

1-1 By: Alvarado S.B. No. 1679
 1-2 (In the Senate - Filed March 11, 2021; March 24, 2021, read
 1-3 first time and referred to Committee on Local Government;
 1-4 April 14, 2021, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 14, 2021,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
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	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1679 By: Zaffirini

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the creation of an urban land bank by certain
 1-22 municipalities.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subtitle A, Title 12, Local Government Code, is
 1-25 amended by adding Chapter 379H to read as follows:

1-26 CHAPTER 379H. URBAN LAND BANK PROGRAM IN MUNICIPALITY WITH

1-27 POPULATION OF TWO MILLION OR MORE

1-28 SUBCHAPTER A. GENERAL PROVISIONS

1-29 Sec. 379H.001. SHORT TITLE. This chapter may be cited as
 1-30 the Urban Land Bank Program for a Municipality with a Population of
 1-31 Two Million or More.

1-32 Sec. 379H.002. APPLICABILITY OF CHAPTER. This chapter
 1-33 applies only to a municipality with a population of two million or
 1-34 more.

1-35 Sec. 379H.003. DEFINITIONS. In this chapter:

1-36 (1) "Board" means the board of directors of a land
 1-37 bank.

1-38 (2) "Land bank" means an entity established or
 1-39 approved by the governing body of a municipality under this
 1-40 chapter.

1-41 (3) "Non-qualifying municipality" means a
 1-42 municipality to which this chapter does not apply and that is
 1-43 located in the same county in which a municipality to which this
 1-44 chapter does apply is predominantly located.

1-45 (4) "Real property" means land, land under water, and
 1-46 any structure, easement, air rights, franchise, or incorporeal
 1-47 hereditament, every estate, interest, and right therein, legal and
 1-48 equitable, including terms for years and liens by way of judgment,
 1-49 mortgage, or otherwise, and any fixture or improvement located
 1-50 thereon.

1-51 Sec. 379H.004. APPLICABILITY OF OTHER LAW. A land bank
 1-52 created under this chapter:

1-53 (1) is:

1-54 (A) a governmental unit, as defined by Section
 1-55 101.001, Civil Practice and Remedies Code;

1-56 (B) a local government corporation, as defined by
 1-57 Section 431.003, Transportation Code; and

1-58 (C) a public nonprofit corporation that has and
 1-59 may exercise all of the rights, powers, privileges, authority, and
 1-60 functions given by the general laws of this state to nonprofit

2-1 corporations in this state;
 2-2 (2) is not:
 2-3 (A) a program created or operating under Chapter
 2-4 373 or 374; or
 2-5 (B) a housing finance corporation created under
 2-6 Chapter 394; and
 2-7 (3) must comply with the requirements of Chapters 551
 2-8 and 552, Government Code.

2-9 Sec. 379H.005. PURPOSE. A land bank created under this
 2-10 chapter exists for the purpose of acquiring, managing, and
 2-11 disposing of vacant, abandoned, deteriorated, non-revenue
 2-12 generating, and non-tax producing properties and converting those
 2-13 properties to productive uses. For purposes of this subsection,
 2-14 productive uses of a property include the development of housing
 2-15 that serves a wide range of local needs, including affordable
 2-16 housing, long-term affordable housing, workforce housing, public
 2-17 service housing, mixed-income housing, community-based economic
 2-18 development, food desert solutions, parks and recreation, flood
 2-19 reduction and storm resiliency, and other uses necessary and
 2-20 appropriate to return properties to the tax rolls, stabilize
 2-21 communities, improve living conditions, and protect against the
 2-22 displacement of residents of the municipality served by the land
 2-23 bank.

2-24 Sec. 379H.006. CONSTRUCTION. This chapter shall be
 2-25 construed liberally to carry out the intended purposes as a
 2-26 complete and independent authorization for the performance of each
 2-27 and every act and thing authorized by this chapter, and all powers
 2-28 granted shall be broadly interpreted to carry out the intended
 2-29 purposes and not as a limitation of powers. Except as otherwise
 2-30 provided by this chapter, a land bank, in the exercise of its powers
 2-31 and duties under this chapter and with respect to real property held
 2-32 by the land bank, has the same amount of control as if the land bank
 2-33 represented a private property owner, and the land bank is not
 2-34 subject to restrictions imposed by the charter, ordinances, or
 2-35 resolutions of a local unit of government.

2-36 SUBCHAPTER B. BOARD OF DIRECTORS

2-37 Sec. 379H.051. COMPOSITION OF BOARD. The size, membership,
 2-38 composition, and officers of the board of directors of a land bank,
 2-39 and methods of appointment to the board, must be established by the
 2-40 certificate of formation and the bylaws of the land bank.

2-41 Sec. 379H.052. ELIGIBILITY FOR MEMBERSHIP. (a) In this
 2-42 section, "public officer" means an individual who is elected to a
 2-43 municipal office.

2-44 (b) A municipal employee is eligible to serve as a member of
 2-45 the board, and notwithstanding any law to the contrary, a public
 2-46 officer is eligible to serve as a member of the board and acceptance
 2-47 of the appointment will neither terminate nor impair service in the
 2-48 public office.

2-49 Sec. 379H.053. MEETINGS; ATTENDANCE. (a) The board shall
 2-50 meet in regular session according to a schedule adopted by the
 2-51 board.

2-52 (b) The board may meet in a special session:
 2-53 (1) convened by the president of the board in
 2-54 accordance with the bylaws of the board; or
 2-55 (2) on written notice signed by a majority of the board
 2-56 members.

