

1 AN ACT

2 relating to urban land bank demonstration programs.

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

4 SECTION 1. Section 361.1875, Health and Safety Code, is
5 amended to read as follows:

6 Sec. 361.1875. EXCLUSION OF CERTAIN POTENTIALLY
7 RESPONSIBLE PARTIES. (a) The commission may not name a person as a
8 responsible party for an enforcement action or require a person to
9 reimburse remediation costs for a site if the commission has
10 conducted an investigation of a site owned or operated by the person
11 and as a result of the investigation has determined that:

12 (1) the contaminants that are the subject of
13 investigation under this subchapter appear to originate from an
14 up-gradient, off-site source that is not owned or operated by the
15 person;

16 (2) additional corrective action is not required at
17 the site owned or operated by the person; and

18 (3) the commission will not undertake a formal
19 enforcement action in the matter.

20 (b) The commission may not name a land bank established
21 under Chapter 379C, Local Government Code, as a responsible party
22 for an enforcement action or require the land bank to reimburse
23 remediation costs for a site if the commission has conducted an
24 investigation of a site owned or operated by the land bank and as a

1 result of the investigation has determined that:

2 (1) the contaminants that are the subject of
3 investigation under this subchapter:

4 (A) appear to originate from an up-gradient,
5 off-site source that is not owned or operated by the land bank; or

6 (B) appear to have been present on the site
7 before the land bank purchased the site; and

8 (2) the land bank could not have reasonably known
9 about the contaminants at the time the land bank purchased the site.

10 SECTION 2. Section 361.271(b), Health and Safety Code, is
11 amended to read as follows:

12 (b) A political subdivision, a land bank established under
13 Chapter 379C, Local Government Code, or an officer or employee of
14 the political subdivision or land bank is not a person responsible
15 for solid waste released or threatened to be released from a
16 facility or at a site if:

17 (1) the political subdivision or land bank acquired
18 ownership or control of the facility or site through a
19 [~~bankruptcy,~~ tax delinquency[~~, abandonment,~~] or if the

20 subdivision acquired ownership or control of the facility or site
21 through bankruptcy, abandonment, or other circumstances in which
22 the subdivision involuntarily acquired title to the facility or
23 site by virtue of the subdivision's function as sovereign; and

24 (2) the political subdivision, land bank, officer, or
25 employee did not cause or contribute to the release or threatened
26 release of solid waste at the facility or site.

27 SECTION 3. Section 373A.003, Local Government Code, is

1 amended to read as follows:

2 Sec. 373A.003. APPLICABILITY OF CHAPTER. (a) This chapter
3 applies [~~only~~] to a municipality with a population of more than
4 650,000 that is located in a uniform state service region with fewer
5 than 550,000 occupied housing units as determined by the most
6 recent United States decennial census.

7 (b) Subchapters A, B, C, and D apply to any municipality
8 with a population of 1.18 million or more which is located
9 predominantly in a county that has a total area of less than 1,000
10 square miles and has adopted an urban land bank demonstration
11 program under Chapter 379C, Local Government Code.

12 SECTION 4. Section 373A.052, Local Government Code, is
13 amended to read as follows:

14 Sec. 373A.052. ELIGIBILITY FOR DESIGNATION. (a) To be
15 designated as a district within a municipality described by Section
16 373.003(a) under this subchapter, an area must be composed of
17 census tracts forming a spatially compact area contiguous to a
18 central business district and with:

- 19 (1) fewer than 25,000 residents;
- 20 (2) fewer than 8,000 households;
- 21 (3) a number of owner-occupied households that does
22 not exceed 50 percent of the total households in the area;
- 23 (4) housing stock at least 55 percent of which was
24 built at least 45 years ago;
- 25 (5) an unemployment rate that is greater than 10
26 percent;
- 27 (6) an overall poverty rate that is at least two times

1 the poverty rate for the entire municipality; and

2 (7) in each census tract within the area, a median
3 family income that is less than 60 percent of the median family
4 income for the entire municipality.

5 (b) To be designated as a district within a municipality
6 described by Section 373.003(b) under this subchapter, an area must
7 be composed of census tracts forming a spatially compact area
8 contiguous to a central business district and with:

9 (1) fewer than 75,000 residents;

10 (2) a median family income that is less than \$30,000
11 according to the last decennial census; and

12 (3) an overall poverty rate that is at least two times
13 the poverty rate for the entire municipality.

