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AN ACT

1  
2 relating to affordable housing and to the receivership and  
3 rehabilitation of certain property; providing an administrative  
4 penalty.

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

6 SECTION 1. Subsections (d) and (i), Section 403.302,  
7 Government Code, are amended to read as follows:

8 (d) For the purposes of this section, "taxable value" means  
9 the market value of all taxable property less:

10 (1) the total dollar amount of any residence homestead  
11 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
12 Code, in the year that is the subject of the study for each school  
13 district;

14 (2) one-half of the total dollar amount of any  
15 residence homestead exemptions granted under Section 11.13(n), Tax  
16 Code, in the year that is the subject of the study for each school  
17 district;

18 (3) the total dollar amount of any exemptions granted  
19 before May 31, 1993, within a reinvestment zone under agreements  
20 authorized by Chapter 312, Tax Code;

21 (4) subject to Subsection (e), the total dollar amount  
22 of any captured appraised value of property that:

23 (A) is within a reinvestment zone created on or  
24 before May 31, 1999, or is proposed to be included within the

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1 boundaries of a reinvestment zone as the boundaries of the zone and  
2 the proposed portion of tax increment paid into the tax increment  
3 fund by a school district are described in a written notification  
4 provided by the municipality or the board of directors of the zone  
5 to the governing bodies of the other taxing units in the manner  
6 provided by Section 311.003(e), Tax Code, before May 31, 1999, and  
7 within the boundaries of the zone as those boundaries existed on  
8 September 1, 1999, including subsequent improvements to the  
9 property regardless of when made;

10 (B) generates taxes paid into a tax increment  
11 fund created under Chapter 311, Tax Code, under a reinvestment zone  
12 financing plan approved under Section 311.011(d), Tax Code, on or  
13 before September 1, 1999; and

14 (C) is eligible for tax increment financing under  
15 Chapter 311, Tax Code;

16 (5) for a school district for which a deduction from  
17 taxable value is made under Subdivision (4), an amount equal to the  
18 taxable value required to generate revenue when taxed at the school  
19 district's current tax rate in an amount that, when added to the  
20 taxes of the district paid into a tax increment fund as described by  
21 Subdivision (4)(B), is equal to the total amount of taxes the  
22 district would have paid into the tax increment fund if the district  
23 levied taxes at the rate the district levied in 2005;

24 (6) the total dollar amount of any captured appraised  
25 value of property that:

26 (A) is within a reinvestment zone:

27 (i) created on or before December 31, 2008,

1 by a municipality with a population of less than 18,000; and

2 (ii) the project plan for which includes  
3 the alteration, remodeling, repair, or reconstruction of a  
4 structure that is included on the National Register of Historic  
5 Places and requires that a portion of the tax increment of the zone  
6 be used for the improvement or construction of related facilities  
7 or for affordable housing;

8 (B) generates school district taxes that are paid  
9 into a tax increment fund created under Chapter 311, Tax Code; and

10 (C) is eligible for tax increment financing under  
11 Chapter 311, Tax Code;

12 (7) the total dollar amount of any exemptions granted  
13 under Section 11.251, Tax Code;

14 (8) [~~7~~] the difference between the comptroller's  
15 estimate of the market value and the productivity value of land that  
16 qualifies for appraisal on the basis of its productive capacity,  
17 except that the productivity value estimated by the comptroller may  
18 not exceed the fair market value of the land;

19 (9) [~~8~~] the portion of the appraised value of  
20 residence homesteads of individuals who receive a tax limitation  
21 under Section 11.26, Tax Code, on which school district taxes are  
22 not imposed in the year that is the subject of the study, calculated  
23 as if the residence homesteads were appraised at the full value  
24 required by law;

25 (10) [~~9~~] a portion of the market value of property  
26 not otherwise fully taxable by the district at market value because  
27 of:

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1 (A) action required by statute or the  
2 constitution of this state that, if the tax rate adopted by the  
3 district is applied to it, produces an amount equal to the  
4 difference between the tax that the district would have imposed on  
5 the property if the property were fully taxable at market value and  
6 the tax that the district is actually authorized to impose on the  
7 property, if this subsection does not otherwise require that  
8 portion to be deducted; or

9 (B) action taken by the district under Subchapter  
10 B or C, Chapter 313, Tax Code;

11 (11) [~~(10)~~] the market value of all tangible personal  
12 property, other than manufactured homes, owned by a family or  
13 individual and not held or used for the production of income;

14 (12) [~~(11)~~] the appraised value of property the  
15 collection of delinquent taxes on which is deferred under Section  
16 33.06, Tax Code;

17 (13) [~~(12)~~] the portion of the appraised value of  
18 property the collection of delinquent taxes on which is deferred  
19 under Section 33.065, Tax Code; and

20 (14) [~~(13)~~] the amount by which the market value of a  
21 residence homestead to which Section 23.23, Tax Code, applies  
22 exceeds the appraised value of that property as calculated under  
23 that section.

24 (i) If the comptroller determines in the annual study that  
25 the market value of property in a school district as determined by  
26 the appraisal district that appraises property for the school  
27 district, less the total of the amounts and values listed in

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1 Subsection (d) as determined by that appraisal district, is valid,  
 2 the comptroller, in determining the taxable value of property in  
 3 the school district under Subsection (d), shall for purposes of  
 4 Subsection (d)(14) [~~(d)(13)~~] subtract from the market value as  
 5 determined by the appraisal district of residence homesteads to  
 6 which Section 23.23, Tax Code, applies the amount by which that  
 7 amount exceeds the appraised value of those properties as  
 8 calculated by the appraisal district under Section 23.23, Tax Code.  
 9 If the comptroller determines in the annual study that the market  
 10 value of property in a school district as determined by the  
 11 appraisal district that appraises property for the school district,  
 12 less the total of the amounts and values listed in Subsection (d) as  
 13 determined by that appraisal district, is not valid, the  
 14 comptroller, in determining the taxable value of property in the  
 15 school district under Subsection (d), shall for purposes of  
 16 Subsection (d)(14) [~~(d)(13)~~] subtract from the market value as  
 17 estimated by the comptroller of residence homesteads to which  
 18 Section 23.23, Tax Code, applies the amount by which that amount  
 19 exceeds the appraised value of those properties as calculated by  
 20 the appraisal district under Section 23.23, Tax Code.

21 SECTION 2. Chapter 2306, Government Code, is amended by  
 22 adding Subchapter MM to read as follows:

23 SUBCHAPTER MM. TEXAS FIRST-TIME HOMEBUYER PROGRAM

24 Sec. 2306.1071. DEFINITIONS. In this subchapter:

25 (1) "First-time homebuyer" means a person who has not  
 26 owned a home during the three years preceding the date on which an  
 27 application under this subchapter is filed.

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1           (2) "Home" means a dwelling in this state in which a  
2 first-time homebuyer intends to reside as the homebuyer's principal  
3 residence.

4           (3) "Mortgage lender" has the meaning assigned by  
5 Section 2306.004.

6           (4) "Program" means the Texas First-Time Homebuyer  
7 Program.

8           Sec. 2306.1072. TEXAS FIRST-TIME HOMEBUYER PROGRAM.

9           (a) The Texas First-Time Homebuyer Program shall facilitate the  
10 origination of single-family mortgage loans for eligible  
11 first-time homebuyers.

12           (b) The program may include down payment and closing cost  
13 assistance.

14           Sec. 2306.1073. ADMINISTRATION OF PROGRAM; RULES. (a) The  
15 department shall administer the program.

16           (b) The board shall adopt rules governing:

17                   (1) the administration of the program;

18                   (2) the making of loans under the program;

19                   (3) the criteria for approving participating mortgage  
20 lenders;

21                   (4) the use of insurance on the loans and the homes  
22 financed under the program, as considered appropriate by the board  
23 to provide additional security for the loans;

24                   (5) the verification of occupancy of the home by the  
25 homebuyer as the homebuyer's principal residence; and

26                   (6) the terms of any contract made with any mortgage  
27 lender for processing, originating, servicing, or administering

1 the loans.

2 Sec. 2306.1074. ELIGIBILITY. (a) To be eligible for a  
3 mortgage loan under this subchapter, a homebuyer must:

4 (1) qualify as a first-time homebuyer under this  
5 subchapter;

6 (2) have an income of not more than 115 percent of area  
7 median family income or 140 percent of area median family income in  
8 targeted areas; and

9 (3) meet any additional requirements or limitations  
10 prescribed by the department.

11 (b) To be eligible for a loan under this subchapter to  
12 assist a homebuyer with down payment and closing costs, a homebuyer  
13 must:

14 (1) qualify as a first-time homebuyer under this  
15 subchapter;

16 (2) have an income of not more than 80 percent of area  
17 median family income; and

18 (3) meet any additional requirements or limitations  
19 prescribed by the department.