2-57 (c) The presence of a majority of the board's total
 2-58 membership constitutes a quorum for any regular or special session.

2-59 (d) The board shall establish rules related to the
 2-60 attendance and participation of members in regular or special
 2-61 meetings of the board. Rules adopted under this subsection may
 2-62 provide for the removal from office of a member for failure to
 2-63 comply with the rules if a majority of the remaining members of the
 2-64 board vote for the removal. Removal under this subsection takes
 2-65 effect the first day of the calendar month following the date of the
 2-66 vote. A person removed under this subsection is ineligible for
 2-67 reappointment to the board unless reappointment is confirmed
 2-68 unanimously by the board.

2-69 Sec. 379H.054. BOARD ACTIONS. (a) Subject to Subsection

- 3-1 (b), actions of the board must be approved by the affirmative vote
3-2 of a quorum of the board.
- 3-3 (b) Action on the following matters requires approval by a
3-4 majority of the total membership of the board:
- 3-5 (1) adoption of bylaws or rules for conduct of the
3-6 business of the land bank for which the board serves;
- 3-7 (2) hiring or firing of any employee or contractor of
3-8 the land bank for which the board serves;
- 3-9 (3) incurring debt;
- 3-10 (4) adoption or amendment of the annual budget; and
3-11 (5) sale, lease, encumbrance, or alienation of or
3-12 improvements to real or personal property with a value of more than
3-13 \$50,000.
- 3-14 (c) By majority vote, the board may delegate the hiring and
3-15 firing of employees and contractors to a specific officer or
3-16 committee of the land bank for which the board serves, under terms
3-17 and to the extent specified by the board.
- 3-18 (d) A board member may not vote by proxy.
- 3-19 (e) A board member may request a recorded vote on any
3-20 resolution or action of the land bank.
- 3-21 Sec. 379H.055. CONFLICT OF INTEREST. (a) A board member or
3-22 employee of a land bank, or a relative of a member or employee
3-23 within the first degree of consanguinity or affinity, as determined
3-24 by Chapter 573, Government Code, may not:
- 3-25 (1) acquire any direct or indirect interest in real
3-26 property of the land bank, in any real property to be acquired by
3-27 the land bank, or in any real property to be acquired from the land
3-28 bank; or
- 3-29 (2) have any direct or indirect interest in any
3-30 contract or proposed contract for materials or services to be
3-31 furnished or used by the land bank.
- 3-32 (b) The provisions of the former Texas Non-Profit
3-33 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
3-34 Statutes) related to powers, standards of conduct, and interests in
3-35 contracts apply to the directors and officers of the land bank.
- 3-36 (c) The board may adopt supplemental rules addressing
3-37 potential conflicts of interest and ethical guidelines for board
3-38 members and land bank employees.
- 3-39 Sec. 379H.056. COMPENSATION; REIMBURSEMENT. (a) Board
3-40 members serve without compensation.
- 3-41 (b) The board may reimburse a member for expenses actually
3-42 incurred in the performance of duties on behalf of the land bank.
- 3-43 SUBCHAPTER C. CREATION, OPERATION, AND DISSOLUTION OF LAND BANK
- 3-44 Sec. 379H.101. CREATION OF LAND BANK. (a) The governing
3-45 body of a municipality may create a land bank by the adoption of an
3-46 ordinance approving the land bank's certificate of formation and
3-47 bylaws.
- 3-48 (b) Approval by the governing body of a municipality of the
3-49 certificate of formation and bylaws of a corporation created under
3-50 Chapter 431, Transportation Code, that will serve as a land bank
3-51 under this chapter is sufficient to create a land bank under this
3-52 section.
- 3-53 (c) A land bank's certificate of formation and bylaws
3-54 approved under this section may not be changed or amended unless the
3-55 governing body of the municipality for which the land bank was
3-56 created approves the change or amendment by the adoption of an
3-57 ordinance.
- 3-58 Sec. 379H.102. GENERAL POWERS OF LAND BANK. (a) A land
3-59 bank has all powers necessary to carry out the purposes of this
3-60 chapter, including the power to:
- 3-61 (1) adopt, amend, and repeal bylaws for the regulation
3-62 of the land bank's affairs and the conduct of the land bank's
3-63 business;
- 3-64 (2) sue and be sued in the land bank's own name and
3-65 plead and be interpleaded in all civil actions, including actions
3-66 to clear title to real property of the land bank;
- 3-67 (3) adopt and alter a seal;
- 3-68 (4) borrow funds necessary for the operation of the
3-69 land bank from private lenders, municipalities, this state, and the

