

By: Garcia

H.B. No. 2476

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the adoption of a veterans' land bank program by the
3 Texas State Affordable Housing Corporation.

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

5 SECTION 1. Section 2306.566(c), Government Code, is amended
6 to read as follows:

7 (c) The corporation's plan must include:

8 (1) specific proposals to help serve rural and other
9 underserved areas of the state; and

10 (2) the veterans' land bank plan developed under
11 Section 2306.5622.

12 SECTION 2. Subchapter Y, Chapter 2306, Government Code, is
13 amended by adding Section 2306.5622 to read as follows:

14 Sec. 2306.5622. VETERANS' LAND BANK PROGRAM. (a) In this
15 section:

16 (1) "Affordable" means that the monthly mortgage
17 payment or contract rent does not exceed 30 percent of the
18 applicable median family income for that unit size, in accordance
19 with the income and rent limit rules adopted by the Texas Department
20 of Housing and Community Affairs.

21 (2) "Community housing development organization" or
22 "organization" means an organization that:

23 (A) meets the definition of a community housing
24 development organization in 24 C.F.R. Section 92.2; and

1 (B) is certified by a municipality or county as a
2 community housing development organization.

3 (3) "Low-income household" means a household with an
4 income of not greater than 60 percent of the area median family
5 income, based on gross household income, adjusted for household
6 size, for a municipality or, if located in an area that is not part
7 of a municipality, a county, as determined annually by the United
8 States Department of Housing and Urban Development.

9 (4) "Qualified participating developer" means a
10 developer who meets the requirements of Subsection (f) and includes
11 a qualified organization under Subsection (t).

12 (5) "Veteran" has the meaning provided by Section
13 161.001, Natural Resources Code.

14 (6) "Veterans' land bank" means an entity established
15 or approved by the corporation for the purpose of acquiring,
16 holding, and transferring unimproved real property under this
17 section to provide affordable housing for veterans who are members
18 of low-income households.

19 (7) "Veterans' land bank plan" or "plan" means a plan
20 adopted by the corporation as provided by Subsection (g).

21 (8) "Veterans' land bank program" or "program" means a
22 program adopted under Subsection (c).

23 (b) This section controls to the extent of any conflict
24 between this section and another provision of this chapter.

25 (c) The corporation shall adopt a veterans' land bank
26 program and establish or approve a veterans' land bank for the
27 purpose of acquiring, holding, and transferring unimproved real

1 property under this section to provide affordable housing for
2 veterans who are members of low-income households.

3 (d) Property held by the veterans' land bank must include
4 property acquired in the manner provided by Subsection (i) and may
5 include other property acquired by or transferred to the veterans'
6 land bank.

7 (e) A sale or other transfer of property for use in
8 connection with the program is a sale for a public purpose.

9 (f) To qualify to participate in the program, a developer
10 must:

11 (1) have developed three or more housing units within
12 the three-year period preceding the submission of a proposal to the
13 veterans' land bank seeking to acquire real property from the
14 veterans' land bank;

15 (2) have a development plan approved by the
16 corporation for the veterans' land bank property; and

17 (3) meet any other requirements adopted by the
18 corporation in the veterans' land bank plan.

19 (g) The corporation shall operate the program in
20 conformance with a veterans' land bank plan. The corporation shall
21 adopt a plan annually. The plan may be amended from time to time.
22 In developing the plan, the corporation shall consider any other
23 housing plans adopted by a municipality or county in which the
24 corporation intends to implement the program. The plan must
25 include the corporation's plan for affordable housing development
26 on parcels of real property.

27 (h) Before adopting a plan, the corporation shall hold a

1 public hearing on the proposed plan. The corporation shall provide
2 notice of the hearing to all community housing development
3 organizations and to neighborhood associations identified by the
4 corporation as serving the neighborhoods in which properties
5 anticipated to be available for sale or transfer to the veterans'
6 land bank under this section are located. The corporation shall
7 make copies of the proposed plan available to the public not later
8 than the 30th day before the date of the public hearing.