20 (c) The department may contract with other agencies of the  
21 state or with private entities to determine whether applicants  
22 qualify as first-time homebuyers under this section or otherwise to  
23 administer all or part of this section.

24 Sec. 2306.1075. FEES. The board of directors of the  
25 department may set and collect from each applicant any fees the  
26 board considers reasonable and necessary to cover the expenses of  
27 administering the program.

1        Sec. 2306.1076. FUNDING. (a) The department shall ensure  
2 that a loan under this section is structured in a way that complies  
3 with any requirements associated with the source of the funds used  
4 for the loan.

5        (b) In addition to funds set aside for the program under  
6 Section 1372.023, the department may solicit and accept gifts and  
7 grants for the purposes of this section.

8        SECTION 3. Subsection (c), Section 2306.111, Government  
9 Code, as amended by Chapters 1367 and 1448, Acts of the 77th  
10 Legislature, Regular Session, 2001, is reenacted and amended to  
11 read as follows:

12        (c) In administering federal housing funds provided to the  
13 state under the Cranston-Gonzalez National Affordable Housing Act  
14 (42 U.S.C. Section 12701 et seq.), the department shall expend:

15            (1) [at least] 95 percent of these funds for the  
16 benefit of non-participating small cities and rural areas that do  
17 not qualify to receive funds under the Cranston-Gonzalez National  
18 Affordable Housing Act directly from the United States Department  
19 of Housing and Urban Development; and

20            (2) five percent of these [~~All~~] funds [~~not set aside~~  
21 ~~under this subsection shall be used~~] for the benefit of persons with  
22 disabilities who live in any area of this state [~~areas other than~~  
23 ~~non-participating areas~~].

24        SECTION 4. Section 2306.111, Government Code, is amended by  
25 amending Subsections (d), (d-1), (e), (f), and (g) and adding  
26 Subsections (d-2) and (d-3) to read as follows:

27        (d) The department shall allocate housing funds provided to



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1 the state under the Cranston-Gonzalez National Affordable Housing  
 2 Act (42 U.S.C. Section 12701 et seq.), housing trust funds  
 3 administered by the department under Sections 2306.201-2306.206,  
 4 and commitments issued under the federal low income housing tax  
 5 credit program administered by the department under Subchapter DD  
 6 to all urban [~~urban/exurban~~] areas and rural areas of each uniform  
 7 state service region based on a formula developed by the department  
 8 under Section 2306.1115 [~~that is based on the need for housing~~  
 9 ~~assistance and the availability of housing resources in those~~  
 10 ~~urban/exurban areas and rural areas, provided that the allocations~~  
 11 ~~are consistent with applicable federal and state requirements and~~  
 12 ~~limitations. The department shall use the information contained in~~  
 13 ~~its annual state low income housing plan and shall use other~~  
 14 ~~appropriate data to develop the formula)]. If the department  
 15 determines under the formula that an insufficient number of  
 16 eligible applications for assistance out of funds or credits  
 17 allocable under this subsection are submitted to the department  
 18 from a particular uniform state service region, the department  
 19 shall use the unused funds or credits allocated to that region for  
 20 all urban [~~urban/exurban~~] areas and rural areas in other uniform  
 21 state service regions based on identified need and financial  
 22 feasibility.~~

23 (d-1) In allocating low income housing tax credit  
 24 commitments under Subchapter DD, the department shall, before  
 25 applying the regional allocation formula prescribed by Section  
 26 2306.1115, set aside for at-risk developments, as defined by  
 27 Section 2306.6702, not less than the minimum amount of housing tax

1 credits required under Section 2306.6714. Funds or credits are not  
2 required to be allocated according to the regional allocation  
3 formula under Subsection (d) if:

4 (1) the funds or credits are reserved for  
5 contract-for-deed conversions or for set-asides mandated by state  
6 or federal law[+] and

7 [~~2~~] each contract-for-deed allocation or set-aside  
8 allocation equals not more than 10 percent of the total allocation  
9 of funds or credits for the applicable program;

10 (2) the funds or credits are allocated by the  
11 department primarily to serve persons with disabilities; or

12 (3) the funds are housing trust funds administered by  
13 the department under Sections 2306.201-2306.206 that are not  
14 otherwise required to be set aside under state or federal law and do  
15 not exceed \$3 million during each application cycle.

16 (d-2) In allocating low income housing tax credit  
17 commitments under Subchapter DD, the department shall allocate five  
18 percent of the housing tax credits in each application cycle to  
19 developments that receive federal financial assistance through the  
20 Texas Rural Development Office of the United States Department of  
21 Agriculture. Any funds allocated to developments under this  
22 subsection that involve rehabilitation must come from the funds set  
23 aside for at-risk developments under Section 2306.6714 and any  
24 additional funds set aside for those developments under Subsection  
25 (d-1). This subsection does not apply to a development financed  
26 wholly or partly under Section 538 of the Housing Act of 1949 (42  
27 U.S.C. Section 1490p-2).

1           (d-3) In allocating low income tax credit commitments under  
2 Subchapter DD, the department shall allocate to developments in  
3 rural areas 20 percent or more of the housing tax credits in the  
4 state in the application cycle, with \$500,000 or more in housing tax  
5 credits being reserved for each uniform state service region under  
6 this subsection. Any amount of housing tax credits set aside for  
7 developments in a rural area in a specific uniform state service  
8 region under this subsection that remains after the initial  
9 allocation of housing tax credits is available for allocation to  
10 developments in any other rural area first, and then is available to  
11 developments in urban areas of any uniform state service region.

12           (e) The department shall include in its annual low income  
13 housing plan under Section 2306.0721:

14                   (1) the formula developed by the department under  
15 Section 2306.1115 [~~Subsection (d)~~]; and

16                   (2) the allocation targets established under the  
17 formula for the urban [~~urban/exurban~~] areas and rural areas of each  
18 uniform state service region.

19           (f) The department shall include in its annual low income  
20 housing report under Section 2306.072 the amounts of funds and  
21 credits allocated to the urban [~~urban/exurban~~] areas and rural  
22 areas of each uniform state service region in the preceding year for  
23 each federal and state program affected by the requirements of  
24 Subsection (d).

25           (g) For all urban [~~urban/exurban~~] areas and rural areas of  
26 each uniform state service region, the department shall establish  
27 funding priorities to ensure that:

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1           (1) funds are awarded to project applicants who are  
2 best able to meet recognized needs for affordable housing, as  
3 determined by department rule;

4           (2) when practicable and when authorized under Section  
5 42, Internal Revenue Code of 1986 (26 U.S.C. Section 42), the least  
6 restrictive funding sources are used to serve the lowest income  
7 residents; and

8           (3) funds are awarded based on a project applicant's  
9 ability, when consistent with Section 42, Internal Revenue Code of  
10 1986 (26 U.S.C. Section 42), practicable, and economically  
11 feasible, to:

12                   (A) provide the greatest number of quality  
13 residential units;

14                   (B) serve persons with the lowest percent area  
15 median family income;

16                   (C) extend the duration of the project to serve a  
17 continuing public need;

18                   (D) use other local funding sources to minimize  
19 the amount of state subsidy needed to complete the project; and

20                   (E) provide integrated, affordable housing for  
21 individuals and families with different levels of income.

22           SECTION 5. Subchapter F, Chapter 2306, Government Code, is  
23 amended by adding Section 2306.1115 to read as follows:

24           Sec. 2306.1115. REGIONAL ALLOCATION FORMULA. (a) To  
25 allocate housing funds under Section 2306.111(d), the department  
26 shall develop a formula that:

27                   (1) includes as a factor the need for housing

1 assistance and the availability of housing resources in an urban  
2 area or rural area;

3 (2) provides for allocations that are consistent with  
4 applicable federal and state requirements and limitations; and

5 (3) includes other factors determined by the  
6 department to be relevant to the equitable distribution of housing  
7 funds under Section 2306.111(d).

8 (b) The department shall use information contained in its  
9 annual state low income housing plan and other appropriate data to  
10 develop the formula under this section.