- 4-1 federal government;
- 4-2 (5) adopt any policy for procurement that is
 4-3 recognized under state law and permitted for governmental entities,
 4-4 including a policy recognized under Chapters 252 and 271 of this
 4-5 code, Chapter 431, Transportation Code, and Chapters 2254 and 2269,
 4-6 Government Code;
- 4-7 (6) procure insurance or guarantees from this state or
 4-8 the federal government of the payments of any debts or parts of
 4-9 debts incurred by the land bank and pay premiums in connection with
 4-10 those debts;
- 4-11 (7) enter into contracts and other agreements
 4-12 necessary, incidental, or convenient to the performance of the land
 4-13 bank's duties and the exercise of the land bank's powers, including
 4-14 governmental agreements under Subchapter D, Chapter 431,
 4-15 Transportation Code, or interlocal contracts under Section
 4-16 791.011, Government Code, for the joint exercise of powers under
 4-17 this chapter;
- 4-18 (8) enter into contracts and other agreements with the
 4-19 municipality that created the land bank for the performance of
 4-20 services in accordance with Chapter 311, Tax Code;
- 4-21 (9) make and execute contracts and other instruments
 4-22 necessary or convenient to the exercise of the land bank's powers;
- 4-23 (10) procure insurance against losses in connection
 4-24 with the real property, assets, or activities of the land bank;
- 4-25 (11) invest money of the land bank, at the discretion
 4-26 of the board, in instruments, obligations, securities, or property
 4-27 determined proper by the board and name and use depositories for the
 4-28 land bank's money;
- 4-29 (12) enter into contracts for the management of,
 4-30 collection of rent from, or sale of real property of the land bank;
- 4-31 (13) design, develop, construct, demolish,
 4-32 reconstruct, rehabilitate, renovate, relocate, or otherwise
 4-33 improve real property of the land bank;
- 4-34 (14) set, charge, and collect rents, fees, and charges
 4-35 for the use of real property of the land bank and for services
 4-36 provided by the land bank;
- 4-37 (15) finance by loan, grant, lease, or otherwise
 4-38 refinance, construct, erect, assemble, purchase, acquire, own,
 4-39 repair, remodel, rehabilitate, modify, maintain, extend, improve,
 4-40 install, sell, equip, expand, add to, operate, or manage real
 4-41 property of the land bank and pay the costs of those activities from
 4-42 the proceeds of loans by persons, corporations, limited or general
 4-43 partnerships, and other entities;
- 4-44 (16) grant or acquire a license, easement, lease, as
 4-45 lessor or lessee, or option with respect to real property of the
 4-46 land bank;
- 4-47 (17) enter into partnerships, joint ventures, and
 4-48 other collaborative relationships with the municipality that
 4-49 created the land bank and other public and private entities for the
 4-50 ownership, management, development, and disposition of real
 4-51 property of the land bank;
- 4-52 (18) make application directly or indirectly to any
 4-53 federal, state, county, or municipal government or agency or to any
 4-54 other public or private source for loans, grants, guarantees, or
 4-55 other financial assistance in furtherance of the land bank's public
 4-56 purpose and accept and use the loans, grants, guarantees, or
 4-57 financial assistance on terms prescribed by that federal, state,
 4-58 county, or municipal government or agency or other source;
- 4-59 (19) as security for the repayment of any notes or
 4-60 other obligations of the land bank, pledge, mortgage, convey,
 4-61 assign, hypothecate, or otherwise encumber any property of the land
 4-62 bank, including real property, fixtures, personal property,
 4-63 revenue, and other funds, and execute any lease, trust indenture,
 4-64 trust agreement, agreement for the sale of the land bank's notes of
 4-65 other obligation, loan agreement, mortgage, security agreement, or
 4-66 other agreement necessary or desirable as determined by the land
 4-67 bank;
- 4-68 (20) hold title to real property for purposes of
 4-69 establishing contracts with public and private nonprofit entities,

5-1 including long-term lease contracts; and
5-2 (21) perform any other appropriate action as necessary
5-3 to carry out the purposes of this chapter or to comply with a
5-4 requirement under other law.

5-5 (b) A land bank may not:
5-6 (1) exercise the power of eminent domain; or
5-7 (2) acquire real property outside the geographical
5-8 boundaries of the municipality that created the land bank.

5-9 Sec. 379H.103. RESOLUTION OF COMPLEX TITLE QUESTIONS. A
5-10 land bank may provide assistance and guidance to owners of real
5-11 property for which there are complex, highly divided fractional
5-12 interests in the real property because of multigenerational
5-13 intestate distributions, unknown heirs, and other interested
5-14 parties for whom accurate information cannot be ascertained.

5-15 Sec. 379H.104. INTERLOCAL CONTRACTS. (a) A land bank may
5-16 enter into an interlocal contract under Section 791.011, Government
5-17 Code, with:

5-18 (1) a municipality for a program created by the
5-19 municipality under Chapter 373 or 374; or

5-20 (2) a non-qualifying municipality for the purpose of
5-21 the land bank conducting land bank activities on behalf of and
5-22 within the geographical boundaries of the non-qualifying
5-23 municipality.

5-24 (b) Notwithstanding Section 379H.102(b)(2), a land bank may
5-25 acquire real property within the geographical boundaries of a
5-26 non-qualifying municipality with which it has entered into an
5-27 agreement under Subsection (a).

5-28 Sec. 379H.105. RECORDS AND REPORTS. (a) A land bank shall
5-29 keep accurate minutes of the land bank's meetings and shall keep
5-30 accurate records and books of account that conform with generally
5-31 accepted principles of accounting and that clearly reflect the
5-32 income and expenses of the land bank and all transactions in
5-33 relation to the land bank's real property.

5-34 (b) A land bank shall maintain and make available for public
5-35 review and inspection:

5-36 (1) an inventory of all real property held by the land
5-37 bank;

5-38 (2) a copy of the sale settlement statement for each
5-39 real property sold or transferred to a third party; and

5-40 (3) a copy of the performance report filed under
5-41 Subsection (e).

5-42 (c) Not later than the 90th day after the end of the fiscal
5-43 year of the municipality that created the land bank, the land bank
5-44 shall file with the municipality an annual audited financial
5-45 statement prepared by a certified public accountant.

5-46 (d) Financial transactions of a land bank are subject to
5-47 audit by the municipality that created the land bank.