14 (c) An area that is designated as a district under this
15 subchapter may retain its designation as a district regardless of
16 whether the area continues to meet the eligibility criteria
17 provided by this section, except that an area that does not elect to
18 retain its designation as permitted by this subsection must meet
19 all eligibility criteria to be considered for subsequent
20 redesignation as a district.

21 SECTION 5. Section 379C.003(3), Local Government Code, is
22 amended to read as follows:

23 (3) "Low income household" means a household with a
24 gross income of not greater than 115 [~~80~~] percent of the area median
25 family income, adjusted for household size, for the metropolitan
26 statistical area in which the municipality is located, as
27 determined annually by the United States Department of Housing and

1 Urban Development.

2 SECTION 6. Section 379C.008(a), Local Government Code, is
3 amended to read as follows:

4 (a) Notwithstanding any other law and except as provided by
5 Subsection (f), property that is ordered sold pursuant to
6 foreclosure of a tax lien may be sold in a private sale to a land
7 bank by the officer charged with the sale of the property without
8 first offering the property for sale as otherwise provided by
9 Section 34.01, Tax Code, if:

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

15 (2) the property is not improved with a habitable
16 building or buildings or an uninhabitable building or buildings
17 that are occupied as a residence by an owner or tenant who is
18 legally entitled to occupy the building or buildings;

19 (3) there are delinquent taxes on the property for a
20 total of at least five [~~each of the preceding six~~] years; and

21 (4) the municipality has executed with the other
22 taxing units that are parties to the tax suit an interlocal
23 agreement that enables those units to agree to participate in the
24 program while retaining the right to withhold consent to the sale of
25 specific properties to the land bank.

26 SECTION 7. Section 379C.010(b), Local Government Code, is
27 amended to read as follows:

1 (b) Each land bank property sold during any given fiscal
2 year to be developed for sale must be deed restricted for sale to
3 low income households, and:

4 (1) at [A~~t~~] least 25 percent of those [the] land bank
5 properties must [sold during any given fiscal year to be developed
6 for sale shall] be deed restricted for sale to households with gross
7 household incomes not greater than 60 percent of the area median
8 family income, adjusted for household size; and

9 (2) not more than 30 percent of those land bank
10 properties may be deed restricted for sale to households with gross
11 household incomes greater than 80 percent of the area median family
12 income, adjusted for household size [for the metropolitan
13 statistical area in which the municipality is located, as
14 determined annually by the United States Department of Housing and
15 Urban Development].

16 SECTION 8. Section 379C.011(d), Local Government Code, is
17 amended to read as follows:

18 (d) The municipality shall specify in its plan that the
19 period during which the right of first refusal provided by this
20 section may be exercised by a qualified organization is six [~~That~~
21 ~~period must be at least nine months but not more than 26]~~ months
22 from the date of the deed of conveyance of the property to the land
23 bank.

24 SECTION 9. Section 379D.010(a), Local Government Code, is
25 amended to read as follows:

26 (a) The land bank shall impose deed restrictions with
27 appropriate terms and conditions on property sold to qualified

1 participating developers and eligible adjacent property owners
2 that require:

3 (1) the development and sale or rental of the property
4 to low income households, if the property is sold to a qualified
5 participating developer; or

6 (2) the use of the property to be consistent and
7 compatible with the residential character of the neighborhood and
8 any applicable standards for use adopted by the land bank, if the
9 property is sold to an eligible adjacent property owner.

10 SECTION 10. Section 379D.011, Local Government Code, is
11 amended to read as follows:

12 Sec. 379D.011. RIGHT OF FIRST REFUSAL IN ELIGIBLE ADJACENT
13 PROPERTY OWNERS; CONDITIONS OF PURCHASE. (a) Property acquired by
14 the land bank shall be offered for sale, at fair market value as
15 determined by the appraisal district in which the property is
16 located, to eligible adjacent property owners under a right of
17 first refusal on terms and conditions developed by the land bank
18 that are consistent with this chapter.