9 (i) Notwithstanding any other law and except as provided by
10 Subsection (m), property that is ordered sold pursuant to
11 foreclosure of a tax lien may be sold in a private sale to a
12 veterans' land bank by the officer charged with the sale of the
13 property without first offering the property for sale as otherwise
14 provided by Section 34.01, Tax Code, if:

15 (1) the market value of the property as specified in
16 the judgment of foreclosure is less than the total amount due under
17 the judgment, including all taxes, penalties, and interest, plus
18 the value of nontax liens held by a taxing unit and awarded by the
19 judgment, court costs, and the cost of the sale;

20 (2) the property is not improved with a building or
21 buildings;

22 (3) there are delinquent taxes on the property for a
23 total of at least five years; and

24 (4) all taxing units that are parties to the tax suit
25 have executed an interlocal agreement that enables those units to
26 agree to participate in the program while retaining the right to
27 withhold consent to the sale of specific properties to the

1 veterans' land bank.

2 (j) If the person being sued in a suit for foreclosure of a
3 tax lien does not contest the market value of the property in the
4 suit, the person waives the right to challenge the amount of the
5 market value determined by the court for purposes of the sale of the
6 property under Section 33.50, Tax Code.

7 (k) For any sale of property under Subsection (i), each
8 person who was a defendant to the judgment, or that person's
9 attorney, shall be given, not later than the 90th day before the
10 date of sale, written notice of the proposed method of sale of the
11 property by the officer charged with the sale of the property.
12 Notice shall be given in the manner prescribed by Rule 21a, Texas
13 Rules of Civil Procedure.

14 (l) After receipt of the notice required by Subsection (k)
15 and before the date of the proposed sale, the owner of the property
16 subject to sale may file with the officer charged with the sale a
17 written request that the property not be sold in the manner provided
18 by Subsection (i).

19 (m) If the officer charged with the sale receives a written
20 request as provided by Subsection (l), the officer shall sell the
21 property as otherwise provided in Section 34.01, Tax Code.

22 (n) The owner of the property subject to sale may not
23 receive any proceeds of a sale under this section. However, the
24 owner does not have any personal liability for a deficiency of the
25 judgment as a result of a sale under this section.

26 (o) Notwithstanding any other law, if consent is given by
27 the taxing units that are a party to the judgment, property may be

1 sold to the veterans' land bank for less than the market value of
2 the property as specified in the judgment or less than the total of
3 all taxes, penalties, and interest, plus the value of nontax liens
4 held by a taxing unit and awarded by the judgment, court costs, and
5 the cost of the sale.

6 (p) The deed of conveyance of the property sold to a
7 veterans' land bank under Subsection (i) conveys to the veterans'
8 land bank the right, title, and interest acquired or held by each
9 taxing unit that was a party to the judgment, subject to the right
10 of redemption.

11 (q) Each subsequent resale by a veterans' land bank of
12 property acquired by the veterans' land bank under Subsection (i)
13 must comply with the conditions of this subsection. Within the
14 10-year period following the date of acquisition, the veterans'
15 land bank must sell a property to a qualified participating
16 developer for the purpose of construction of affordable housing for
17 sale or rent to veterans who are members of low-income households.
18 If after 10 years a qualified participating developer has not
19 purchased the property, the property shall be transferred from the
20 veterans' land bank to the taxing units who were parties to the
21 judgment for disposition as otherwise allowed under the law. The
22 deed conveying a property sold by the veterans' land bank must
23 include a right of reverter so that if the qualified participating
24 developer does not apply for a construction permit and close on any
25 construction financing within the two-year period following the
26 date of the conveyance of the property from the veterans' land bank
27 to the qualified participating developer, the property will revert

1 to the veterans' land bank for subsequent resale to another
2 qualifying participating developer or conveyance to the taxing
3 units who were parties to the judgment for disposition as otherwise
4 allowed under the law.

5 (r) The veterans' land bank shall impose, in accordance with
6 this subsection and Subsection (s), deed restrictions on property
7 sold to qualified participating developers requiring the
8 development and subsequent sale or rental of the property to
9 veterans who are members of low-income households. At least 25
10 percent of the veterans' land bank properties sold during any given
11 state fiscal year to be developed for sale shall be deed restricted
12 for sale to households with incomes not greater than 60 percent of
13 the area median family income, based on gross household income,
14 adjusted for household size, for the applicable municipality or, if
15 located in an area that is not part of a municipality, the
16 applicable county, as determined annually by the United States
17 Department of Housing and Urban Development. If property is
18 developed for rental housing, the deed restrictions must be for a
19 period of not less than 20 years and must require that:

20 (1) 100 percent of the rental units be occupied by and
21 affordable to households with incomes not greater than 60 percent
22 of area median family income, based on gross household income,
23 adjusted for household size, for the applicable municipality or, if
24 located in an area that is not part of a municipality, the
25 applicable county, as determined annually by the United States
26 Department of Housing and Urban Development;