5-48 (e) For purposes of evaluating the effectiveness of a land
5-49 bank created under this chapter, a land bank shall submit an annual
5-50 performance report to the municipality that created the land bank
5-51 not later than November 1 of each year in which the land bank
5-52 acquires or sells real property in accordance with this chapter.

5-53 Sec. 379H.106. STAFF. (a) A land bank may employ an
5-54 executive director, counsel and legal staff, technical experts, and
5-55 other agents and employees, permanent or temporary, that the land
5-56 bank may require and may determine the qualifications and set the
5-57 compensation and benefits of each of those persons.

5-58 (b) A land bank may enter into contracts and agreements with
5-59 municipalities for staffing services to be provided to the land
5-60 bank by those municipalities or for the land bank to provide such
5-61 staffing services to those municipalities.

5-62 Sec. 379H.107. ADVISORY COMMITTEE AND NEIGHBORHOOD
5-63 CONSULTATION. (a) A land bank shall create one or more advisory
5-64 committees to consult with and advise the land bank on:

5-65 (1) properties within the municipality served by the
5-66 land bank that are imposing the greatest harm on neighborhoods and
5-67 communities in the municipality;

5-68 (2) neighborhood priorities for new uses of those
5-69 properties; and

6-1 (3) the range of potential transferees of those
 6-2 properties.

6-3 (b) As appropriate to the location of the real property of
 6-4 the land bank, advisory committee membership and neighborhood
 6-5 consultations shall include formal and informal
 6-6 neighborhood-specific community associations, residents'
 6-7 associations, faith communities, community development
 6-8 corporations, and anchor institutions.

6-9 Sec. 379H.108. DISSOLUTION OF LAND BANK. (a) A land bank
 6-10 may be dissolved not earlier than the 60th day after the date an
 6-11 affirmative resolution to dissolve the land bank is approved by
 6-12 two-thirds of the membership of the board and confirmed by
 6-13 resolution of the municipality that created the land bank.

6-14 (b) Not less than 60 days before the consideration of a
 6-15 resolution of dissolution by the board, the board shall:

6-16 (1) provide to the governing body of the municipality
 6-17 that created the land bank written notice of the board's intent to
 6-18 vote on a resolution for dissolution of the land bank; and

6-19 (2) publish the notice in a local newspaper of general
 6-20 circulation.

6-21 (c) On dissolution of the land bank, all real property,
 6-22 personal property, and other assets and obligations of the land
 6-23 bank become the assets and obligations of the municipality that
 6-24 created the land bank.

6-25 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

6-26 Sec. 379H.151. TAX EXEMPT STATUS OF LAND BANK PROPERTY. The
 6-27 real property of a land bank, including real property held by a land
 6-28 bank under a long-term lease contract with a community land trust,
 6-29 and the land bank's income and operations are exempt as public
 6-30 property used for public purposes from all license fees, recording
 6-31 fees, and all other taxes imposed by this state or by political
 6-32 subdivisions of this state.

6-33 Sec. 379H.152. TITLE HELD BY LAND BANK. All real property
 6-34 acquired by a land bank must be held in the name of the land bank.

6-35 Sec. 379H.153. QUIET TITLE ACTIONS. (a) A land bank may
 6-36 file an action to quiet title as to any real property in which the
 6-37 land bank has an interest. For purposes of a quiet title action,
 6-38 the land bank is considered to be the holder of sufficient legal and
 6-39 equitable interests and possessory rights to qualify the land bank
 6-40 as an adequate complainant in the action.

6-41 (b) Before filing an action to quiet title, the land bank
 6-42 shall conduct an examination of title to determine the identity of
 6-43 all persons and entities possessing a claim or interest in or to the
 6-44 real property. Service of the complaint to quiet title shall be
 6-45 provided to the interested parties by the following methods:

6-46 (1) by first class mail to an identity and address as
 6-47 reasonably ascertainable by an inspection of public records;

6-48 (2) in the case of occupied real property, by
 6-49 registered or certified mail addressed to "occupant";

6-50 (3) by posting a copy of the notice on the real
 6-51 property;

6-52 (4) by publication in a newspaper of general
 6-53 circulation in the municipality in which the property is located;
 6-54 and

6-55 (5) by another method the court may order.

6-56 (c) As part of the complaint to quiet title, a land bank
 6-57 shall file an affidavit identifying all parties potentially having
 6-58 an interest in the real property and the form of notice provided.

6-59 (d) A court hearing an action under this section shall:

6-60 (1) schedule a hearing on the complaint not later than
 6-61 the 90th day after the date of the filing of the affidavit under
 6-62 Subsection (c); and

6-63 (2) issue a final judgment not later than the 120th day
 6-64 after the date of the filing of the complaint for all matters on
 6-65 which an answer was not filed by an interested party.

6-66 (e) A land bank may join in a single complaint to quiet title
 6-67 for one or more parcels of real property.

6-68 Sec. 379H.154. ACQUISITION OF PROPERTY GENERALLY. (a) A
 6-69 land bank may acquire real property by gift, devise, transfer,

7-1 exchange, foreclosure, purchase, purchase contracts, lease
 7-2 purchase agreements, installment sales contracts, land contracts,
 7-3 or transfers from a municipality on terms as agreed by the land bank
 7-4 and the municipality, or through any other means on terms and in a
 7-5 manner the land bank considers appropriate.