19 (b) To be eligible to exercise a right of first refusal
20 under this section, an owner of property adjacent to property
21 acquired by the land bank:

22 (1) must have owned and continuously occupied that
23 property for at least the five preceding years as that person's
24 principal residence; and

25 (2) must meet any eligibility requirements adopted by
26 the land bank.

27 (c) An adjacent property owner who purchases property under

1 this section may not lease, sell, or otherwise transfer the
2 property to another party before the 10th anniversary of the date
3 the adjacent property owner purchases the property. This
4 prohibition does not apply to a transfer of property, as allowed by
5 policies adopted by the land bank:

- 6 (1) to a family member of the adjacent property owner;
7 or
8 (2) in the case of the death of the adjacent property
9 owner.

10 SECTION 11. Chapter 379D, Local Government Code, is amended
11 by adding Section 379D.015 to read as follows:

12 Sec. 379D.015. EFFECT OF SALE TO LAND BANK OR SUBSEQUENT
13 PURCHASERS OR LENDERS FOR VALUE; LIMITATION ON CERTAIN CAUSES OF
14 ACTION. After the first anniversary of a sale of property to a land
15 bank under this chapter:

16 (1) a third party, other than a qualified
17 participating developer or eligible adjacent property owner who
18 purchased the property from the land bank under this chapter or a
19 person with a cause of action based on a right, title, interest, or
20 other claim described by Subdivision (2)(A)(ii), may not bring a
21 cause of action to set aside or otherwise challenge the sale of the
22 property to the land bank, including a cause of action that is
23 brought against:

24 (A) a qualified participating developer or
25 eligible adjacent property owner who purchases property from the
26 land bank under Section 379D.009 or 379D.011, as applicable; or

27 (B) any other subsequent purchaser for value or

1 lender for value; and

2 (2) a qualified participating developer or eligible
3 adjacent property owner who purchases property from a land bank
4 under this chapter or any other subsequent purchaser for value or,
5 if applicable, a lender for a developer, owner, or purchaser
6 described by this subdivision or any other subsequent lender for
7 value:

8 (A) has, with the following characteristics, a
9 full title to the property:

10 (i) except as provided by Subparagraph
11 (ii), the title is not subject to any right, title, interest, or
12 other claim a person acquired in the property before or after the
13 sale of the property to the land bank, including a right of first
14 refusal, right of second refusal, and any other right, title,
15 interest, or other claim provided by this chapter, other than the
16 right of reverter provided by Section 379D.009(d); and

17 (ii) the title is subject only to:

18 (a) the recorded restrictive
19 covenants, liens, and valid easements of record described by
20 Section 34.01(n), Tax Code;

21 (b) any rights of redemption
22 applicable to the property;

23 (c) any cause of action to impeach the
24 property deed based on a claim of fraud;

25 (d) the right of reverter provided by
26 Section 379D.009(d) and the recorded deed restrictions described by
27 Section 379D.010; and

1 (e) any right, title, interest, or
2 other claim with respect to the property that arose after the sale
3 of the property to the land bank under a law other than this
4 chapter; and

5 (B) may conclusively presume that:

6 (i) the sale of the property to the land
7 bank under this chapter was valid; and

8 (ii) a mortgage on or a subsequent sale of
9 the property complies with this chapter and is subject only to a
10 right, title, interest, or other claim provided by Paragraph
11 (A)(ii).

12 SECTION 12. Subtitle A, Title 12, Local Government Code, is
13 amended by adding Chapter 379E to read as follows:

14 CHAPTER 379E. URBAN LAND BANK PROGRAM

15 Sec. 379E.001. SHORT TITLE. This chapter may be cited as
16 the Urban Land Bank Program Act.

17 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER LAW.
18 This chapter applies only to a municipality:

19 (1) to which Chapter 379C or 379D does not apply; and
20 (2) that has not ever adopted a homestead land bank
21 program under Subchapter E, Chapter 373A.

22 Sec. 379E.003. DEFINITIONS. In this chapter:

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

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

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

5 (B) is certified by the municipality as a
6 community housing development organization.

7 (3) "Land bank" means an entity established or
8 approved by the governing body of a municipality for the purpose of
9 acquiring, holding, and transferring unimproved real property
10 under this chapter.

