

1-1 By: Alvarado S.B. No. 1918  
1-2 (In the Senate - Filed March 7, 2019; March 19, 2019, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 15, 2019, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 7, Nays 0;  
1-6 April 15, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 1918 By: Alvarado

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to the creation of an urban land bank by certain  
1-20 municipalities; granting authority to issue bonds.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subtitle A, Title 12, Local Government Code, is  
1-23 amended by adding Chapter 379H to read as follows:

1-24 CHAPTER 379H. URBAN LAND BANK PROGRAM IN MUNICIPALITY WITH

1-25 POPULATION OF TWO MILLION OR MORE

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 379H.001. SHORT TITLE. This chapter may be cited as  
1-28 the Urban Land Bank Program for a Municipality with a Population of  
1-29 Two Million or More.

1-30 Sec. 379H.002. APPLICABILITY OF CHAPTER. This chapter  
1-31 applies only to a municipality with a population of two million or  
1-32 more.

1-33 Sec. 379H.003. DEFINITIONS. In this chapter:

1-34 (1) "Board" means the board of directors of a land  
1-35 bank.

1-36 (2) "Land bank" means an entity established or  
1-37 approved by the governing body of a municipality under this  
1-38 chapter.

1-39 (3) "Non-qualifying municipality" means a  
1-40 municipality to which this chapter does not apply and that is  
1-41 located in the same county in which a municipality to which this  
1-42 chapter does apply is predominantly located.

1-43 (4) "Real property" means land, land under water, and  
1-44 any structure, easement, air rights, franchise, or incorporeal  
1-45 hereditament, every estate, interest, and right therein, legal and  
1-46 equitable, including terms for years and liens by way of judgment,  
1-47 mortgage, or otherwise, and any fixture or improvement located  
1-48 thereon.

1-49 Sec. 379H.004. APPLICABILITY OF OTHER LAW. A land bank  
1-50 created under this chapter:

1-51 (1) is:

1-52 (A) a governmental unit, as defined by Section  
1-53 101.001, Civil Practice and Remedies Code;

1-54 (B) a local government corporation, as defined by  
1-55 Section 431.003, Transportation Code; and

1-56 (C) a public nonprofit corporation that has and  
1-57 may exercise all of the rights, powers, privileges, authority, and  
1-58 functions given by the general laws of this state to nonprofit  
1-59 corporations in this state;

1-60 (2) is not:

2-1 (A) a program created or operating under Chapter  
 2-2 373 or 374; or  
 2-3 (B) a housing finance corporation created under  
 2-4 Chapter 394; and  
 2-5 (3) must comply with the requirements of Chapters 551  
 2-6 and 552, Government Code.

2-7 Sec. 379H.005. PURPOSE. A land bank created under this  
 2-8 chapter exists for the purpose of acquiring, managing, and  
 2-9 disposing of vacant, abandoned, and deteriorated properties and  
 2-10 returning those properties to productive uses, including  
 2-11 affordable housing, workforce housing, public service housing,  
 2-12 community-based economic development, food desert solutions,  
 2-13 beautification and public art, parks and recreation, flood  
 2-14 reduction and storm resiliency, and other uses necessary and  
 2-15 appropriate to stabilize communities, improve living conditions,  
 2-16 and protect against the displacement of residents of the  
 2-17 municipality served by the land bank.

2-18 Sec. 379H.006. CONSTRUCTION. This chapter shall be  
 2-19 construed liberally to carry out the intended purposes as a  
 2-20 complete and independent authorization for the performance of each  
 2-21 and every act and thing authorized by this chapter, and all powers  
 2-22 granted shall be broadly interpreted to carry out the intended  
 2-23 purposes and not as a limitation of powers. Except as otherwise  
 2-24 provided by this chapter, a land bank, in the exercise of its powers  
 2-25 and duties under this chapter and with respect to real property held  
 2-26 by the land bank, has the same amount of control as if the land bank  
 2-27 represented a private property owner, and the land bank is not  
 2-28 subject to restrictions imposed by the charter, ordinances, or  
 2-29 resolutions of a local unit of government.

2-30 SUBCHAPTER B. BOARD OF DIRECTORS

2-31 Sec. 379H.051. COMPOSITION OF BOARD. The size, membership,  
 2-32 composition, and officers of the board of directors of a land bank,  
 2-33 and methods of appointment to the board, must be established by the  
 2-34 certificate of formation and the bylaws of the land bank.