11 SECTION 6. Subsection (b), Section 2306.6710, Government  
12 Code, is amended to read as follows:

13 (b) If an application satisfies the threshold criteria, the  
14 department shall score and rank the application using a point  
15 system that:

16 (1) prioritizes in descending order criteria  
17 regarding:

18 (A) financial feasibility of the development  
19 based on the supporting financial data required in the application  
20 that will include a project underwriting pro forma from the  
21 permanent or construction lender;

22 (B) quantifiable community participation with  
23 respect to the development, evaluated on the basis of written  
24 statements from any neighborhood organizations on record with the  
25 state or county in which the development is to be located and whose  
26 boundaries contain the proposed development site;

27 (C) the income levels of tenants of the

1 development;

2 (D) the size and quality of the units;

3 (E) the commitment of development funding by  
4 local political subdivisions;

5 (F) the level of community support for the  
6 application, evaluated on the basis of written statements from the  
7 state representative or the state senator that represents the  
8 district containing the proposed development site [~~elected~~  
9 ~~officials~~];

10 (G) the rent levels of the units;

11 (H) the cost of the development by square foot;  
12 [~~and~~]

13 (I) the services to be provided to tenants of the  
14 development; and

15 (J) whether, at the time the complete application  
16 is submitted or at any time within the two-year period preceding the  
17 date of submission, the proposed development site is located in an  
18 area declared to be a disaster under Section 418.014;

19 (2) uses criteria imposing penalties on applicants or  
20 affiliates who have requested extensions of department deadlines  
21 relating to developments supported by housing tax credit  
22 allocations made in the application round preceding the current  
23 round or a developer or principal of the applicant that has been  
24 removed by the lender, equity provider, or limited partners for its  
25 failure to perform its obligations under the loan documents or  
26 limited partnership agreement; and

27 (3) encourages applicants to provide free notary

1 public service to the residents of the developments for which the  
2 allocation of housing tax credits is requested.

3 SECTION 7. Section 2306.004, Government Code, is amended by  
4 amending Subdivisions (4), (7), and (14) and adding Subdivisions  
5 (4-a), (12-a), (23-a), (23-b), (26-a), (28-a), (28-b), (35), and  
6 (36) to read as follows:

7 (4) "Department" means the Texas Department of Housing  
8 and Community Affairs or any successor agency.

9 (4-a) "Development funding" means:

10 (A) a loan or grant; or

11 (B) an in-kind contribution, including a  
12 donation of real property, a fee waiver for a building permit or for  
13 water or sewer service, or a similar contribution that:

14 (i) provides an economic benefit; and

15 (ii) results in a quantifiable cost  
16 reduction for the applicable development.

17 (7) "Elderly individual" means an individual 62 ~~[60]~~  
18 years of age or older or of an age specified by the applicable  
19 federal program.

20 (12-a) "Grant" means financial assistance that is  
21 awarded in the form of money to a housing sponsor for a specific  
22 purpose and that is not required to be repaid. For purposes of this  
23 chapter, a grant includes a forgivable loan.

24 (14) "Housing sponsor" means[+]

25 [~~(A)~~] an individual, [~~including an individual or~~  
26 ~~family of low and very low income or family of moderate income,~~]

27 joint venture, partnership, limited partnership, trust, firm,

1 corporation, limited liability company, other form of business  
2 organization, or cooperative that is approved by the department as  
3 qualified to own, construct, acquire, rehabilitate, operate,  
4 manage, or maintain a housing development, subject to the  
5 regulatory powers of the department and other terms and conditions  
6 in this chapter [~~or~~

7 [~~(B) in an economically depressed or blighted~~  
8 ~~area, or in a federally assisted new community located within a~~  
9 ~~home-rule municipality, the term may include an individual or~~  
10 ~~family whose income exceeds the moderate income level if at least 90~~  
11 ~~percent of the total mortgage amount available under a mortgage~~  
12 ~~revenue bond issue is designated for individuals and families of~~  
13 ~~low income or families of moderate income].~~

14 (23-a) "Neighborhood organization" means an  
15 organization that is composed of persons living near one another  
16 within the organization's defined boundaries for the neighborhood  
17 and that has a primary purpose of working to maintain or improve the  
18 general welfare of the neighborhood. A neighborhood organization  
19 includes a homeowners' association or a property owners'  
20 association.

21 (23-b) "New construction" means any construction to a  
22 development or a portion of a development that does not meet the  
23 definition of rehabilitation under this section.

24 (26-a) "Rehabilitation" means the improvement or  
25 modification of an existing residential development through an  
26 alteration, addition, or enhancement. The term includes the  
27 demolition of an existing residential development and the



1 reconstruction of any development units, but does not include the  
2 improvement or modification of an existing residential development  
3 for the purpose of an adaptive reuse of the development.

4 (28-a) "Rural area" means an area that is located:

5 (A) outside the boundaries of a primary  
6 metropolitan statistical area or a metropolitan statistical area;

7 (B) within the boundaries of a primary  
8 metropolitan statistical area or a metropolitan statistical area,  
9 if the statistical area has a population of 25,000 or less and does  
10 not share a boundary with an urban area; or

11 (C) in an area that is eligible for funding by the  
12 Texas Rural Development Office of the United States Department of  
13 Agriculture, other than an area that is located in a municipality  
14 with a population of more than 50,000.

15 (28-b) "Rural development" means a development or  
16 proposed development that is located in a rural area, other than  
17 rural new construction developments with more than 80 units.

18 (35) "Uniform application and funding cycle" means an  
19 application and funding cycle established under Section 2306.1111.

20 (36) "Urban area" means the area that is located  
21 within the boundaries of a primary metropolitan statistical area or  
22 a metropolitan statistical area other than an area described by  
23 Subdivision (28-a)(B) or eligible for funding as described by  
24 Subdivision (28-a)(C).

25 SECTION 8. Subsections (b) through (e), Section 2306.032,  
26 Government Code, are amended to read as follows:

27 (b) The board shall keep ~~complete~~ minutes and complete

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1 transcripts of board meetings. The department shall post the  
2 transcripts on its website and shall otherwise maintain all  
3 accounts, minutes, and other records related to the meetings [~~shall~~  
4 ~~be maintained by the department~~].

5 (c) All materials provided to the board [~~in the possession~~  
6 ~~of the department~~] that are relevant to a matter proposed for  
7 discussion at a board meeting must be posted on the department's  
8 website not later than the third day before the date of the  
9 meeting [~~, made available in hard copy format at the department,~~  
10 ~~filed with the secretary of state for publication by reference in~~  
11 ~~the Texas Register, and disseminated by any other means required by~~  
12 ~~this chapter or by Chapter 551~~].

13 (d) Any materials made available to the board by the  
14 department at a board meeting [~~The materials described by~~  
15 ~~Subsection (c)~~] must be made available in hard copy format to the  
16 members of the public in attendance at [~~as required by Subsection~~  
17 ~~(c) not later than the seventh day before the date of~~] the meeting.  
18 [~~The board may not consider at the meeting any material that is not~~  
19 ~~made available to the public by the date required by this~~  
20 ~~subsection.~~]

21 (e) The board shall conduct its meetings in accordance with  
22 Chapter 551, except as otherwise required by this chapter [~~The~~  
23 ~~agenda for a board meeting must state each project the staff is~~  
24 ~~recommending for assistance by the department~~].

25 SECTION 9. Section 2306.039, Government Code, is amended to  
26 read as follows:

27 Sec. 2306.039. OPEN MEETINGS AND OPEN RECORDS. (a) Except

1 as provided by Subsections [~~Subsection~~] (b) and (c), the department  
2 and the Texas State Affordable Housing Corporation are subject to  
3 Chapters 551 and 552.

4 (b) Chapters 551 and 552 do [~~This section does~~] not apply to  
5 the personal or business financial information, including social  
6 security numbers, taxpayer identification numbers, or bank account  
7 numbers, submitted by a housing sponsor or an individual or family  
8 to receive [~~for~~] a loan, grant, or other housing assistance under a  
9 program administered by the department or the Texas State  
10 Affordable Housing Corporation or from bonds issued by the  
11 department, except that the department and the corporation are  
12 permitted to disclose information about any applicant in a form  
13 that does not reveal the identity of the sponsor, individual, or  
14 family for purposes of determining eligibility for programs and in  
15 preparing reports required under this chapter.

16 (c) The department's internal auditor, fraud prevention  
17 coordinator, or ethics advisor may meet in an executive session of  
18 the board to discuss issues related to fraud, waste, or abuse.

19 SECTION 10. Subchapter B, Chapter 2306, Government Code, is  
20 amended by adding Sections 2306.040 through 2306.0503 to read as  
21 follows:

22 Sec. 2306.040. DEPARTMENT PARTICIPATION IN LEGISLATIVE  
23 HEARING. On request, the department shall participate in any  
24 public hearing conducted by a legislator to discuss a rule to be  
25 adopted by the department.

26 Sec. 2306.041. IMPOSITION OF PENALTY. The board may impose  
27 an administrative penalty on a person who violates this chapter or a

1 rule or order adopted under this chapter.

2 Sec. 2306.042. AMOUNT OF PENALTY. (a) The amount of an  
3 administrative penalty may not exceed \$1,000 for each violation.  
4 Each day a violation continues or occurs is a separate violation for  
5 purposes of imposing a penalty.