7-6 (b) Notwithstanding any other law to the contrary, a
 7-7 municipality served by a land bank or a non-qualifying municipality
 7-8 that has entered into an interlocal contract with a land bank under
 7-9 Section 379H.104 may transfer to the land bank real property of the
 7-10 municipality or non-qualifying municipality on terms and according
 7-11 to procedures determined by the municipality or non-qualifying
 7-12 municipality.

7-13 (c) A land bank may acquire real property from this state,
 7-14 the municipality served by the land bank, the county in which that
 7-15 municipality is located, a governmental entity within the county,
 7-16 the federal government, or an agency or department of the federal
 7-17 government.

7-18 (d) A land bank shall maintain all of its real property in
 7-19 accordance with the laws and ordinances of the jurisdiction in
 7-20 which the real property is located.

7-21 Sec. 379H.155. ACQUISITION OF FORECLOSED OR SEIZED
 7-22 PROPERTY. (a) In this section, "taxing unit" has the meaning
 7-23 assigned by Section 1.04, Tax Code.

7-24 (b) A land bank may submit a written bid to acquire real
 7-25 property at a tax sale conducted in accordance with Section 34.01,
 7-26 Tax Code. The bid:

7-27 (1) must be in an amount not less than the amount
 7-28 calculated under Section 34.01(b), Tax Code; and

7-29 (2) may be submitted in writing in advance of the
 7-30 auction or tendered in person at the auction.

7-31 (c) If the bid submitted under Subsection (b) is the highest
 7-32 bid received at the sale, the land bank:

7-33 (1) shall:

7-34 (A) pay in cash the amount of the costs and
 7-35 expenses as described by Section 33.48, Tax Code, and any penalties
 7-36 described by Section 33.07 or 33.08, Tax Code; or

7-37 (B) remit payment of the amounts described by
 7-38 Paragraph (A) to the selling officer by check or electronic funds
 7-39 transfer not later than the seventh calendar day after the date of
 7-40 the auction; and

7-41 (2) is entitled to credit bid that portion of the bid
 7-42 amount consisting of the amount of the taxes, penalties, other than
 7-43 penalties described by Sections 33.07 and 33.08, Tax Code, and
 7-44 interest set forth in the judgment.

7-45 (d) A taxing unit that is a party to a judgment of
 7-46 foreclosure for property sold at auction may request that the
 7-47 selling officer bid off the property to the taxing unit in the
 7-48 manner provided by Section 34.01(j), Tax Code, and, if the request
 7-49 is granted, the transfer to the taxing unit prevails over a bid by
 7-50 the land bank if the land bank's bid is the only bid sufficient to
 7-51 satisfy the minimum bid described by Section 34.01(j), Tax Code.

7-52 (e) The aggregate amount of all credit bids in a calendar
 7-53 year shall be considered satisfied by the aggregate expenditure in
 7-54 that calendar year of an amount equal to or greater than the credit
 7-55 bid amount, which expenditures are attributable directly and
 7-56 indirectly to maintenance, rehabilitation, construction,
 7-57 demolition, and remediation activities. As to any specific tract
 7-58 of property acquired by the credit bid and transferred by a land
 7-59 bank to a public entity described by Section 379H.158(a), the
 7-60 credit bid shall be considered satisfied by that transfer.

7-61 (f) A land bank may submit a written request to a taxing unit
 7-62 at any time for the commencement of tax foreclosure proceedings for
 7-63 delinquent taxes on real property, other than residential real
 7-64 property legally owned and occupied. A land bank may submit a
 7-65 written request to a taxing unit under this subsection for legally
 7-66 occupied residential real property only if the property is five or
 7-67 more years delinquent.

7-68 (g) A request submitted under Subsection (f) must include a
 7-69 commitment to tender a bid in the amount specified under Subsection

8-1 (b). On receipt of the written request, the taxing unit, or the
8-2 governmental office acting on behalf of the taxing unit, shall
8-3 commence enforcement proceedings in accordance with Section 33.41,
8-4 Tax Code.

8-5 (h) If there is no private third party bid in an amount more
8-6 than the bid of the land bank, the real property must be sold to the
8-7 land bank.

8-8 (i) A sale to a land bank under this section is not a sale to
8-9 a taxing unit under Section 34.01(j) or (p) or 34.21, Tax Code.

8-10 (j) A land bank may bid an amount higher than the amount
8-11 calculated under Section 34.01(b), Tax Code, and if that higher bid
8-12 amount is the highest successful bid, the land bank shall pay the
8-13 full amount of the bid in cash.

8-14 (k) The deed to a land bank vests good and perfect title in
8-15 the land bank to the right, title, and interest owned by the
8-16 defendants included in the foreclosure judgment, including the
8-17 defendants' right to the use and possession of the property,
8-18 subject only to the defendants' right of redemption, the terms of a
8-19 recorded restrictive covenant running with the land that was
8-20 recorded before January 1 of the year in which the tax lien on the
8-21 property arose, a recorded lien that arose under that restrictive
8-22 covenant that was not extinguished by the judgment foreclosing the
8-23 tax lien, and each easement of record as of the date of the sale that
8-24 was recorded before January 1 of the year the tax lien arose.

8-25 (l) A sale of real property to a land bank under this
8-26 section:

8-27 (1) extinguishes each lien securing payment of the
8-28 delinquent taxes, penalties, and interest against the property and
8-29 included in the judgment; and

8-30 (2) does not affect the personal liability of any
8-31 person for those taxes, penalties, and interest included in the
8-32 judgment that are not satisfied from the proceeds of the sale.