2-35 Sec. 379H.052. ELIGIBILITY FOR MEMBERSHIP. (a) In this  
 2-36 section, "public officer" means an individual who is elected to a  
 2-37 municipal office.

2-38 (b) A municipal employee is eligible to serve as a member of  
 2-39 the board, and notwithstanding any law to the contrary, a public  
 2-40 officer is eligible to serve as a member of the board and acceptance  
 2-41 of the appointment will neither terminate nor impair service in the  
 2-42 public office.

2-43 Sec. 379H.053. MEETINGS; ATTENDANCE. (a) The board shall  
 2-44 meet in regular session according to a schedule adopted by the  
 2-45 board.

2-46 (b) The board may meet in a special session:  
 2-47 (1) convened by the president of the board in  
 2-48 accordance with the bylaws of the board; or  
 2-49 (2) on written notice signed by a majority of the board  
 2-50 members.

2-51 (c) The presence of a majority of the board's total  
 2-52 membership constitutes a quorum for any regular or special session.

2-53 (d) The board shall establish rules related to the  
 2-54 attendance and participation of members in regular or special  
 2-55 meetings of the board. Rules adopted under this subsection may  
 2-56 provide for the removal from office of a member for failure to  
 2-57 comply with the rules if a majority of the remaining members of the  
 2-58 board vote for the removal. Removal under this subsection takes  
 2-59 effect the first day of the calendar month following the date of the  
 2-60 vote. A person removed under this subsection is ineligible for  
 2-61 reappointment to the board unless reappointment is confirmed  
 2-62 unanimously by the board.

2-63 Sec. 379H.054. BOARD ACTIONS. (a) Subject to Subsection  
 2-64 (b), actions of the board must be approved by the affirmative vote  
 2-65 of a quorum of the board.

2-66 (b) Action on the following matters requires approval by a  
 2-67 majority of the total membership of the board:

2-68 (1) adoption of bylaws or rules for conduct of the  
 2-69 business of the land bank for which the board serves;

3-1                   (2) hiring or firing of any employee or contractor of  
3-2 the land bank for which the board serves;  
3-3                   (3) incurring debt;  
3-4                   (4) adoption or amendment of the annual budget; and  
3-5                   (5) sale, lease, encumbrance, or alienation of or  
3-6 improvements to real or personal property with a value of more than  
3-7 \$50,000.  
3-8                   (c) By majority vote, the board may delegate the hiring and  
3-9 firing of employees and contractors to a specific officer or  
3-10 committee of the land bank for which the board serves, under terms  
3-11 and to the extent specified by the board.  
3-12                   (d) A board member may not vote by proxy.  
3-13                   (e) A board member may request a recorded vote on any  
3-14 resolution or action of the land bank.  
3-15                   Sec. 379H.055. CONFLICT OF INTEREST. (a) A board member  
3-16 or employee of a land bank may not:  
3-17                   (1) acquire any direct or indirect interest in real  
3-18 property of the land bank, in any real property to be acquired by  
3-19 the land bank, or in any real property to be acquired from the land  
3-20 bank; or  
3-21                   (2) have any direct or indirect interest in any  
3-22 contract or proposed contract for materials or services to be  
3-23 furnished or used by the land bank.  
3-24                   (b) The provisions of the former Texas Non-Profit  
3-25 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil  
3-26 Statutes) related to powers, standards of conduct, and interests in  
3-27 contracts apply to the directors and officers of the land bank.  
3-28                   (c) The board may adopt supplemental rules addressing  
3-29 potential conflicts of interest and ethical guidelines for board  
3-30 members and land bank employees.  
3-31                   Sec. 379H.056. COMPENSATION; REIMBURSEMENT. (a) Board  
3-32 members serve without compensation.  
3-33                   (b) The board may reimburse a member for expenses actually  
3-34 incurred in the performance of duties on behalf of the land bank.  
3-35                   SUBCHAPTER C. CREATION, OPERATION, AND DISSOLUTION OF LAND BANK  
3-36                   Sec. 379H.101. CREATION OF LAND BANK. (a) The governing  
3-37 body of a municipality may create a land bank by the adoption of an  
3-38 ordinance approving the land bank's certificate of formation and  
3-39 bylaws.  
3-40                   (b) Approval by the governing body of a municipality of the  
3-41 certificate of formation and bylaws of a corporation created under  
3-42 Chapter 431, Transportation Code, that will serve as a land bank  
3-43 under this chapter is sufficient to create a land bank under this  
3-44 section.  
3-45                   (c) A land bank's certificate of formation and bylaws  
3-46 approved under this section may not be changed or amended unless the  
3-47 governing body of the municipality for which the land bank was  
3-48 created approves the change or amendment by the adoption of an  
3-49 ordinance.  
3-50                   Sec. 379H.102. GENERAL POWERS OF LAND BANK. (a) A land  
3-51 bank has all powers necessary to carry out the purposes of this  
3-52 chapter, including the power to:  
3-53                   (1) adopt, amend, and repeal bylaws for the regulation  
3-54 of the land bank's affairs and the conduct of the land bank's  
3-55 business;  
3-56                   (2) sue and be sued in the land bank's own name and  
3-57 plead and be interpleaded in all civil actions, including actions  
3-58 to clear title to real property of the land bank;  
3-59                   (3) adopt and alter a seal;  
3-60                   (4) borrow funds necessary for the operation of the  
3-61 land bank from private lenders, municipalities, this state, and the  
3-62 federal government;  
3-63                   (5) adopt any policy for procurement that is  
3-64 recognized under state law and permitted for governmental entities,  
3-65 including a policy recognized under Chapters 252 and 271 of this  
3-66 code, Chapter 431, Transportation Code, and Chapters 2254 and 2269,  
3-67 Government Code;  
3-68                   (6) issue negotiable revenue bonds and notes under  
3-69 this chapter;

