

By: Alvarado

S.B. No. 1679

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

7 CHAPTER 379H. URBAN LAND BANK PROGRAM IN MUNICIPALITY WITH
8 POPULATION OF TWO MILLION OR MORE
9 SUBCHAPTER A. GENERAL PROVISIONS

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

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

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

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

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

22 (3) "Non-qualifying municipality" means a
23 municipality to which this chapter does not apply and that is
24 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 may not:

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

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

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

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

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

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

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

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

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

1 section.

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

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

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

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

16 (3) adopt and alter a seal;

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

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

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

1 those debts;

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

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

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

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

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

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

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

25 (14) set, charge, and collect rents, fees, and charges
26 for the use of real property of the land bank and for services
27 provided by the land bank;

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

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

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

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

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

1 trust agreement, agreement for the sale of the land bank's notes of
2 other obligation, loan agreement, mortgage, security agreement, or
3 other agreement necessary or desirable as determined by the land
4 bank;

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

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

11 (b) A land bank may not:

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

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

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

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

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

26 (2) a non-qualifying municipality for the purpose of
27 the land bank conducting land bank activities on behalf of and

1 within the geographical boundaries of the non-qualifying
2 municipality.

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

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

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

15 (1) an inventory of all real property held by the land
16 bank;

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

19 (3) a copy of the performance report filed under
20 Subsection (e).

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

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

27 (e) For purposes of evaluating the effectiveness of a land

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

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

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

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

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

20 (2) neighborhood priorities for new uses of those
21 properties; and

22 (3) the range of potential transferees of those
23 properties.

24 (b) As appropriate to the location of the real property of
25 the land bank, advisory committee membership and neighborhood
26 consultations shall include formal and informal
27 neighborhood-specific community associations, residents'

1 associations, faith communities, community development
2 corporations, and anchor institutions.

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

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

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

13 (2) publish the notice in a local newspaper of general
14 circulation.

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

19 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

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

27 Sec. 379H.152. TITLE HELD BY LAND BANK. All real property

1 acquired by a land bank must be held in the name of the land bank.

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

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

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

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

17 (3) by posting a copy of the notice on the real
18 property;

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

21 and

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

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

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

27 (1) schedule a hearing on the complaint not later than

1 the 90th day after the date of the filing of the affidavit under
2 Subsection (c); and

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

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

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

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

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

27 (d) A land bank shall maintain all of its real property in

1 accordance with the laws and ordinances of the jurisdiction in
2 which the real property is located.

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

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

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

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

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

15 (1) shall:

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

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

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

27 (d) A taxing unit that is a party to a judgment of

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

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

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

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

1 Tax Code.

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

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

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

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

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

24 (1) extinguishes each lien securing payment of the
25 delinquent taxes, penalties, and interest against the property and
26 included in the judgment; and

27 (2) does not affect the personal liability of any

1 person for those taxes, penalties, and interest included in the
2 judgment that are not satisfied from the proceeds of the sale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (1) production of housing, including affordable
20 housing, long-term affordable housing, workforce housing, public
21 service housing, and mixed-income housing;

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

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

25 (4) flood reduction, storm water retention and
26 drainage, and storm resiliency;

27 (5) food desert solutions;

1 (6) conservation areas; and

2 (7) other purposes necessary and appropriate to
3 convert properties to the tax rolls, stabilize communities, improve
4 living conditions, and protect against the displacement of
5 residents of the municipality served by the land bank.

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

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

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

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

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

23 (2) for nominal consideration, for consideration
24 consisting of contractual commitments, for an exchange of real
25 properties, or for other consideration determined by the land bank.

26 Sec. 379H.159. AFFORDABLE HOUSING POLICY. The board of a
27 land bank may adopt a policy requiring that a percentage, as

1 determined by the board based on local needs and available land bank
2 inventory, of residential units constructed on residential real
3 property conveyed by the land bank be deed restricted for housing
4 that is affordable to households with an income of not greater than
5 80 percent of the area median family income, adjusted for household
6 size, for the municipality, as determined annually by the United
7 States Department of Housing and Urban Development.