11 (4) "Low income household" means a household with a
12 gross income of not greater than 80 percent of the area median
13 family income, adjusted for household size, for the metropolitan
14 statistical area in which the municipality is located, as
15 determined annually by the United States Department of Housing and
16 Urban Development.

17 (5) "Qualified participating developer" means a
18 developer who meets the requirements of Section 379E.005 and
19 includes a qualified organization under Section 379E.011.

20 (6) "Urban land bank plan" or "plan" means a plan
21 adopted by the governing body of a municipality as provided by
22 Section 379E.006.

23 (7) "Urban land bank program" or "program" means a
24 program adopted under Section 379E.004.

25 Sec. 379E.004. URBAN LAND BANK PROGRAM. (a) The governing
26 body of a municipality may adopt an urban land bank program in which
27 the officer charged with selling real property ordered sold

1 pursuant to foreclosure of a tax lien may sell certain eligible real
2 property by private sale for purposes of affordable housing
3 development as provided by this chapter.

4 (b) The governing body of a municipality that adopts an
5 urban land bank program shall establish or approve a land bank for
6 the purpose of acquiring, holding, and transferring unimproved real
7 property under this chapter.

8 Sec. 379E.005. QUALIFIED PARTICIPATING DEVELOPER. To
9 qualify to participate in an urban land bank 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 land bank seeking to acquire real property from the land bank;

14 (2) have a development plan approved by the
15 municipality for the land bank property; and

16 (3) meet any other requirements adopted by the
17 municipality in the urban land bank plan.

18 Sec. 379E.006. URBAN LAND BANK PLAN. (a) A municipality
19 that adopts an urban land bank program shall operate the program in
20 conformance with an urban land bank plan.

21 (b) The governing body of a municipality that adopts an
22 urban land bank program shall adopt a plan annually. The plan may
23 be amended from time to time.

24 (c) In developing the plan, the municipality shall consider
25 other housing plans adopted by the municipality, including the
26 comprehensive plan submitted to the United States Department of
27 Housing and Urban Development and all fair housing plans and

1 policies adopted or agreed to by the municipality.

2 (d) The plan must include the following:

3 (1) a list of community housing development
4 organizations eligible to participate in the right of first refusal
5 provided by Section 379E.011;

6 (2) a list of the parcels of real property that may
7 become eligible for sale to the land bank during the next year;

8 (3) the municipality's plan for affordable housing
9 development on those parcels of real property; and

10 (4) the sources and amounts of money anticipated to be
11 available from the municipality for subsidies for development of
12 affordable housing in the municipality, including any money
13 specifically available for housing developed under the program, as
14 approved by the governing body of the municipality at the time the
15 plan is adopted.

16 Sec. 379E.007. PUBLIC HEARING ON PROPOSED PLAN. (a) Before
17 adopting a plan, a municipality shall hold a public hearing on the
18 proposed plan.

19 (b) The city manager or the city manager's designee shall
20 provide notice of the hearing to all community housing development
21 organizations and to neighborhood associations identified by the
22 municipality as serving the neighborhoods in which properties
23 anticipated to be available for sale to the land bank under this
24 chapter are located.

25 (c) The city manager or the city manager's designee shall
26 make copies of the proposed plan available to the public not later
27 than the 60th day before the date of the public hearing.

1 Sec. 379E.008. PRIVATE SALE TO LAND BANK. (a)

2 Notwithstanding any other law and except as provided by Subsection
3 (f), property that is ordered sold pursuant to foreclosure of a tax
4 lien may be sold in a private sale to a land bank by the officer
5 charged with the sale of the property without first offering the
6 property for sale as otherwise provided by Section 34.01, Tax Code,
7 if:

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

13 (2) the property is not improved with a building or
14 buildings;

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

17 (4) the municipality has executed with the other
18 taxing units that are parties to the tax suit an interlocal
19 agreement that enables those units to agree to participate in the
20 program while retaining the right to withhold consent to the sale of
21 specific properties to the land bank.

22 (b) A sale of property for use in connection with the
23 program is a sale for a public purpose.

24 (c) If the person being sued in a suit for foreclosure of a
25 tax lien does not contest the market value of the property in the
26 suit, the person waives the right to challenge the amount of the
27 market value determined by the court for purposes of the sale of the

1 property under Section 33.50, Tax Code.