8-33 (m) A municipality, and any taxing unit levying property
8-34 taxes within the geographical jurisdiction of the municipality, may
8-35 convey tax foreclosed real property owned by the municipality or
8-36 the taxing unit to the land bank on terms and for an amount of
8-37 consideration determined by the transferor and the land bank.

8-38 (n) A bid submitted by a land bank in accordance with this
8-39 section is considered a bid for the amount calculated under Section
8-40 34.01(b), Tax Code, and received under Section 34.01(j), Tax Code.

8-41 Sec. 379H.156. REDEMPTION BY OWNER OF FORECLOSED PROPERTY.

8-42 (a) The owner of real property sold to a land bank under Section
8-43 379H.155 may redeem the property in the manner prescribed for
8-44 owners of real property sold at a tax sale to a purchaser other than
8-45 a taxing unit under Section 34.21, Tax Code.

8-46 (b) The price to be paid by the owner of real property sold
8-47 to a land bank under this section to redeem the property shall be in
8-48 the amounts set forth in Sections 34.21(a) and (e), Tax Code. For
8-49 the purposes of calculating the price, the bid paid by the land bank
8-50 shall be the aggregate amount of the land bank's bid as described by
8-51 Section 379H.155(b).

8-52 (c) If the owner of real property sold to a land bank under
8-53 Section 379H.155 redeems the property by paying to the land bank the
8-54 full amount required to redeem as set forth in Sections 34.21(a) and
8-55 (e), Tax Code, the land bank shall:

8-56 (1) retain an amount equal to the amount paid in cash
8-57 by the land bank in accordance with Section 379H.155;

8-58 (2) retain any redemption premium and any reasonable
8-59 costs the land bank may have expended on maintenance or
8-60 environmental remediation of the property being redeemed; and

8-61 (3) remit to the county assessor-collector any
8-62 remaining amounts to be distributed among the taxing units that
8-63 were parties to the judgment of foreclosure in an amount equal to
8-64 the proportion of each taxing unit's taxes, penalties, and interest
8-65 due in accordance with the judgment of foreclosure.

8-66 Sec. 379H.157. DISPOSITION OF PROPERTY GENERALLY. (a) A
8-67 land bank may convey, exchange, sell, transfer, lease as lessor,
8-68 grant, release and demise, pledge, or hypothecate any interest in,
8-69 on, or to real property of the land bank.

9-1 (b) For real property that a land bank holds fee simple
 9-2 title to, the land bank must convey, exchange, sell, transfer, or
 9-3 otherwise dispose of the fee simple interest in the property not
 9-4 later than the last day of the fifth consecutive year during which
 9-5 the land bank continuously holds the fee simple title. This
 9-6 subsection does not apply to real property that a land bank holds
 9-7 fee simple title to:

9-8 (1) that is subject to a long-term lease with:

9-9 (A) a nonprofit corporation that is incorporated
 9-10 or holds a certificate of authority under Chapter 22, Business
 9-11 Organizations Code;

9-12 (B) a local government corporation, as defined by
 9-13 Section 431.003, Transportation Code; or

9-14 (C) a governmental unit, as defined by Section
 9-15 101.001, Civil Practice and Remedies Code;

9-16 (2) for which the land bank is required, by the
 9-17 municipality that created the land bank or an entity that funds the
 9-18 land bank, to hold and assemble one or more parcels of real property
 9-19 for a period that is longer than five years for the purpose of
 9-20 fulfilling specific program or funding goals related to creating or
 9-21 developing affordable housing, supporting community-based economic
 9-22 development, creating parks and other public places, or supporting
 9-23 other goals required by the municipality or entity described by
 9-24 this subdivision;

9-25 (3) for which a determination has been made by the land
 9-26 bank that the best use of the real property is for flood control or
 9-27 storm water retention or drainage and the real property has not yet
 9-28 been transferred to a public entity such as a flood control district
 9-29 or a municipal parks and recreation department under Section
 9-30 379H.158; or

9-31 (4) that is the subject of an active proceeding in a
 9-32 court of competent jurisdiction or is subject to a court order that
 9-33 conflicts with this subsection.

9-34 (c) A municipality may, in the ordinance creating a land
 9-35 bank, require that a particular form of disposition of real
 9-36 property of the land bank, or any disposition of real property
 9-37 located within a specified jurisdiction of the municipality, be
 9-38 subject to specified voting and approval requirements of the board.
 9-39 Unless restricted under this subsection, the board may delegate to
 9-40 officers and employees the authority to enter into and execute
 9-41 agreements, instruments of conveyance, and all other related
 9-42 documents pertaining to the conveyance of real property by the land
 9-43 bank.

9-44 (d) Subject to Subsection (b), a land bank shall determine
 9-45 the terms, conditions, form, and substance of consideration
 9-46 necessary and appropriate to convey, exchange, sell, transfer,
 9-47 lease as lessor, grant, or mortgage as mortgagor any interest in,
 9-48 on, or to real property of the land bank. Consideration may take
 9-49 the form of monetary payments and secured financial obligations,
 9-50 covenants, and conditions related to the present and future use of
 9-51 the property, deed covenants and limitations, contractual
 9-52 commitments of the transferee, mortgage financing, defeasible
 9-53 fees, and other forms of consideration as determined by the board to
 9-54 be in the best interests of the land bank. The board shall
 9-55 determine and state in the land bank's policies and procedures the
 9-56 general terms for consideration to be received by the land bank for
 9-57 the transfer of real property of the land bank.