6 (b) The amount of the penalty shall be based on:

7 (1) the seriousness of the violation, including:

8 (A) the nature, circumstance, extent, and  
9 gravity of any prohibited act; and

10 (B) the hazard or potential hazard created to the  
11 health, safety, or economic welfare of the public;

12 (2) the history of previous violations;

13 (3) the amount necessary to deter a future violation;

14 (4) efforts made to correct the violation; and

15 (5) any other matter that justice may require.

16 (c) The board by rule or through procedures adopted by the  
17 board and published in the Texas Register shall develop a  
18 standardized penalty schedule based on the criteria listed in  
19 Subsection (b).

20 Sec. 2306.043. REPORT AND NOTICE OF VIOLATION AND PENALTY.

21 (a) If the director determines that a violation occurred, the  
22 director shall issue to the board a report stating:

23 (1) the facts on which the determination is based; and

24 (2) the director's recommendation on the imposition of  
25 the penalty, including a recommendation on the amount of the  
26 penalty.

27 (b) Not later than the 14th day after the date the report is

1 issued, the director shall give written notice of the report to the  
2 person.

3 (c) The notice must:

- 4 (1) include a brief summary of the alleged violation;
- 5 (2) state the amount of the recommended penalty; and
- 6 (3) inform the person of the person's right to a  
7 hearing before the board on the occurrence of the violation, the  
8 amount of the penalty, or both.

9 Sec. 2306.044. PENALTY TO BE PAID OR HEARING REQUESTED.

10 (a) Not later than the 20th day after the date the person receives  
11 the notice, the person in writing may:

12 (1) accept the determination and recommended penalty  
13 of the director; or

14 (2) make a request for a hearing before the board on  
15 the occurrence of the violation, the amount of the penalty, or both.

16 (b) If the person accepts the determination and recommended  
17 penalty of the director, the board by order shall approve the  
18 determination and impose the recommended penalty.

19 Sec. 2306.045. HEARING. (a) If the person requests a  
20 hearing before the board or fails to respond in a timely manner to  
21 the notice, the director shall set a hearing and give written notice  
22 of the hearing to the person.

23 (b) The board shall hold the hearing and make findings of  
24 fact and conclusions of law about the occurrence of the violation  
25 and the amount of a proposed penalty.

26 Sec. 2306.046. DECISION BY BOARD. (a) Based on the  
27 findings of fact and conclusions of law, the board by order may:

1           (1) find that a violation occurred and impose a  
2 penalty; or

3           (2) find that a violation did not occur.

4           (b) The notice of the board's order given to the person must  
5 include a statement of the right of the person to judicial review of  
6 the order.

7           Sec. 2306.047. OPTIONS FOLLOWING DECISION: PAY OR APPEAL.

8 Not later than the 30th day after the date the board's order becomes  
9 final, the person shall:

10           (1) pay the penalty; or

11           (2) file a petition for judicial review contesting the  
12 occurrence of the violation, the amount of the penalty, or both.

13           Sec. 2306.048. STAY OF ENFORCEMENT OF PENALTY. (a) Within  
14 the 30-day period prescribed by Section 2306.047, a person who  
15 files a petition for judicial review may:

16           (1) stay enforcement of the penalty by:

17                   (A) paying the penalty to the court for placement  
18 in an escrow account; or

19                   (B) giving the court a supersedeas bond approved  
20 by the court that:

21                           (i) is for the amount of the penalty; and

22                           (ii) is effective until all judicial review  
23 of the board's order is final; or

24           (2) request the court to stay enforcement of the  
25 penalty by:

26                   (A) filing with the court a sworn affidavit of  
27 the person stating that the person is financially unable to pay the

1 penalty and is financially unable to give the supersedeas bond; and

2 (B) sending a copy of the affidavit to the  
3 director by certified mail.

4 (b) If the director receives a copy of an affidavit under  
5 Subsection (a)(2), the director may file with the court, not later  
6 than the fifth day after the date the copy is received, a contest to  
7 the affidavit.

8 (c) The court shall hold a hearing on the facts alleged in  
9 the affidavit as soon as practicable and shall stay the enforcement  
10 of the penalty on finding that the alleged facts are true. The  
11 person who files an affidavit has the burden of proving that the  
12 person is financially unable to pay the penalty and to give a  
13 supersedeas bond.

14 Sec. 2306.049. DECISION BY COURT. (a) Judicial review of  
15 a board order imposing an administrative penalty is by trial de  
16 novo.

17 (b) If the court sustains the finding that a violation  
18 occurred, the court may uphold or reduce the amount of the penalty  
19 and order the person to pay the full or reduced amount of the  
20 penalty.

21 (c) If the court does not sustain the finding that a  
22 violation occurred, the court shall order that a penalty is not owed  
23 and may award the person reasonable attorney's fees.

24 Sec. 2306.050. REMITTANCE OF PENALTY AND INTEREST. (a) If  
25 the person paid the penalty and if the amount of the penalty is  
26 reduced or the penalty is not upheld by the court, the court shall  
27 order, when the court's judgment becomes final, that the

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1 appropriate amount plus accrued interest be remitted to the person.

2 (b) The interest accrues at the rate charged on loans to  
3 depository institutions by the New York Federal Reserve Bank.

4 (c) The interest shall be paid for the period beginning on  
5 the date the penalty is paid and ending on the date the penalty is  
6 remitted.

7 Sec. 2306.0501. RELEASE OF BOND. (a) If the person gave a  
8 supersedeas bond and the penalty is not upheld by the court, the  
9 court shall order, when the court's judgment becomes final, the  
10 release of the bond.

11 (b) If the person gave a supersedeas bond and the amount of  
12 the penalty is reduced, the court shall order the release of the  
13 bond after the person pays the reduced amount.

14 Sec. 2306.0502. COLLECTION OF PENALTY. (a) If the person  
15 does not pay the penalty and the enforcement of the penalty is not  
16 stayed, the penalty may be collected.

17 (b) The attorney general may sue to collect the penalty.

18 Sec. 2306.0503. ADMINISTRATIVE PROCEDURE. A proceeding to  
19 impose the penalty is considered to be a contested case under  
20 Chapter 2001.

21 SECTION 11. Section 2306.054, Government Code, is amended  
22 by amending Subsection (a) and adding Subsection (c) to read as  
23 follows:

24 (a) The governor or director may appoint special advisory  
25 councils to:

26 (1) assist the department in reviewing [~~adopting~~]  
27 basic policy; or



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1           (2) offer advice on technical aspects of certain  
2 programs.

3           (c) A special advisory council is subject to Chapter 2110,  
4 including Section 2110.008(a) but not including Section  
5 2110.008(b).

6           SECTION 12. Subsection (a), Section 2306.057, Government  
7 Code, is amended to read as follows:

8           (a) Before the board approves any project application  
9 submitted under this chapter, the department, through the division  
10 with responsibility for compliance matters, shall:

11                   (1) assess:  
12                           (A) the compliance history in this state of the  
13 applicant and any affiliate of the applicant with respect to all  
14 applicable requirements; and

15                           (B) the compliance issues associated with the  
16 proposed project; and

17                   (2) provide to the board a written report regarding  
18 the results of the assessments described by Subdivision (1).

19           SECTION 13. Subsection (a), Section 2306.069, Government  
20 Code, is amended to read as follows:

21           (a) With the approval of the attorney general, the  
22 department may hire appropriate [~~The department shall obtain and~~  
23 ~~evaluate information regarding the affirmative action policies and~~  
24 ~~practices of proposed outside legal counsel. The department must~~  
25 ~~include the evaluation in a request to the attorney general for]~~  
26 outside legal counsel.

27           SECTION 14. Section 2306.070, Government Code, is amended

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1 to read as follows:

2           Sec. 2306.070. BUDGET. (a) In preparing the department's  
3 legislative appropriations request, the department shall also  
4 prepare:

5                   (1) a report detailing the fees received, on a cash  
6 basis, for each activity administered by the department during each  
7 of the three preceding years;

8                   (2) an operating budget for the housing finance  
9 division; and

10                   (3) an explanation of any projected increase or  
11 decrease of three percent or more in fees estimated for the  
12 operating budget as compared to the fees received in the most recent  
13 budget year.

14           (b) The department shall submit the report, operating  
15 budget, and explanation to the Legislative Budget Board, the Senate  
16 Finance Committee, and the House Appropriations Committee.

17           SECTION 15. Subsections (a) and (b), Section 2306.072,  
18 Government Code, are amended to read as follows:

19                   (a) Not later than March [~~December~~] 18 of each year, the  
20 director shall prepare and submit to the board an annual report of  
21 the department's housing activities for the preceding year.

22                   (b) Not later than the 30th day after the date the board  
23 receives and approves the report, the board shall submit the report  
24 to the governor, lieutenant governor, speaker of the house of  
25 representatives, and members of any legislative oversight  
26 committee.