2 (d) For any sale of property under this chapter, each person
3 who was a defendant to the judgment, or that person's attorney,
4 shall be given, not later than the 90th day before the date of sale,
5 written notice of the proposed method of sale of the property by the
6 officer charged with the sale of the property. Notice must be given
7 in the manner prescribed by Rule 21a, Texas Rules of Civil
8 Procedure.

9 (e) After receipt of the notice required by Subsection (d)
10 and before the date of the proposed sale, the owner of the property
11 subject to sale may file with the officer charged with the sale a
12 written request that the property not be sold in the manner provided
13 by this chapter.

14 (f) If the officer charged with the sale receives a written
15 request as provided by Subsection (e), the officer shall sell the
16 property as otherwise provided in Section 34.01, Tax Code.

17 (g) The owner of the property subject to sale may not
18 receive any proceeds of a sale under this chapter. However, the
19 owner does not have any personal liability for a deficiency of the
20 judgment as a result of a sale under this chapter.

21 (h) Notwithstanding any other law, if consent is given by
22 the taxing units that are a party to the judgment, property may be
23 sold to the land bank for less than the market value of the property
24 as specified in the judgment or less than the total of all taxes,
25 penalties, and interest, plus the value of nontax liens held by a
26 taxing unit and awarded by the judgment, court costs, and the cost
27 of the sale.

1 (i) The deed of conveyance of the property sold to a land
2 bank under this section conveys to the land bank the right, title,
3 and interest acquired or held by each taxing unit that was a party
4 to the judgment, subject to the right of redemption.

5 Sec. 379E.009. SUBSEQUENT RESALE BY LAND BANK. (a) Each
6 subsequent resale of property acquired by a land bank under this
7 chapter must comply with the conditions of this section.

8 (b) Within the three-year period following the date of
9 acquisition, the land bank must sell a property to a qualified
10 participating developer for the purpose of construction of
11 affordable housing for sale or rent to low income households. If
12 after three years a qualified participating developer has not
13 purchased the property, the property shall be transferred from the
14 land bank to the taxing units who were parties to the judgment for
15 disposition as otherwise allowed under the law.

16 (c) Unless the municipality increases the amount in its
17 plan, the number of properties acquired by a qualified
18 participating developer under this section on which development has
19 not been completed may not at any time exceed three times the annual
20 average residential production completed by the qualified
21 participating developer during the preceding two-year period as
22 determined by the municipality.

23 (d) The deed conveying a property sold by the land bank must
24 include a right of reverter so that, if the qualified participating
25 developer does not apply for a construction permit and close on any
26 construction financing within the two-year period following the
27 date of the conveyance of the property from the land bank to the

1 qualified participating developer, the property will revert to the
2 land bank for subsequent resale to another qualified participating
3 developer or conveyance to the taxing units who were parties to the
4 judgment for disposition as otherwise allowed under the law.

5 Sec. 379E.010. RESTRICTIONS ON OCCUPANCY AND USE OF
6 PROPERTY. (a) The land bank shall impose deed restrictions on
7 property sold to qualified participating developers requiring the
8 development and sale or rental of the property to low income
9 households.

10 (b) At least 25 percent of the land bank properties sold
11 during any given fiscal year to be developed for sale shall be deed
12 restricted for sale to households with gross household incomes not
13 greater than 60 percent of the area median family income, adjusted
14 for household size, for the metropolitan statistical area in which
15 the municipality is located, as determined annually by the United
16 States Department of Housing and Urban Development.

17 (c) If property is developed for rental housing, the deed
18 restrictions must be for a period of not less than 20 years and must
19 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 metropolitan statistical area
24 in which the municipality is located, as determined annually by the
25 United States Department of Housing and Urban Development;

26 (2) 40 percent of the units be occupied by and
27 affordable to households with incomes not greater than 50 percent

1 of area median family income, based on gross household income,
2 adjusted for household size, for the metropolitan statistical area
3 in which the municipality is located, as determined annually by the
4 United States Department of Housing and Urban Development; or

5 (3) 20 percent of the units be occupied by and
6 affordable to households with incomes not greater than 30 percent
7 of area median family income, based on gross household income,
8 adjusted for household size, for the metropolitan statistical area
9 in which the municipality is located, as determined annually by the
10 United States Department of Housing and Urban Development.