4-1                   (7) procure insurance or guarantees from this state or  
4-2 the federal government of the payments of any debts or parts of  
4-3 debts incurred by the land bank and pay premiums in connection with  
4-4 those debts;  
4-5                   (8) enter into contracts and other agreements  
4-6 necessary, incidental, or convenient to the performance of the land  
4-7 bank's duties and the exercise of the land bank's powers, including  
4-8 governmental agreements under Subchapter D, Chapter 431,  
4-9 Transportation Code, or interlocal contracts under Section  
4-10 791.011, Government Code, for the joint exercise of powers under  
4-11 this chapter;  
4-12                   (9) enter into contracts and other agreements with the  
4-13 municipality that created the land bank for the performance of  
4-14 services in accordance with Chapter 311, Tax Code;  
4-15                   (10) make and execute contracts and other instruments  
4-16 necessary or convenient to the exercise of the land bank's powers;  
4-17                   (11) procure insurance against losses in connection  
4-18 with the real property, assets, or activities of the land bank;  
4-19                   (12) invest money of the land bank, at the discretion  
4-20 of the board, in instruments, obligations, securities, or property  
4-21 determined proper by the board and name and use depositories for the  
4-22 land bank's money;  
4-23                   (13) enter into contracts for the management of,  
4-24 collection of rent from, or sale of real property of the land bank;  
4-25                   (14) design, develop, construct, demolish,  
4-26 reconstruct, rehabilitate, renovate, relocate, or otherwise  
4-27 improve real property of the land bank;  
4-28                   (15) set, charge, and collect rents, fees, and charges  
4-29 for the use of real property of the land bank and for services  
4-30 provided by the land bank;  
4-31                   (16) finance by loan, grant, lease, or otherwise  
4-32 refinance, construct, erect, assemble, purchase, acquire, own,  
4-33 repair, remodel, rehabilitate, modify, maintain, extend, improve,  
4-34 install, sell, equip, expand, add to, operate, or manage real  
4-35 property of the land bank and pay the costs of those activities from  
4-36 the proceeds of loans by persons, corporations, limited or general  
4-37 partnerships, and other entities;  
4-38                   (17) grant or acquire a license, easement, lease, as  
4-39 lessor or lessee, or option with respect to real property of the  
4-40 land bank;  
4-41                   (18) enter into partnerships, joint ventures, and  
4-42 other collaborative relationships with the municipality that  
4-43 created the land bank and other public and private entities for the  
4-44 ownership, management, development, and disposition of real  
4-45 property of the land bank;  
4-46                   (19) make application directly or indirectly to any  
4-47 federal, state, county, or municipal government or agency or to any  
4-48 other public or private source for loans, grants, guarantees, or  
4-49 other financial assistance in furtherance of the land bank's public  
4-50 purpose and accept and use the loans, grants, guarantees, or  
4-51 financial assistance on terms prescribed by that federal, state,  
4-52 county, or municipal government or agency or other source;  
4-53                   (20) as security for the repayment of any notes or  
4-54 other obligations of the land bank, pledge, mortgage, convey,  
4-55 assign, hypothecate, or otherwise encumber any property of the land  
4-56 bank, including real property, fixtures, personal property,  
4-57 revenue, and other funds, and execute any lease, trust indenture,  
4-58 trust agreement, agreement for the sale of the land bank's notes of  
4-59 other obligation, loan agreement, mortgage, security agreement, or  
4-60 other agreement necessary or desirable as determined by the land  
4-61 bank; and  
4-62                   (21) hold title to real property for purposes of  
4-63 establishing contracts with public and private nonprofit community  
4-64 land trusts, including long-term lease contracts.  
4-65                   (b) A land bank may not:  
4-66                         (1) exercise the power of eminent domain; or  
4-67                         (2) acquire real property outside the geographical  
4-68 boundaries of the municipality that created the land bank.  
4-69                   Sec. 379H.103. RESOLUTION OF COMPLEX TITLE QUESTIONS. A