27           SECTION 16. Subsections (a) and (b), Section 2306.0721,

1 Government Code, are amended to read as follows:

2 (a) Not later than March [~~December~~] 18 of each year, the  
3 director shall prepare and submit to the board an integrated state  
4 low income housing plan for the next year.

5 (b) Not later than the 30th day after the date the board  
6 receives and approves the plan, the board shall submit the plan to  
7 the governor, lieutenant governor, and the speaker of the house of  
8 representatives.

9 SECTION 17. Section 2306.0723, Government Code, is amended  
10 to read as follows:

11 Sec. 2306.0723. REPORT CONSIDERED AS RULE [~~PUBLIC~~  
12 ~~PARTICIPATION REQUIREMENTS~~]. [~~(a)~~] The department shall consider  
13 the annual low income housing report to be a rule and in developing  
14 the report shall follow rulemaking procedures required by Chapter  
15 2001 [~~hold public hearings on the annual state low income housing~~  
16 ~~plan and report before the director submits the report and the plan~~  
17 ~~to the board. The department shall provide notice of the public~~  
18 ~~hearings as required by Section 2306.0661. The published notice~~  
19 ~~must include a summary of the report and plan. The department shall~~  
20 ~~accept comments on the report and plan at the public hearings and~~  
21 ~~for at least 30 days after the date of the publication of the notice~~  
22 ~~of the hearings].~~

23 [~~(b)~~] ~~In addition to any other necessary topics relating to~~  
24 ~~the report and the plan, each public hearing required by Subsection~~  
25 ~~(a) must address:~~

- 26 [~~(1)~~] ~~infrastructure needs,~~
- 27 [~~(2)~~] ~~home ownership programs,~~

1           ~~[(3) rental housing programs,~~  
 2           ~~[(4) housing repair programs, and~~  
 3           ~~[(5) the concerns of individuals with special needs,~~  
 4 ~~as defined by Section 2306.511.~~

5           ~~[(c) The board shall hold a public hearing on the state low~~  
 6 ~~income housing report and plan before the board submits the report~~  
 7 ~~and the plan to the governor, lieutenant governor, speaker of the~~  
 8 ~~house of representatives, and members of the legislature.~~

9           ~~[(d) The board shall include with the report and the plan~~  
 10 ~~the board submits to the governor, lieutenant governor, speaker of~~  
 11 ~~the house of representatives, members of the legislature, and~~  
 12 ~~members of the advisory board formed by the department to advise on~~  
 13 ~~the consolidated plan a written summary of public comments on the~~  
 14 ~~report and the plan.]~~

15           SECTION 18. Section 2306.082, Government Code, is amended  
 16 by amending Subsections (b) and (c) and adding Subsections (d),  
 17 (e), and (f) to read as follows:

18           (b) The department's procedures relating to alternative  
 19 dispute resolution must designate ~~[conform, to the extent possible,~~  
 20 ~~to any model guidelines issued by]~~ the State Office of  
 21 Administrative Hearings as the primary mediator and, to the extent  
 22 practicable, conform to any guidelines or rules issued by that  
 23 office ~~[for the use of alternative dispute resolution by state~~  
 24 ~~agencies].~~

25           (c) The department shall designate a ~~[trained]~~ person  
 26 employed by or appointed to the office of the director but who is  
 27 not in the legal division to coordinate and process requests for the

1 alternative dispute resolution procedures. The person must receive  
2 training from an independent source in alternative dispute  
3 resolution not later than the 180th day after the date the person  
4 was designated to coordinate and process requests for the  
5 alternative dispute resolution procedures[+

6 ~~[(1) coordinate the implementation of the policy~~  
7 ~~adopted under Subsection (a),~~

8 ~~[(2) serve as a resource for any training needed to~~  
9 ~~implement the procedures for negotiated rulemaking or alternative~~  
10 ~~dispute resolution; and~~

11 ~~[(3) collect data concerning the effectiveness of~~  
12 ~~those procedures, as implemented by the department].~~

13 (d) The department shall notify a person requesting the  
14 alternative dispute resolution procedures that:

15 (1) an alternative dispute resolution decision is not  
16 binding on the state; and

17 (2) the department will mediate in good faith.

18 (e) The alternative dispute resolution procedures may be  
19 requested before the board makes a final decision.

20 (f) Notwithstanding any other provision of this section,  
21 the alternative dispute resolution procedures may not be used to  
22 unnecessarily delay a proceeding under this chapter.

23 SECTION 19. Section 2306.092, Government Code, is amended  
24 to read as follows:

25 Sec. 2306.092. DUTIES REGARDING CERTAIN PROGRAMS CREATED  
26 UNDER FEDERAL LAW. The department shall administer, as appropriate  
27 under policies established by the board:

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1 (1) state responsibilities for programs created under  
2 the federal Economic Opportunity Act of 1964 (42 U.S.C. Section  
3 2701 et seq.);

4 (2) programs assigned to the department under the  
5 Omnibus Budget Reconciliation Act of 1981 (Pub.L. No. 97-35); and

6 (3) other federal acts creating economic opportunity  
7 programs assigned to the department.

8 SECTION 20. Section 2306.1111, Government Code, is amended  
9 to read as follows:

10 Sec. 2306.1111. UNIFORM APPLICATION AND FUNDING CYCLES  
11 [~~CYCLE~~]. (a) Notwithstanding any other state law and to the  
12 extent consistent with federal law, the department shall establish  
13 [~~a~~] uniform application and funding cycles [~~eyele~~] for all  
14 competitive single-family and multifamily housing programs  
15 administered by the department under this chapter, other than  
16 programs involving the issuance of private activity bonds.

17 (b) Wherever possible, the department shall use uniform  
18 threshold requirements for single-family and multifamily housing  
19 program applications, including uniform threshold requirements  
20 relating to market studies and environmental reports.

21 SECTION 21. Subsections (b), (c), and (d), Section  
22 2306.1112, Government Code, are amended to read as follows:

23 (b) The advisory committee must include representatives  
24 from [~~is composed of the director, the administrator of each of the~~  
25 ~~department's programs, and one representative from each of~~] the  
26 department's [~~planning,~~] underwriting[~~7~~] and compliance functions  
27 and from the divisions responsible for administering federal

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1 housing funds provided to the state under the Cranston-Gonzalez  
2 National Affordable Housing Act (42 U.S.C. Section 12701 et seq.)  
3 and for administering low income housing tax credits.

4 (c) ~~[The advisory committee shall develop the funding~~  
5 ~~priorities required by Section 2306.111(g) and shall make funding~~  
6 ~~and allocation recommendations to the board based on the ability of~~  
7 ~~applicants to meet those priorities.~~

8 ~~[(d)]~~ The advisory committee is not subject to Chapter 2110.

9 SECTION 22. Section 2306.1113, Government Code, is amended  
10 by amending Subsections (a), (a-1), and (b) and adding Subsection  
11 (c) to read as follows:

12 (a) During the period beginning on the date ~~[a]~~ project  
13 applications are [application is] filed in an application cycle and  
14 ending on the date the board makes a final decision with respect to  
15 the [any] approval of any [that] application in that cycle, a member  
16 of the board may not communicate with the following persons:

17 (1) an [the] applicant or a related party, as defined  
18 by state law, including board rules, and federal law; and

19 (2) any person who is:

20 (A) active in the construction, rehabilitation,  
21 ownership, or control of a [the] proposed project, including:

22 (i) a general partner or contractor; and

23 (ii) a principal or affiliate of a general  
24 partner or contractor; or

25 (B) employed as a consultant, lobbyist, or  
26 attorney by an [the] applicant or a related party.

27 (a-1) Subject to Subsection (a-2), during the period

1 beginning on the date ~~[a]~~ project applications are ~~[application is]~~  
2 filed in an application cycle and ending on the date the board makes  
3 a final decision with respect to the ~~[any]~~ approval of any ~~[that]~~  
4 application in that cycle, an employee of the department may  
5 communicate about an ~~[the]~~ application with the following persons:

6 (1) the applicant or a related party, as defined by  
7 state law, including board rules, and federal law; and

8 (2) any person who is:

9 (A) active in the construction, rehabilitation,  
10 ownership, or control of the proposed project, including:

11 (i) a general partner or contractor; and

12 (ii) a principal or affiliate of a general  
13 partner or contractor; or

14 (B) employed as a consultant, lobbyist, or  
15 attorney by the applicant or a related party.

16 (b) Notwithstanding Subsection (a) or (a-1), a board member  
17 or department employee may communicate without restriction with a  
18 person listed in Subsection (a) or (a-1) during ~~[at]~~ any board  
19 meeting or public hearing held with respect to the application, but  
20 not during a recess or other nonrecord portion of the meeting or  
21 hearing.