11 (d) The deed restrictions under Subsection (c) must require
12 the owner to file an annual occupancy report with the municipality
13 on a reporting form provided by the municipality. The deed
14 restrictions must also prohibit any exclusion of an individual or
15 family from admission to the development based solely on the
16 participation of the individual or family in the housing choice
17 voucher program under Section 8, United States Housing Act of 1937
18 (42 U.S.C. Section 1437f), as amended.

19 (e) Except as otherwise provided by this section, if the
20 deed restrictions imposed under this section are for a term of
21 years, the deed restrictions shall renew automatically.

22 (f) The land bank or the governing body of the municipality
23 may modify or add to the deed restrictions imposed under this
24 section. Any modifications or additions made by the governing body
25 of the municipality must be adopted by the municipality as part of
26 its plan and must comply with the restrictions set forth in
27 Subsections (b), (c), and (d).

1 Sec. 379E.011. RIGHT OF FIRST REFUSAL. (a) In this
2 section, "qualified organization" means a community housing
3 development organization that:

4 (1) contains within its designated geographical
5 boundaries of operation, as set forth in its application for
6 certification filed with and approved by the municipality, a
7 portion of the property that the land bank is offering for sale;

8 (2) has built at least three single-family homes or
9 duplexes or one multifamily residential dwelling of four or more
10 units in compliance with all applicable building codes within the
11 preceding two-year period and within the organization's designated
12 geographical boundaries of operation; and

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

16 (b) The land bank shall first offer a property for sale to
17 qualified organizations.

18 (c) Notice must be provided to the qualified organizations
19 by certified mail, return receipt requested, not later than the
20 60th day before the beginning of the period in which a right of
21 first refusal may be exercised.

22 (d) The municipality shall specify in its plan the period
23 during which the right of first refusal provided by this section may
24 be exercised by a qualified organization. That period must be at
25 least nine months but not more than 26 months from the date of the
26 deed of conveyance of the property to the land bank.

27 (e) If the land bank conveys the property to a qualified

1 organization before the expiration of the period specified by the
2 municipality under Subsection (d), the interlocal agreement
3 executed under Section 379E.008(a)(4) must provide tax abatement
4 for the property until the expiration of that period.

5 (f) During the specified period, the land bank may not sell
6 the property to a qualified participating developer other than a
7 qualified organization. If all qualified organizations notify the
8 land bank that they are declining to exercise their right of first
9 refusal during the specified period, or if an offer to purchase the
10 property is not received from a qualified organization during that
11 period, the land bank may sell the property to any other qualified
12 participating developer at the same price that the land bank
13 offered the property to the qualified organizations.

14 (g) In its plan, the municipality shall establish the amount
15 of additional time, if any, that a property may be held in the land
16 bank once an offer has been received and accepted from a qualified
17 organization or other qualified participating developer.

18 (h) If more than one qualified organization expresses an
19 interest in exercising its right of first refusal, the organization
20 that has designated the most geographically compact area
21 encompassing a portion of the property shall be given priority.

22 (i) In its plan, the municipality may provide for other
23 rights of first refusal for any other nonprofit corporation
24 exempted from federal income tax under Section 501(c)(3), Internal
25 Revenue Code of 1986, as amended, provided that the preeminent
26 right of first refusal is provided to qualified organizations as
27 provided by this section.

1 (j) The land bank is not required to provide a right of first
2 refusal to qualified organizations under this section if the land
3 bank is selling property that reverted to the land bank under
4 Section 379E.009(d).

5 Sec. 379E.012. OPEN RECORDS AND MEETINGS. The land bank
6 shall comply with the requirements of Chapters 551 and 552,
7 Government Code.

8 Sec. 379E.013. RECORDS; AUDIT; REPORT. (a) The land bank
9 shall keep accurate minutes of its meetings and shall keep accurate
10 records and books of account that conform with generally accepted
11 principles of accounting and that clearly reflect the income and
12 expenses of the land bank and all transactions in relation to its
13 property.

14 (b) The land bank shall file with the municipality not later
15 than the 90th day after the close of the fiscal year annual audited
16 financial statements prepared by a certified public accountant.
17 The financial transactions of the land bank are subject to audit by
18 the municipality.