27 (2) 40 percent of the units be occupied by and

1 affordable to households with incomes not greater than 50 percent
2 of area median family income, based on gross household income,
3 adjusted for household size, for the applicable municipality or, if
4 located in an area that is not part of a municipality, the
5 applicable county, as determined annually by the United States
6 Department of Housing and Urban Development; or

7 (3) 20 percent of the units be occupied by and
8 affordable to households with incomes not greater than 30 percent
9 of area median family income, based on gross household income,
10 adjusted for household size, for the applicable municipality or, if
11 located in an area that is not part of a municipality, the
12 applicable county, as determined annually by the United States
13 Department of Housing and Urban Development.

14 (s) The deed restrictions relating to rental housing under
15 this subsection and Subsection (r) must require the owner to file an
16 annual occupancy report with the corporation on a reporting form
17 provided by the corporation. The deed restrictions must also
18 prohibit any exclusion of an individual or family from admission to
19 the development based solely on the participation of the individual
20 or family in the housing choice voucher program under Section 8,
21 United States Housing Act of 1937 (42 U.S.C. Section 1437f), as
22 amended. Except as otherwise provided by this subsection, if the
23 deed restrictions imposed under this subsection or Subsection (r)
24 are for a term of years, the deed restrictions renew automatically.
25 The veterans' land bank or the corporation may modify or add to the
26 deed restrictions imposed under this subsection or Subsection (r).
27 Any modifications or additions made by the corporation must be

1 adopted by the corporation as part of its plan.

2 (t) The veterans' land bank shall first offer for sale to
3 qualified organizations any property acquired by the veterans' land
4 bank under Subsection (i). Notice must be provided to the qualified
5 organizations by certified mail, return receipt requested, not
6 later than the 60th day before the beginning of the period in which
7 a right of first refusal may be exercised. The corporation shall
8 specify in its plan the period during which the right of first
9 refusal provided by this subsection may be exercised by a qualified
10 organization. That period must be at least nine months but not more
11 than 26 months from the date of the deed of conveyance of the
12 property to the veterans' land bank. If the veterans' land bank
13 conveys the property to a qualified organization before the
14 expiration of the period specified by the corporation under this
15 subsection, the interlocal agreement executed under Subsection
16 (i)(4) must provide tax abatement for the property until the
17 expiration of that period. During the specified period, the
18 veterans' land bank may not sell the property to a qualified
19 participating developer other than a qualified organization. If
20 all qualified organizations notify the veterans' land bank that
21 they are declining to exercise their right of first refusal during
22 the specified period, or if an offer to purchase the property is not
23 received from a qualified organization during that period, the
24 veterans' land bank may sell the property to any other qualified
25 participating developer at the same price that the veterans' land
26 bank offered the property to the qualified organizations. In its
27 plan, the corporation shall establish the additional period, if

1 any, that a property may be held in the veterans' land bank once an
2 offer has been received and accepted from a qualified organization
3 or other qualified participating developer. If more than one
4 qualified organization expresses an interest in exercising its
5 right of first refusal, the organization that has designated the
6 most geographically compact area encompassing a portion of the
7 property shall be given priority. In its plan, the corporation may
8 provide for other rights of first refusal for any other nonprofit
9 corporation exempted from federal income tax under Section
10 501(c)(3), Internal Revenue Code of 1986, as amended, provided that
11 the preeminent right of first refusal is provided to qualified
12 organizations as provided by this subsection. The veterans' land
13 bank is not required to provide a right of first refusal to
14 qualified organizations under this subsection if the veterans' land
15 bank is selling property that reverted to the veterans' land bank
16 under Subsection (q) or was acquired by the veterans' land bank in a
17 manner other than that provided by Subsection (i). In this
18 subsection, "qualified organization" means a community housing
19 development organization that:

20 (1) contains within its designated geographical
21 boundaries of operation, as set forth in its application for
22 certification filed with and approved by the municipality or county
23 certifying the organization, a portion of the property that the
24 veterans' land bank is offering for sale;

25 (2) has built at least three single-family homes or
26 duplexes or one multifamily residential dwelling of four or more
27 units in compliance with all applicable building codes within the

1 preceding two-year period and within the organization's designated
2 geographical boundaries of operation; and

3 (3) within the preceding three-year period has
4 developed or rehabilitated housing units within a two-mile radius
5 of the property that the veterans' land bank is offering for sale.