22 (c) Subsection (a) does not prohibit the board from  
23 participating in social events at which a person with whom  
24 communications are prohibited may or will be present, provided that  
25 all matters related to applications to be considered by the board  
26 will not be discussed.

27 SECTION 23. Subsection (b), Section 2306.185, Government



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1 Code, is amended to read as follows:

2 (b) In implementing Subsection (a)(1) and in developing  
3 underwriting standards and application scoring criteria for the  
4 award of loans, grants, or tax credits to multifamily developments,  
5 the department shall ensure that the economic benefits of longer  
6 affordability terms, for specific terms of years as established by  
7 the board, and below market rate rents are accurately assessed and  
8 considered.

9 SECTION 24. Section 2306.229, Government Code, is amended  
10 by adding Subsection (c) to read as follows:

11 (c) For each loan made for the development of multifamily  
12 housing with funds provided to the state under the  
13 Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.  
14 Section 12701 et seq.), the department shall obtain a mortgagee's  
15 title policy in the amount of the loan. The department may not  
16 designate a specific title insurance company to provide the  
17 mortgagee title policy or require the borrower to provide the  
18 policy from a specific title insurance company. The borrower shall  
19 select the title insurance company to close the loan and to provide  
20 the mortgagee title policy.

21 SECTION 25. Subsection (a), Section 2306.359, Government  
22 Code, is amended to read as follows:

23 (a) In evaluating an application for an issuance of private  
24 activity bonds, the department shall score and rank the application  
25 using a point system based on criteria that are adopted by the  
26 department, including criteria[+

27 [~~1~~] regarding:

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1           (1) [~~(A)~~] the income levels of tenants of the  
2 development, consistent with the funding priorities provided by  
3 Section 1372.0321;

4           (2) [~~(B)~~] the rent levels of the units;

5           (3) [~~(C)~~] the level of community support for the  
6 application;

7           (4) [~~(D)~~] the period of guaranteed affordability for  
8 low income tenants;

9           (5) [~~(E)~~] the cost per unit of the development;

10          (6) [~~(F)~~] the size, quality, and amenities of the  
11 units;

12          (7) [~~(G)~~] the services to be provided to tenants of  
13 the development; and

14          (8) [~~(H)~~] ~~the commitment of development funding by~~  
15 ~~local political subdivisions that enables additional units for~~  
16 ~~individuals and families of very low income, and~~

17                   [~~(I)~~] other criteria as developed by the board[+  
18 and

19                   ~~[(2) imposing penalties on applicants who have~~  
20 ~~requested extensions of department deadlines relating to~~  
21 ~~developments supported by an issuance of private activity bonds~~  
22 ~~made in the application round preceding the current round].~~

23           SECTION 26. Subsection (a), Section 2306.514, Government  
24 Code, is amended to read as follows:

25           (a) If a person is awarded state or federal funds by the  
26 department to construct single family affordable housing for  
27 individuals and families of low and very low income, the affordable

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1 housing identified on the person's funding application must be  
2 constructed so that:

3 (1) at least one entrance door, whether located at the  
4 front, side, or back of the building:

5 (A) is on an accessible route served by a ramp or  
6 no-step entrance; and

7 (B) has at least a standard 36-inch door;

8 (2) on the first floor of the building:

9 (A) each interior door is at least a standard  
10 32-inch door, unless the door provides access only to a closet of  
11 less than 15 square feet in area;

12 (B) each hallway has a width of at least 36 inches  
13 and is level, with ramped or beveled changes at each door threshold;

14 (C) each bathroom wall is reinforced for  
15 potential installation of grab bars;

16 (D) each electrical panel [~~or breaker box~~], light  
17 switch, or thermostat is not higher than 48 inches above the floor;  
18 and

19 (E) each electrical plug or other receptacle is  
20 at least 15 inches above the floor; and

21 (3) if the applicable building code or codes do not  
22 prescribe another location for the breaker boxes, each breaker box  
23 is located not higher than 48 inches above the floor inside the  
24 building on the first floor.

25 SECTION 27. Subchapter DD, Chapter 2306, Government Code,  
26 is amended by adding Section 2306.6735 to read as follows:

27 Sec. 2306.6735. REQUIRED LEASE AGREEMENT PROVISIONS. A

1 lease agreement with a tenant in a development supported with a  
2 housing tax credit allocation must:

3 (1) include any applicable federal or state standards  
4 identified by department rule that relate to the termination or  
5 nonrenewal of the lease agreement; and

6 (2) be consistent with state and federal law.

7 SECTION 28. Subchapter DD, Chapter 2306, Government Code,  
8 is amended by adding Section 2306.67171 to read as follows:

9 Sec. 2306.67171. ELECTRONIC MAIL NOTIFICATION SERVICE.

10 (a) The department shall maintain an electronic mail notification  
11 service to which any person in this state may electronically  
12 subscribe to receive information concerning the status of  
13 pre-applications and applications under this subchapter.

14 (b) The electronic mail notification service maintained  
15 under Subsection (a) must:

16 (1) allow a subscriber to request for a zip code  
17 notification of:

18 (A) the filing of any pre-application or  
19 application concerning a development that is or will be located in  
20 the zip code;

21 (B) the posting of the board materials for board  
22 approval of a list of approved applications or the issuance of final  
23 allocation commitments for applications described by Paragraph  
24 (A); and

25 (C) any public hearing to be held concerning an  
26 application or pre-application described by Paragraph (A); and

27 (2) respond to a subscriber via electronic mail not

1 later than the later of:

2 (A) the 14th day after the date the department  
3 receives notice of an event described by Subdivision (1); or

4 (B) if applicable, the date or dates specified by  
5 Section 2306.6717(a).

6 (c) The department may include in an electronic mail  
7 notification sent to a subscriber any applicable information  
8 described by Section 2306.6717.

9 SECTION 29. Section 214.003, Local Government Code, is  
10 amended by amending Subsections (a), (b), (h), (k), (l), (n), (o),  
11 and (p) and adding Subsection (h-1) to read as follows:

12 (a) A home-rule municipality may bring an action in district  
13 court against an owner of [~~residential~~] property that is not in  
14 substantial compliance with the municipal ordinances regarding:

- 15 (1) fire protection;
- 16 (2) structural integrity;
- 17 (3) zoning; or
- 18 (4) disposal of refuse.

19 (b) Except as provided by Subsection (c), the court may  
20 appoint as a receiver for the property a nonprofit organization  
21 with a demonstrated record of rehabilitating [~~residential~~]  
22 properties if the court finds that:

23 (1) the structures on the property are in violation of  
24 the standards set forth in Section 214.001(b) and an ordinance  
25 described by Subsection (a);

26 (2) notice of violation was given to the record owner  
27 of the property; and

file  
the

1           (3) a public hearing as required by Section 214.001(d)  
2 has been conducted.

3           (h) On the completion of the restoration of [~~to~~] the  
4 property to [~~of~~] the minimum code standards of the municipality or  
5 guidelines for rehabilitating historic property, or before  
6 petitioning a court for termination of the receivership under  
7 Subsection (1):

8           (1) the receiver shall file with the court a full  
9 accounting of all costs and expenses incurred in the repairs,  
10 including reasonable costs for labor and supervision, [~~and~~] all  
11 income received from the property, and, at the receiver's  
12 discretion, a receivership fee of 10 percent of those costs and  
13 expenses;

14           (2) if the income exceeds the total of the cost and  
15 expense of rehabilitation and any receivership fee, the  
16 rehabilitated property shall be restored to the owners and any net  
17 income shall be returned to the owners; and

18           (3) if the total of the costs and expenses and any  
19 receivership fee exceeds [~~exceeds~~] the income received during the  
20 receivership, the receiver may [~~shall~~] maintain control of the  
21 property until the time all rehabilitation and maintenance costs  
22 and any receivership fee are recovered, or until the receivership  
23 is terminated.

24           (h-1) A receiver shall have a lien on the property under  
25 receivership for all of the receiver's unreimbursed costs and  
26 expenses and any receivership fee.

27           (k) The court may not appoint a receiver for any property

1 that[+]

2 [(1)] is an owner-occupied, single-family residence[+]

3 ~~or~~

4 [~~(2) is zoned nonresidential and used in a~~  
5 ~~nonresidential character~~].

6 (1) A receiver appointed by a district court under this  
7 section, or the home-rule municipality that filed the action under  
8 which the receiver was appointed, may petition the court to  
9 terminate the receivership and order the sale of the property[+]

10 [~~(1) if the receiver has been in control of the~~  
11 ~~property for more than two years and no legal owner has been~~  
12 ~~identified after a diligent search, or~~

13 [(2)] after the receiver has been in control of the  
14 property for more than one year [~~three years~~], if an owner has been  
15 [~~identified and~~] served with notice [~~notices~~] but has failed to  
16 assume control or repay all rehabilitation and maintenance costs  
17 and any receivership fee of the receiver.