19 (c) For purposes of evaluating the effectiveness of the
20 program, the land bank shall submit an annual performance report to
21 the municipality not later than November 1 of each year in which the
22 land bank acquires or sells property under this chapter. The
23 performance report must include:

24 (1) a complete and detailed written accounting of all
25 money and properties received and disbursed by the land bank during
26 the preceding fiscal year;

27 (2) for each property acquired by the land bank during

1 the preceding fiscal year:

2 (A) the street address of the property;

3 (B) the legal description of the property;

4 (C) the date the land bank took title to the
5 property;

6 (D) the name and address of the property owner of
7 record at the time of the foreclosure;

8 (E) the amount of taxes and other costs owed at
9 the time of the foreclosure; and

10 (F) the assessed value of the property on the tax
11 roll at the time of the foreclosure;

12 (3) for each property sold by the land bank during the
13 preceding fiscal year to a qualified participating developer:

14 (A) the street address of the property;

15 (B) the legal description of the property;

16 (C) the name and mailing address of the
17 developer;

18 (D) the purchase price paid by the developer;

19 (E) the maximum incomes allowed for the
20 households by the terms of the sale; and

21 (F) the source and amount of any public subsidy
22 provided by the municipality to facilitate the sale or rental of the
23 property to a household within the targeted income levels;

24 (4) for each property sold by a qualified
25 participating developer during the preceding fiscal year, the
26 buyer's household income and a description of all use and sale
27 restrictions; and

1 (5) for each property developed for rental housing
2 with an active deed restriction, a copy of the most recent annual
3 report filed by the owner with the land bank.

4 (d) The land bank shall maintain in its records for
5 inspection a copy of the sale settlement statement for each
6 property sold by a qualified participating developer and a copy of
7 the first page of the mortgage note with the interest rate and
8 indicating the volume and page number of the instrument as filed
9 with the county clerk.

10 (e) The land bank shall provide copies of the performance
11 report to the taxing units who were parties to the judgment of
12 foreclosure and shall provide notice of the availability of the
13 performance report for review to the organizations and neighborhood
14 associations identified by the municipality as serving the
15 neighborhoods in which properties sold to the land bank under this
16 chapter are located.

17 (f) The land bank and the municipality shall maintain copies
18 of the performance report available for public review.

19 SECTION 13. Section 11.18, Tax Code, is amended by amending
20 Subsection (d) and adding Subsection (o) to read as follows:

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

26 (1) providing medical care without regard to the
27 beneficiaries' ability to pay, which in the case of a nonprofit

1 hospital or hospital system means providing charity care and
2 community benefits in accordance with Section 11.1801;

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

8 (3) providing support to elderly persons, including
9 the provision of recreational or social activities and facilities
10 designed to address the special needs of elderly persons, or to the
11 handicapped, without regard to the beneficiaries' ability to pay;

12 (4) preserving a historical landmark or site;

13 (5) promoting or operating a museum, zoo, library,
14 theater of the dramatic or performing arts, or symphony orchestra
15 or choir;

16 (6) promoting or providing humane treatment of
17 animals;

18 (7) acquiring, storing, transporting, selling, or
19 distributing water for public use;

20 (8) answering fire alarms and extinguishing fires with
21 no compensation or only nominal compensation to the members of the
22 organization;

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

25 (10) preserving or conserving wildlife;

26 (11) promoting educational development through loans
27 or scholarships to students;

1 (12) providing halfway house services pursuant to a
2 certification as a halfway house by the pardons and paroles
3 division of the Texas Department of Criminal Justice;

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

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

11 (15) providing for the organized solicitation and
12 collection for distributions through gifts, grants, and agreements
13 to nonprofit charitable, education, religious, and youth
14 organizations that provide direct human, health, and welfare
15 services;

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

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

22 (18) providing housing for low-income and
23 moderate-income families, for unmarried individuals 62 years of age
24 or older, for handicapped individuals, and for families displaced
25 by urban renewal, through the use of trust assets that are
26 irrevocably and, pursuant to a contract entered into before
27 December 31, 1972, contractually dedicated on the sale or

1 disposition of the housing to a charitable organization that
2 performs charitable functions described by Subdivision (9);

