All actions
24 of the board of directors and employees of the Houston Land Bank,
25 all contracts, agreements, services, and real property
26 acquisitions and dispositions taken before the effective date of
27 this Act shall remain unaffected by the adoption of an ordinance

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1 under Chapter 379H, Local Government Code, as added by this Act.

2 SECTION 7. This Act takes effect September 1, 2021.