18 (n) The court may order the sale of the property if the court  
19 finds that:

20 (1) notice was given to each record owner of the  
21 property and each lienholder of record;

22 (2) the receiver has been in control of the property  
23 for more than one year [~~two years and no legal owner has been~~  
24 ~~identified after a diligent search, or the receiver has been in~~  
25 ~~control of the property for more than three years~~] and an owner has  
26 [~~been identified but has~~] failed to repay all rehabilitation and  
27 maintenance costs and any receivership fee of the receiver; and

1           (3) no lienholder of record has intervened in the  
2 action and offered to repay the costs and any receivership fee of  
3 the receiver and assume control of the property.

4           (o) The court shall order the sale to be conducted by the  
5 petitioner in the same manner that a sale is conducted under Chapter  
6 51, Property Code. If the record owners and lienholders are  
7 identified, notice of the date and time of the sale must be sent in  
8 the same manner as provided by Chapter 51, Property Code. If the  
9 owner cannot be located after due diligence, the owner may be served  
10 notice by publication. The receiver may bid on the property at the  
11 sale and may use a lien granted under Subsection (h-1) as credit  
12 toward the purchase. The petitioner shall make a report of the sale  
13 to the court.

14           (p) The court shall confirm the sale and order a  
15 distribution of the proceeds of the sale in the following order:

16                   (1) court costs;

17                   (2) costs and expenses of the receiver, and any lien  
18 held by the receiver; and

19                   (3) other valid liens.

20           SECTION 30. Subsection (a), Section 379D.010, Local  
21 Government Code, is amended to read as follows:

22           (a) The land bank shall impose deed restrictions with  
23 appropriate terms and conditions on property sold to qualified  
24 participating developers and eligible adjacent property owners  
25 that require:

26                   (1) the development and sale or rental of the property  
27 to low income households, if the property is sold to a qualified



1 participating developer; or

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

6 SECTION 31. Section 379D.011, Local Government Code, is  
7 amended to read as follows:

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

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

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

21 (2) must meet any eligibility requirements adopted by  
22 the land bank.

23 (c) An adjacent property owner who purchases property under  
24 this section may not lease, sell, or otherwise transfer the  
25 property to another party before the 10th anniversary of the date  
26 the adjacent property owner purchases the property. This  
27 prohibition does not apply to a transfer of property, as allowed by

1 policies adopted by the land bank:

2 (1) to a family member of the adjacent property owner;

3 or

4 (2) in the case of the death of the adjacent property  
5 owner.

6 SECTION 32. Chapter 379D, Local Government Code, is amended  
7 by adding Section 379D.015 to read as follows:

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

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

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

23 (B) any other subsequent purchaser for value or  
24 lender for value; and

25 (2) a qualified participating developer or eligible  
26 adjacent property owner who purchases property from a land bank  
27 under this chapter or any other subsequent purchaser for value or,

1 if applicable, a lender for a developer, owner, or purchaser  
2 described by this subdivision or any other subsequent lender for  
3 value:

4 (A) has, with the following characteristics, a  
5 full title to the property:

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

13 (ii) the title is subject only to:

14 (a) the recorded restrictive  
15 covenants, liens, and valid easements of record described by  
16 Section 34.01(n), Tax Code;

17 (b) any rights of redemption  
18 applicable to the property;

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

21 (d) the right of reverter provided by  
22 Section 379D.009(d) and the recorded deed restrictions described by  
23 Section 379D.010; and

24 (e) any right, title, interest, or  
25 other claim with respect to the property that arose after the sale  
26 of the property to the land bank under a law other than this  
27 chapter; and

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1                   (B) may conclusively presume that:

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

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

8           SECTION 33. Subtitle A, Title 12, Local Government Code, is  
9 amended by adding Chapter 379E to read as follows:

10                   CHAPTER 379E. URBAN LAND BANK PROGRAM

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

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

15                   (1) to which Chapter 379C or 379D does not apply; and

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

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

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

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

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

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

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

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

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

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

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

21           Sec. 379E.004. URBAN LAND BANK PROGRAM. (a) The governing  
22 body of a municipality may adopt an urban land bank program in which  
23 the officer charged with selling real property ordered sold  
24 pursuant to foreclosure of a tax lien may sell certain eligible real  
25 property by private sale for purposes of affordable housing  
26 development as provided by this chapter.

27           (b) The governing body of a municipality that adopts an

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1 urban land bank program shall establish or approve a land bank for  
2 the purpose of acquiring, holding, and transferring unimproved real  
3 property under this chapter.

4 Sec. 379E.005. QUALIFIED PARTICIPATING DEVELOPER. To  
5 qualify to participate in an urban land bank program, a developer  
6 must:

7 (1) have developed three or more housing units within  
8 the three-year period preceding the submission of a proposal to the  
9 land bank seeking to acquire real property from the land bank;

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

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

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

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

20 (c) In developing the plan, the municipality shall consider  
21 other housing plans adopted by the municipality, including the  
22 comprehensive plan submitted to the United States Department of  
23 Housing and Urban Development and all fair housing plans and  
24 policies adopted or agreed to by the municipality.

25 (d) The plan must include the following:

26 (1) a list of community housing development  
27 organizations eligible to participate in the right of first refusal

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1 provided by Section 379E.011;

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

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

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

12 Sec. 379E.007. PUBLIC HEARING ON PROPOSED PLAN.

13 (a) Before adopting a plan, a municipality shall hold a public  
14 hearing on the proposed plan.

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

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

24 Sec. 379E.008. PRIVATE SALE TO LAND BANK.

25 (a) Notwithstanding any other law and except as provided by  
26 Subsection (f), property that is ordered sold pursuant to  
27 foreclosure of a tax lien may be sold in a private sale to a land

1 bank by the officer charged with the sale of the property without  
2 first offering the property for sale as otherwise provided by  
3 Section 34.01, Tax Code, if:

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

9       (2) the property is not improved with a building or  
10 buildings;

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

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

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

20       (c) If the person being sued in a suit for foreclosure of a  
21 tax lien does not contest the market value of the property in the  
22 suit, the person waives the right to challenge the amount of the  
23 market value determined by the court for purposes of the sale of the  
24 property under Section 33.50, Tax Code.

25       (d) For any sale of property under this chapter, each person  
26 who was a defendant to the judgment, or that person's attorney,  
27 shall be given, not later than the 90th day before the date of sale,



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1 written notice of the proposed method of sale of the property by the  
2 officer charged with the sale of the property. Notice must be given  
3 in the manner prescribed by Rule 21a, Texas Rules of Civil  
4 Procedure.

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

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

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

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

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

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

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

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

19       (d) The deed conveying a property sold by the land bank must  
20 include a right of reverter so that, if the qualified participating  
21 developer does not apply for a construction permit and close on any  
22 construction financing within the two-year period following the  
23 date of the conveyance of the property from the land bank to the  
24 qualified participating developer, the property will revert to the  
25 land bank for subsequent resale to another qualified participating  
26 developer or conveyance to the taxing units who were parties to the  
27 judgment for disposition as otherwise allowed under the law.

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

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

13       (c) If property is developed for rental housing, the deed  
14 restrictions must be for a period of not less than 20 years and must  
15 require that:

16           (1) 100 percent of the rental units be occupied by and  
17 affordable to households with incomes not greater than 60 percent  
18 of area median family income, based on gross household income,  
19 adjusted for household size, for the metropolitan statistical area  
20 in which the municipality is located, as determined annually by the  
21 United States Department of Housing and Urban Development;

22           (2) 40 percent of the units be occupied by and  
23 affordable to households with incomes not greater than 50 percent  
24 of area median family income, based on gross household income,  
25 adjusted for household size, for the metropolitan statistical area  
26 in which the municipality is located, as determined annually by the  
27 United States Department of Housing and Urban Development; or

1           (3) 20 percent of the units be occupied by and  
2 affordable to households with incomes not greater than 30 percent  
3 of area median family income, based on gross household income,  
4 adjusted for household size, for the metropolitan statistical area  
5 in which the municipality is located, as determined annually by the  
6 United States Department of Housing and Urban Development.

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

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

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

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

27           (1) contains within its designated geographical

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1 boundaries of operation, as set forth in its application for  
2 certification filed with and approved by the municipality, a  
3 portion of the property that the land bank is offering for sale;

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

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

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

14 (c) Notice must be provided to the qualified organizations  
15 by certified mail, return receipt requested, not later than the  
16 60th day before the beginning of the period in which a right of  
17 first refusal may be exercised.

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

23 (e) If the land bank conveys the property to a qualified  
24 organization before the expiration of the period specified by the  
25 municipality under Subsection (d), the interlocal agreement  
26 executed under Section 379E.008(a)(4) must provide tax abatement  
27 for the property until the expiration of that period.