3 (19) providing housing and related services to persons
4 who are 62 years of age or older in a retirement community, if the
5 retirement community provides independent living services,
6 assisted living services, and nursing services to its residents on
7 a single campus:

8 (A) without regard to the residents' ability to
9 pay; or

10 (B) in which at least four percent of the
11 retirement community's combined net resident revenue is provided in
12 charitable care to its residents; [~~or~~]

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

15 (A) the organization is exempt from federal
16 income taxation under Section 501(a), Internal Revenue Code of
17 1986, as amended, by being listed as an exempt entity under Section
18 501(c)(3) of that code;

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

22 (C) the organization is governed by its members;
23 and

24 (D) the members of the organization share the
25 responsibility for managing the housing;

26 (21) acquiring, holding, and transferring unimproved
27 real property under an urban land bank demonstration program

1 established under Chapter 379C, Local Government Code, as or on
2 behalf of a land bank; or

3 (22) acquiring, holding, and transferring unimproved
4 real property under an urban land bank program established under
5 Chapter 379E, Local Government Code, as or on behalf of a land bank.

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

11 SECTION 14. (a) Section 361.1875, Health and Safety Code,
12 as amended by this Act, applies only to a site investigation
13 conducted by the Texas Commission on Environmental Quality that
14 begins on or after the effective date of this Act. A site
15 investigation that begins before the effective date of this Act is
16 governed by the law in effect at the time the investigation began,
17 and the former law is continued in effect for that purpose.

18 (b) Section 361.271(b), Health and Safety Code, as amended
19 by this Act, applies only to an enforcement action initiated by the
20 Texas Commission on Environmental Quality on or after the effective
21 date of this Act. An enforcement action initiated before the
22 effective date of this Act is governed by the law in effect at the
23 time the action was initiated, and the former law is continued in
24 effect for that purpose.

25 (c) The changes in law made by this Act to Chapter 379C,
26 Local Government Code, apply only to an urban land bank
27 demonstration program operating in conformance with an urban land

1 bank demonstration plan adopted by the governing body of a
2 municipality on or after the effective date of this Act. An urban
3 land bank demonstration program operating in conformance with an
4 urban land bank demonstration plan adopted before the effective
5 date of this Act is governed by the law in effect at the time the
6 plan was adopted until a subsequent plan is adopted, and the former
7 law is continued in effect for that purpose.

8 (d) Section 11.18, Tax Code, as amended by this Act, applies
9 only to an ad valorem tax year that begins on or after the effective
10 date of this Act.

11 SECTION 15. Section 11.18, Tax Code, as amended by this Act,
12 applies only to an ad valorem tax year that begins on or after the
13 effective date of this Act.

14 SECTION 16. It is the intent of the legislature that the
15 passage by the 80th Legislature, Regular Session, 2007, of another
16 bill that amends Chapter 373A, Local Government Code, and the
17 amendments made by this Act shall be harmonized, if possible, as
18 provided by Section 311.025(b), Government Code, so that effect may
19 be given to each. If the amendments made by this Act to Chapter
20 373A, Local Government Code, and the amendments made to Chapter
21 373A, Local Government Code, by any other bill are irreconcilable,
22 it is the intent of the legislature that this Act prevail,
23 regardless of the relative dates of enactment of this Act and the
24 other bill or bills, but only to the extent that any differences are
25 irreconcilable.

26 SECTION 17. Section 379D.015, Local Government Code, as
27 added by this Act, applies only to a cause of action that accrues on

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1 or after the effective date of this Act and concerns property that
2 is first purchased by a land bank under Section 379D.015, Local
3 Government Code, on or after the effective date of this Act.

4 SECTION 18. This Act takes effect September 1, 2007.

David Newkirk

President of the Senate

Jim Caddick

Speaker of the House

I certify that H.B. No. 1742 was passed by the House on May 4, 2007, by the following vote: Yeas 137, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1742 on May 25, 2007, by the following vote: Yeas 140, Nays 0, 2 present, not voting.

Robert Haney
Chief Clerk of the House

I certify that H.B. No. 1742 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 30, Nays 0.

Daisy Spaw
Secretary of the Senate

APPROVED: 15 JUN 07

Date

RICK PERRY
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
7 PM O'CLOCK

ROGER HUMPHREYS
Secretary of State
JUN 15 2007