9-58 (e) The board may authorize in the board's policies
 9-59 governing the disposition of land bank property a program for the
 9-60 disposition of land bank property to owners of contiguous
 9-61 properties.

9-62 (f) A municipality may recommend that a land bank created by
 9-63 the municipality, and the land bank may in the land bank's own
 9-64 policies and procedures, establish a hierarchical ranking of
 9-65 priorities for the use of real property conveyed by the land bank,
 9-66 including use for:

9-67 (1) production of housing, including affordable
 9-68 housing, long-term affordable housing, workforce housing, public
 9-69 service housing, and mixed-income housing;

- 10-1 (2) community-based economic development, including
- 10-2 retail, commercial, and industrial activities;
- 10-3 (3) parks and other purely public spaces and places;
- 10-4 (4) flood reduction, storm water retention and
- 10-5 drainage, and storm resiliency;
- 10-6 (5) food desert solutions;
- 10-7 (6) conservation areas; and
- 10-8 (7) other purposes necessary and appropriate to
- 10-9 convert properties to the tax rolls, stabilize communities, improve
- 10-10 living conditions, and protect against the displacement of
- 10-11 residents of the municipality served by the land bank.

10-12 Sec. 379H.158. DISPOSITION OF PROPERTY FOR FLOOD CONTROL
 10-13 AND STORM WATER DRAINAGE AND PLANNING. (a) A land bank may convey
 10-14 to a public entity such as a flood control district or a municipal
 10-15 parks and recreation department real property held by the land
 10-16 bank:

10-17 (1) for which the highest and best use is flood control
 10-18 or storm water retention or drainage; and

10-19 (2) that, as a result of housing and building code
 10-20 restrictions, flood plain elevations, other local, state, or
 10-21 federal laws, or public or private agreements, conditions, and
 10-22 limitations, is no longer capable of being developed or
 10-23 redeveloped.

10-24 (b) The transfer of real property by a land bank under this
 10-25 section may be:

10-26 (1) by grant, deed lease, or other conveyance and may
 10-27 include additional limitations, restrictions, and conditions
 10-28 determined by the land bank; and

10-29 (2) for nominal consideration, for consideration
 10-30 consisting of contractual commitments, for an exchange of real
 10-31 properties, or for other consideration determined by the land bank.

10-32 Sec. 379H.159. AFFORDABLE HOUSING POLICY. The board of a
 10-33 land bank may adopt a policy requiring that a percentage, as
 10-34 determined by the board based on local needs and available land bank
 10-35 inventory, of residential units constructed on residential real
 10-36 property conveyed by the land bank be deed restricted for housing
 10-37 that is affordable to households with an income of not greater than
 10-38 80 percent of the area median family income, adjusted for household
 10-39 size, for the municipality, as determined annually by the United
 10-40 States Department of Housing and Urban Development.

10-41 SUBCHAPTER E. FINANCING OF LAND BANK OPERATIONS

10-42 Sec. 379H.201. GENERAL FINANCING. (a) A land bank may
 10-43 receive funding through grants and loans from the municipality that
 10-44 created the land bank, other municipalities, this state, the
 10-45 federal government, and other public or private sources.

10-46 (b) A land bank may receive and retain payments for services
 10-47 rendered, for rents and leasehold payments received, for
 10-48 consideration for disposition of real and personal property, for
 10-49 proceeds of insurance coverage for losses incurred, for income from
 10-50 investments, and for any other asset or activity permitted under
 10-51 this chapter.

10-52 Sec. 379H.202. SALE OF LAND BANK PROPERTY. At the time a
 10-53 land bank sells or otherwise disposes of real property, the
 10-54 proceeds from the sale, if any, shall be allocated to operations and
 10-55 expenses of the land bank.

10-56 Sec. 379H.203. COLLECTION OF TAXES ON PROPERTY CONVEYED BY
 10-57 LAND BANK. Not more than 75 percent of the real property taxes the
 10-58 municipality that created the land bank collected on real property,
 10-59 excluding any school district or county ad valorem tax, conveyed by
 10-60 a land bank under the laws of this state shall be remitted to the
 10-61 land bank. The real property taxes of any other taxing unit, as to
 10-62 real property of the land bank, may also be allocated to the land
 10-63 bank in a similar manner under an interlocal agreement between the
 10-64 other taxing unit and the land bank. The specific percentage of
 10-65 those taxes to be remitted shall be established by ordinance,
 10-66 resolution, or interlocal cooperation agreement of the land bank.
 10-67 The allocation of property tax revenue shall begin with the first
 10-68 taxable year following the date of conveyance and shall continue
 10-69 for a period of five years. The funds shall be remitted to the land

11-1 bank in accordance with the administrative procedures established
11-2 by the assessor-collector of the county in which the land bank is
11-3 located. The allocation of property tax revenue may not occur if
11-4 those taxes have been previously allocated to a tax increment
11-5 reinvestment zone, or to secure a debt of the municipality or other
11-6 taxing unit, unless the municipality or other taxing unit enters
11-7 into an agreement with the land bank for the remittance of those
11-8 funds to the land bank. Any property tax revenue allocated to the
11-9 land bank under this subsection shall be excluded from the
11-10 calculation of ad valorem tax revenue under the municipality's
11-11 charter.

11-12 SECTION 2. Section 379E.002, Local Government Code, is
11-13 amended to read as follows:

11-14 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER LAW.
11-15 This chapter applies only to a municipality:

- 11-16 (1) to which Chapter 379C or 379H [~~or 379D~~] does not
11-17 apply; and
- 11-18 (2) that has not ever adopted a homestead land bank
11-19 program under Subchapter E, Chapter 373A.