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

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

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

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

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

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

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

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

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

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

23               (2) for each property acquired by the land bank during  
24 the preceding fiscal year:

- 25                       (A) the street address of the property;
- 26                       (B) the legal description of the property;
- 27                       (C) the date the land bank took title to the

1 property;

2 (D) the name and address of the property owner of  
3 record at the time of the foreclosure;

4 (E) the amount of taxes and other costs owed at  
5 the time of the foreclosure; and

6 (F) the assessed value of the property on the tax  
7 roll at the time of the foreclosure;

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

10 (A) the street address of the property;

11 (B) the legal description of the property;

12 (C) the name and mailing address of the  
13 developer;

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

15 (E) the maximum incomes allowed for the  
16 households by the terms of the sale; and

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

20 (4) for each property sold by a qualified  
21 participating developer during the preceding fiscal year, the  
22 buyer's household income and a description of all use and sale  
23 restrictions; and

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

27 (d) The land bank shall maintain in its records for



1 inspection a copy of the sale settlement statement for each  
2 property sold by a qualified participating developer and a copy of  
3 the first page of the mortgage note with the interest rate and  
4 indicating the volume and page number of the instrument as filed  
5 with the county clerk.

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

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

15 SECTION 34. Section 11.18, Tax Code, is amended by amending  
16 Subsection (d) and adding Subsection (o) to read as follows:

17 (d) A charitable organization must be organized exclusively  
18 to perform religious, charitable, scientific, literary, or  
19 educational purposes and, except as permitted by Subsections (h)  
20 and (1), engage exclusively in performing one or more of the  
21 following charitable functions:

22 (1) providing medical care without regard to the  
23 beneficiaries' ability to pay, which in the case of a nonprofit  
24 hospital or hospital system means providing charity care and  
25 community benefits in accordance with Section 11.1801;

26 (2) providing support or relief to orphans,  
27 delinquent, dependent, or handicapped children in need of

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1 residential care, abused or battered spouses or children in need of  
2 temporary shelter, the impoverished, or victims of natural disaster  
3 without regard to the beneficiaries' ability to pay;

4 (3) providing support to elderly persons, including  
5 the provision of recreational or social activities and facilities  
6 designed to address the special needs of elderly persons, or to the  
7 handicapped, without regard to the beneficiaries' ability to pay;

8 (4) preserving a historical landmark or site;

9 (5) promoting or operating a museum, zoo, library,  
10 theater of the dramatic or performing arts, or symphony orchestra  
11 or choir;

12 (6) promoting or providing humane treatment of  
13 animals;

14 (7) acquiring, storing, transporting, selling, or  
15 distributing water for public use;

16 (8) answering fire alarms and extinguishing fires with  
17 no compensation or only nominal compensation to the members of the  
18 organization;

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

21 (10) preserving or conserving wildlife;

22 (11) promoting educational development through loans  
23 or scholarships to students;

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

27 (13) providing permanent housing and related social,

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1 health care, and educational facilities for persons who are 62  
2 years of age or older without regard to the residents' ability to  
3 pay;

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

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

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

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

18 (18) providing housing for low-income and  
19 moderate-income families, for unmarried individuals 62 years of age  
20 or older, for handicapped individuals, and for families displaced  
21 by urban renewal, through the use of trust assets that are  
22 irrevocably and, pursuant to a contract entered into before  
23 December 31, 1972, contractually dedicated on the sale or  
24 disposition of the housing to a charitable organization that  
25 performs charitable functions described by Subdivision (9);

26 (19) providing housing and related services to persons  
27 who are 62 years of age or older in a retirement community, if the

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1 retirement community provides independent living services,  
2 assisted living services, and nursing services to its residents on  
3 a single campus:

4 (A) without regard to the residents' ability to  
5 pay; or

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

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

11 (A) the organization is exempt from federal  
12 income taxation under Section 501(a), Internal Revenue Code of  
13 1986, as amended, by being listed as an exempt entity under Section  
14 501(c)(3) of that code;

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

18 (C) the organization is governed by its members;  
19 and

20 (D) the members of the organization share the  
21 responsibility for managing the housing; or

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

25 (o) For purposes of Subsection (a)(2), real property  
26 acquired, held, and transferred by an organization that performs  
27 the function described by Subsection (d)(21) is considered to be

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1 used exclusively by the qualified charitable organization to  
2 perform that function.

3 SECTION 35. Section 403.302, Government Code, as amended by  
4 this Act, applies only to an annual school district property value  
5 study conducted for a tax year that begins on or after January 1,  
6 2008.

7 SECTION 36. The changes in law made by this Act to Section  
8 214.003, Local Government Code, apply only to a receivership  
9 established on or after the effective date of this Act. A  
10 receivership established before the effective date of this Act is  
11 governed by the law in effect when the receivership was  
12 established, and the former law is continued in effect for that  
13 purpose.

14 SECTION 37. Section 379D.015, Local Government Code, as  
15 added by this Act, applies only to a cause of action that accrues on  
16 or after the effective date of this Act and concerns property that  
17 is first purchased by a land bank under Section 379D.015, Local  
18 Government Code, on or after the effective date of this Act.

19 SECTION 38. Section 11.18, Tax Code, as amended by this Act,  
20 applies only to an ad valorem tax year that begins on or after the  
21 effective date of this Act.

22 SECTION 39. (a) The Texas Department of Housing and  
23 Community Affairs shall adopt the rules required by Section  
24 2306.1073, Government Code, as added by this Act, not later than  
25 December 1, 2007.

26 (b) The changes in law made by this Act apply only to an  
27 application for assistance from the Texas First-Time Homebuyer

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1 Program that is filed on or after January 1, 2008.

2 SECTION 40. The changes in law made by this Act relating to  
3 the evaluation of applications for financial assistance  
4 administered by the Texas Department of Housing and Community  
5 Affairs apply only to an application submitted on or after the  
6 effective date of this Act. An application submitted before the  
7 effective date of this Act is governed by the law in effect when the  
8 application was submitted, and the former law is continued in  
9 effect for that purpose.

10 SECTION 41. The change in law made by this Act applies only  
11 to an application for a low income housing tax credit filed on or  
12 after the effective date of this Act. An application filed before  
13 the effective date of this Act is governed by the law in effect on  
14 the date the application was filed, and the former law is continued  
15 in effect for that purpose.

16 SECTION 42. The following provisions of the Government Code  
17 are repealed:

18 (1) Sections 2306.021, 2306.062, 2306.0631,  
19 2306.0661, Subsection (h), Section 2306.0721, Section 2306.079,  
20 Subsection (e), Section 2306.081, Section 2306.254, Subsections  
21 (b), (c), and (d), Section 2306.257, and Section 2306.806;

22 (2) Subchapter N, Chapter 2306;

23 (3) Subchapter O, Chapter 2306;

24 (4) Subchapter BB, Chapter 2306;

25 (5) Subchapter CC, Chapter 2306;

26 (6) Subchapter EE, Chapter 2306; and

27 (7) Subsection (g), Section 2306.6710, Government

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1 Code, is repealed.

2 SECTION 43. It is the intent of the legislature that the  
3 passage by the 80th Legislature, Regular Session, 2007, of another  
4 bill that amends Chapter 2306, Government Code, and the amendments  
5 made by this Act shall be harmonized, if possible, as provided by  
6 Subsection (b), Section 311.025, Government Code, so that effect  
7 may be given to each. If the amendments made by this Act to Chapter  
8 2306, Government Code, and the amendments made to Chapter 2306,  
9 Government Code, by any other bill are irreconcilable, it is the  
10 intent of the legislature that this Act prevail, regardless of the  
11 relative dates of enactment of this Act and the other bill or bills,  
12 but only to the extent that any differences are irreconcilable.

13 SECTION 44. This Act takes effect on September 1, 2007.

511  
cc  
52

S.B. No. 1908

David Newkum  
President of the Senate

Tom Caddick  
Speaker of the House

I hereby certify that S.B. No. 1908 passed the Senate on May 3, 2007, by the following vote: Yeas 28, Nays 2; May 25, 2007, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 26, 2007, House granted request of the Senate; May 27, 2007, Senate adopted Conference Committee Report by the following vote: Yeas 28, Nays 1.

Dorothy Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 1908 passed the House, with amendments, on May 23, 2007, by the following vote: Yeas 142, Nays 0, two present not voting; May 26, 2007, House granted request of the Senate for appointment of Conference Committee; May 27, 2007, House adopted Conference Committee Report by the following vote: Yeas 113, Nays 26, three present not voting.

Robert Haney  
Chief Clerk of the House

Approved:

15 JUN 07  
Date  
RICK PERRY  
Governor

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

JUN 15 2007  
Roger Williams  
Secretary of State