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. COLLECTION OF TAXES ON PROPERTY CONVEYED BY
24 LAND BANK. Not more than 75 percent of the real property taxes the
25 municipality that created the land bank collected on real property,
26 excluding any school district or county ad valorem tax, conveyed by
27 a land bank under the laws of this state shall be remitted to the

1 land bank. The real property taxes of any other taxing unit, as to
2 real property of the land bank, may also be allocated to the land
3 bank in a similar manner under an interlocal agreement between the
4 other taxing unit and the land bank. The specific percentage of
5 those taxes to be remitted shall be established by ordinance,
6 resolution, or interlocal cooperation agreement of the land bank.
7 The allocation of property tax revenue shall begin with the first
8 taxable year following the date of conveyance and shall continue
9 for a period of five years. The funds shall be remitted to the land
10 bank in accordance with the administrative procedures established
11 by the assessor-collector of the county in which the land bank is
12 located. The allocation of property tax revenue may not occur if
13 those taxes have been previously allocated to a tax increment
14 reinvestment zone, or to secure a debt of the municipality or other
15 taxing unit, unless the municipality or other taxing unit enters
16 into an agreement with the land bank for the remittance of those
17 funds to the land bank. Any property tax revenue allocated to the
18 land bank under this subsection shall be excluded from the
19 calculation of ad valorem tax revenue under the municipality's
20 charter.

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

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

24 This chapter applies only to a municipality:

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

27 (2) that has not ever adopted a homestead land bank

1 program under Subchapter E, Chapter 373A.

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

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

6 (b) The committee shall be composed of:

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

8 (2) four members appointed by the speaker of the house
9 of representatives; and

10 (3) four members appointed by the governor, one of
11 whom the governor shall designate as the committee's presiding
12 officer.

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

16 (1) serve in a leadership role of a municipality's
17 department of housing, housing and community development, or a
18 related department;

19 (2) are employed by a nonprofit or other organization
20 that advocates for or develops affordable housing;

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

24 (4) have expertise as a real estate agent,
25 particularly expertise or knowledge of neighborhoods impacted by
26 vacant and abandoned properties;

27 (5) have expertise in urban planning or a related

1 field;

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

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

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

10 (d) The committee shall convene at the call of the presiding
11 officer.

12 (e) The committee has all other powers and duties provided
13 to a special or select committee by the rules of the senate and
14 house of representatives, by Subchapter B, Chapter 301, Government
15 Code, and by policies of the senate and house committees on
16 administration.

17 (f) The members of the committee are entitled to
18 reimbursement from the contingent expense fund of the senate and
19 the contingent expense fund of the house of representatives equally
20 for expenses incurred in carrying out the provisions of this
21 section in accordance with the rules of the senate and house of
22 representatives and the policies of the senate and house committees
23 on administration.

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

1 (h) The committee shall study:

2 (1) powers of land banks to acquire and dispose of real
3 property;

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

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

8 (4) funding mechanisms of land banks;

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

11 (6) land banks, including land bank enabling
12 legislation, from other states.

13 (i) Not later than January 15, 2023, the committee shall
14 prepare and submit to the lieutenant governor, the speaker of the
15 house of representatives, and the governor a written report
16 summarizing the results of the study conducted under Subsection (h)
17 of this section, including any legislative recommendations for
18 changes to Chapter 379H, Local Government Code, as added by this
19 Act, that may appear necessary or advisable based on the results of
20 the study.

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

23 SECTION 5. The Houston Land Bank, a public nonprofit
24 corporation evidenced by its amended and restated Certificate of
25 Formation dated September 26, 2018, as filed with the Secretary of
26 State under File No. 155688901, under ordinance dated HCD 18-51,
27 approved and adopted by the city council of the City of Houston on

1 July 25, 2018, and originally created as the Land Assemblage
2 Redevelopment Authority under Subchapter D, Chapter 431,
3 Transportation Code, is a land bank under 379H, Local Government
4 Code, as added by this Act, and shall continue to possess the
5 statutory authorization by which it was originally created under
6 Subchapter D, Chapter 431, Transportation Code. All actions of the
7 board of directors and employees of the Houston Land Bank, all
8 contracts, agreements, services, and real property acquisitions
9 and dispositions taken before the effective date of this Act shall
10 remain unaffected by the adoption of an ordinance under Chapter
11 379H, Local Government Code, as added by this Act.

12 SECTION 6. This Act takes effect September 1, 2021.