6 (u) The veterans' land bank shall comply with the
7 requirements of Chapters 551 and 552. The veterans' land bank shall
8 keep accurate minutes of its meetings and shall keep accurate
9 records and books of account that conform with generally accepted
10 principles of accounting and that clearly reflect the income and
11 expenses of the veterans' land bank and all transactions in
12 relation to its property.

13 (v) For purposes of evaluating the effectiveness of the
14 program, the veterans' land bank shall submit an annual performance
15 report to the corporation not later than November 1 of each year in
16 which the veterans' land bank acquires or sells property under this
17 section. The performance report must include:

18 (1) a complete and detailed written accounting of all
19 money and properties received and disbursed by the veterans' land
20 bank during the preceding state fiscal year;

21 (2) for each property acquired by the veterans' land
22 bank during the preceding state fiscal year:

23 (A) the street address of the property;

24 (B) the legal description of the property;

25 (C) the date the veterans' land bank took title
26 to the property;

27 (D) the name and mailing address of the property

1 owner of record at the time of the acquisition;
2 (E) the amount of taxes and other costs owed at
3 the time of the foreclosure if the property was acquired under
4 Subsection (i); and
5 (F) the assessed value of the property on the tax
6 roll at the time of the foreclosure if the property was acquired
7 under Subsection (i);
8 (3) for each property sold by the veterans' land bank
9 during the preceding state fiscal year to a qualified participating
10 developer:
11 (A) the street address of the property;
12 (B) the legal description of the property;
13 (C) the name and mailing address of the
14 purchaser;
15 (D) the price paid by the purchaser;
16 (E) the maximum incomes allowed for the
17 households by the terms of the sale; and
18 (F) the source and amount of any public subsidy
19 made available to facilitate the sale or rental of the property to a
20 veteran who is a member of a household within the targeted income
21 levels;
22 (4) for each property sold by a qualified
23 participating developer during the preceding state fiscal year, the
24 buyer's household income and a description of all use and sale
25 restrictions; and
26 (5) for each property developed for rental housing
27 with an active deed restriction, a copy of the most recent annual

1 report filed by the owner with the veterans' land bank.

2 (w) The veterans' land bank shall provide copies of the
3 performance report to any taxing units who were parties to a sale of
4 property under Subsection (i). The veterans' land bank shall
5 provide notice of the availability of the performance report for
6 review to the organizations and neighborhood associations
7 identified by the corporation as serving the neighborhoods in which
8 are located properties sold or transferred to the veterans' land
9 bank under this section. The veterans' land bank and the
10 corporation shall maintain copies of the performance report
11 available for public review.

12 (x) The veterans' land bank shall maintain in its records
13 for inspection a copy of the sale settlement statement for each
14 property sold by a qualified participating developer and a copy of
15 the first page of the mortgage note with the interest rate and
16 indicating the volume and page number of the instrument as filed
17 with the county clerk.

18 SECTION 3. Sections 11.18(d) and (o), Tax Code, are amended
19 to read as follows:

20 (d) A charitable organization must be organized exclusively
21 to perform religious, charitable, scientific, literary, or
22 educational purposes and, except as permitted by Subsections (h)
23 and (l), engage exclusively in performing one or more of the
24 following charitable functions:

25 (1) providing medical care without regard to the
26 beneficiaries' ability to pay, which in the case of a nonprofit
27 hospital or hospital system means providing charity care and

1 community benefits in accordance with Section [11.1801](#);

2 (2) providing support or relief to orphans,
3 delinquent, dependent, or handicapped children in need of
4 residential care, abused or battered spouses or children in need of
5 temporary shelter, the impoverished, or victims of natural disaster
6 without regard to the beneficiaries' ability to pay;

7 (3) providing support without regard to the
8 beneficiaries' ability to pay to:

9 (A) elderly persons, including the provision of:

- 10 (i) recreational or social activities; and
11 (ii) facilities designed to address the
12 special needs of elderly persons; or

13 (B) the handicapped, including training and
14 employment:

- 15 (i) in the production of commodities; or
16 (ii) in the provision of services under 41
17 U.S.C. Sections 8501-8506;

18 (4) preserving a historical landmark or site;

19 (5) promoting or operating a museum, zoo, library,
20 theater of the dramatic or performing arts, or symphony orchestra
21 or choir;