11-20 SECTION 3. Chapter 379D, Local Government Code, is
11-21 repealed.

11-22 SECTION 4. (a) A joint interim committee is created to
11-23 study land banks.

11-24 (b) The committee shall be composed of:

- 11-25 (1) four members appointed by the lieutenant governor;
- 11-26 (2) four members appointed by the speaker of the house
11-27 of representatives; and
- 11-28 (3) four members appointed by the governor, one of
11-29 whom the governor shall designate as the committee's presiding
11-30 officer.

11-31 (c) In making appointments under Subsection (b) of this
11-32 section, the appropriate appointing authority shall, if
11-33 practicable, prioritize appointing members who:

- 11-34 (1) serve in a leadership role of a municipality's
11-35 department of housing, housing and community development, or a
11-36 related department;
- 11-37 (2) are employed by a nonprofit or other organization
11-38 that advocates for or develops affordable housing;
- 11-39 (3) are employed by a nonprofit or other organization
11-40 that advocates for or supports long-term affordable housing,
11-41 including a community land trust;
- 11-42 (4) have expertise as a real estate agent,
11-43 particularly expertise or knowledge of neighborhoods impacted by
11-44 vacant and abandoned properties;
- 11-45 (5) have expertise in urban planning or a related
11-46 field;
- 11-47 (6) are licensed as an attorney and have expertise in
11-48 laws related to real estate, real estate finance, or development;
- 11-49 (7) are residents of or leaders of a community-based
11-50 organization that serves neighborhoods impacted by vacant,
11-51 abandoned, and deteriorated properties; or
- 11-52 (8) have expertise in the enforcement of unpaid taxes,
11-53 which may include leaders or representatives from a county tax
11-54 assessor-collector.

11-55 (d) The committee shall convene at the call of the presiding
11-56 officer.

11-57 (e) The committee has all other powers and duties provided
11-58 to a special or select committee by the rules of the senate and
11-59 house of representatives, by Subchapter B, Chapter 301, Government
11-60 Code, and by policies of the senate and house committees on
11-61 administration.

11-62 (f) The members of the committee are entitled to
11-63 reimbursement from the contingent expense fund of the senate and
11-64 the contingent expense fund of the house of representatives equally
11-65 for expenses incurred in carrying out the provisions of this
11-66 section in accordance with the rules of the senate and house of
11-67 representatives and the policies of the senate and house committees
11-68 on administration.

11-69 (g) Not later than the 60th day after the effective date of

12-1 this Act, the lieutenant governor, the speaker of the house of
12-2 representatives, and the governor shall appoint the members of the
12-3 interim committee created under this section.

12-4 (h) The committee shall study:

12-5 (1) powers of land banks to acquire and dispose of real
12-6 property;

12-7 (2) impacts of land banks on flood reduction, storm
12-8 water retention and drainage, and storm resiliency;

12-9 (3) impacts of land banks on affordable housing,
12-10 workforce housing, or public service housing;

12-11 (4) funding mechanisms of land banks;

12-12 (5) impacts of land banks on tax base from properties
12-13 conveyed by a land bank; and

12-14 (6) land banks, including land bank enabling
12-15 legislation, from other states.

12-16 (i) Not later than January 15, 2023, the committee shall
12-17 prepare and submit to the lieutenant governor, the speaker of the
12-18 house of representatives, and the governor a written report
12-19 summarizing the results of the study conducted under Subsection (h)
12-20 of this section, including any legislative recommendations for
12-21 changes to Chapter 379H, Local Government Code, as added by this
12-22 Act, that may appear necessary or advisable based on the results of
12-23 the study.

12-24 (j) The committee is abolished and this section expires
12-25 September 1, 2023.

12-26 SECTION 5. Notwithstanding Section 379H.157(b), Local
12-27 Government Code, as added by this Act, an urban land bank
12-28 established under Chapter 379H, Local Government Code, as added by
12-29 this Act, that holds fee simple title to real property before the
12-30 effective date of this Act is not required to convey, exchange,
12-31 sell, transfer, or otherwise dispose of the real property, as
12-32 required by that subsection, until the last day of the fifth
12-33 consecutive year during which the urban land bank holds the fee
12-34 simple title on and after the effective date of this Act.

12-35 SECTION 6. The Houston Land Bank, a public nonprofit
12-36 corporation evidenced by its amended and restated Certificate of
12-37 Formation dated September 26, 2018, as filed with the Secretary of
12-38 State under File No. 155688901, under ordinance dated HCD 18-51,
12-39 approved and adopted by the city council of the City of Houston on
12-40 July 25, 2018, and originally created as the Land Assemblage
12-41 Redevelopment Authority under Subchapter D, Chapter 431,
12-42 Transportation Code, is a land bank under Chapter 379H, Local
12-43 Government Code, as added by this Act, and shall continue to possess
12-44 the statutory authorization by which it was originally created
12-45 under Subchapter D, Chapter 431, Transportation Code. All actions
12-46 of the board of directors and employees of the Houston Land Bank,
12-47 all contracts, agreements, services, and real property
12-48 acquisitions and dispositions taken before the effective date of
12-49 this Act shall remain unaffected by the adoption of an ordinance
12-50 under Chapter 379H, Local Government Code, as added by this Act.

12-51 SECTION 7. This Act takes effect September 1, 2021.

12-52 * * * * *