22 (6) promoting or providing humane treatment of
23 animals;

24 (7) acquiring, storing, transporting, selling, or
25 distributing water for public use;

26 (8) answering fire alarms and extinguishing fires with
27 no compensation or only nominal compensation to the members of the

1 organization;

2 (9) promoting the athletic development of boys or
3 girls under the age of 18 years;

4 (10) preserving or conserving wildlife;

5 (11) promoting educational development through loans
6 or scholarships to students;

7 (12) providing halfway house services pursuant to a
8 certification as a halfway house by the parole division of the Texas
9 Department of Criminal Justice;

10 (13) providing permanent housing and related social,
11 health care, and educational facilities for persons who are 62
12 years of age or older without regard to the residents' ability to
13 pay;

14 (14) promoting or operating an art gallery, museum, or
15 collection, in a permanent location or on tour, that is open to the
16 public;

17 (15) providing for the organized solicitation and
18 collection for distributions through gifts, grants, and agreements
19 to nonprofit charitable, education, religious, and youth
20 organizations that provide direct human, health, and welfare
21 services;

22 (16) performing biomedical or scientific research or
23 biomedical or scientific education for the benefit of the public;

24 (17) operating a television station that produces or
25 broadcasts educational, cultural, or other public interest
26 programming and that receives grants from the Corporation for
27 Public Broadcasting under 47 U.S.C. Section 396, as amended;

1 (18) providing housing for low-income and
2 moderate-income families, for unmarried individuals 62 years of age
3 or older, for handicapped individuals, and for families displaced
4 by urban renewal, through the use of trust assets that are
5 irrevocably and, pursuant to a contract entered into before
6 December 31, 1972, contractually dedicated on the sale or
7 disposition of the housing to a charitable organization that
8 performs charitable functions described by Subdivision (9);

9 (19) providing housing and related services to persons
10 who are 62 years of age or older in a retirement community, if the
11 retirement community provides independent living services,
12 assisted living services, and nursing services to its residents on
13 a single campus:

14 (A) without regard to the residents' ability to
15 pay; or

16 (B) in which at least four percent of the
17 retirement community's combined net resident revenue is provided in
18 charitable care to its residents;

19 (20) providing housing on a cooperative basis to
20 students of an institution of higher education if:

21 (A) the organization is exempt from federal
22 income taxation under Section 501(a), Internal Revenue Code of
23 1986, as amended, by being listed as an exempt entity under Section
24 501(c)(3) of that code;

25 (B) membership in the organization is open to all
26 students enrolled in the institution and is not limited to those
27 chosen by current members of the organization;

1 (C) the organization is governed by its members;
2 and

3 (D) the members of the organization share the
4 responsibility for managing the housing;

5 (21) acquiring, holding, and transferring unimproved
6 real property under an urban land bank demonstration program
7 established under Chapter 379C, Local Government Code, as or on
8 behalf of a land bank;

9 (22) acquiring, holding, and transferring unimproved
10 real property under an urban land bank program established under
11 Chapter 379E, Local Government Code, as or on behalf of a land bank;

12 (22-a) acquiring, holding, and transferring
13 unimproved real property under a veterans' land bank program
14 established under Section 2306.5622, Government Code, as or on
15 behalf of a veterans' land bank;

16 (23) providing housing and related services to
17 individuals who:

18 (A) are unaccompanied and homeless and have a
19 disabling condition; and

20 (B) have been continuously homeless for a year or
21 more or have had at least four episodes of homelessness in the
22 preceding three years;

23 (24) operating a radio station that broadcasts
24 educational, cultural, or other public interest programming,
25 including classical music, and that in the preceding five years has
26 received or been selected to receive one or more grants from the
27 Corporation for Public Broadcasting under 47 U.S.C. Section 396, as

1 amended; or

2 (25) providing, without regard to the beneficiaries'
3 ability to pay, tax return preparation services and assistance with
4 other financial matters.

5 (o) For purposes of Subsection (a)(2), real property
6 acquired, held, and transferred by an organization that performs
7 the function described by Subsection (d)(21), ~~[or] (22)~~, or (22-a)
8 is considered to be used exclusively by the qualified charitable
9 organization to perform that function.

10 SECTION 4. Section 11.18, Tax Code, as amended by this Act,
11 applies only to an ad valorem tax year that begins on or after the
12 effective date of this Act.

13 SECTION 5. This Act takes effect September 1, 2023.