5-1 land bank may provide assistance and guidance to owners of real  
 5-2 property for which there are complex, highly divided fractional  
 5-3 interests in the real property because of multigenerational  
 5-4 intestate distributions, unknown heirs, and other interested  
 5-5 parties for whom accurate information cannot be ascertained.

5-6 Sec. 379H.104. INTERLOCAL CONTRACTS. (a) A land bank may  
 5-7 enter into an interlocal contract under Section 791.011, Government  
 5-8 Code, with:

5-9 (1) a municipality for a program created by the  
 5-10 municipality under Chapter 373 or 374; or

5-11 (2) a non-qualifying municipality for the purpose of  
 5-12 the land bank conducting land bank activities on behalf of and  
 5-13 within the geographical boundaries of the non-qualifying  
 5-14 municipality.

5-15 (b) Notwithstanding Section 379H.102(b)(2), a land bank may  
 5-16 acquire real property within the geographical boundaries of a  
 5-17 non-qualifying municipality with which it has entered into an  
 5-18 agreement under Subsection (a).

5-19 Sec. 379H.105. RECORDS AND REPORTS. (a) A land bank shall  
 5-20 keep accurate minutes of the land bank's meetings and shall keep  
 5-21 accurate records and books of account that conform with generally  
 5-22 accepted principles of accounting and that clearly reflect the  
 5-23 income and expenses of the land bank and all transactions in  
 5-24 relation to the land bank's real property.

5-25 (b) A land bank shall maintain and make available for public  
 5-26 review and inspection:

5-27 (1) an inventory of all real property held by the land  
 5-28 bank;

5-29 (2) a copy of the sale settlement statement for each  
 5-30 real property sold or transferred to a third party; and

5-31 (3) a copy of the performance report filed under  
 5-32 Subsection (e).

5-33 (c) Not later than the 90th day after the end of the fiscal  
 5-34 year of the municipality that created the land bank, the land bank  
 5-35 shall file with the municipality an annual audited financial  
 5-36 statement prepared by a certified public accountant.

5-37 (d) Financial transactions of a land bank are subject to  
 5-38 audit by the municipality that created the land bank.

5-39 (e) For purposes of evaluating the effectiveness of a land  
 5-40 bank created under this chapter, a land bank shall submit an annual  
 5-41 performance report to the municipality that created the land bank  
 5-42 not later than November 1 of each year in which the land bank  
 5-43 acquires or sells real property in accordance with this chapter.

5-44 Sec. 379H.106. STAFF. (a) A land bank may employ an  
 5-45 executive director, counsel and legal staff, technical experts, and  
 5-46 other agents and employees, permanent or temporary, that the land  
 5-47 bank may require and may determine the qualifications and set the  
 5-48 compensation and benefits of each of those persons.

5-49 (b) A land bank may enter into contracts and agreements with  
 5-50 municipalities for staffing services to be provided to the land  
 5-51 bank by those municipalities or for the land bank to provide such  
 5-52 staffing services to those municipalities.

5-53 Sec. 379H.107. ADVISORY COMMITTEE AND NEIGHBORHOOD  
 5-54 CONSULTATION. (a) A land bank shall create one or more advisory  
 5-55 committees to consult with and advise the land bank on:

5-56 (1) properties within the municipality served by the  
 5-57 land bank that are imposing the greatest harm on neighborhoods and  
 5-58 communities in the municipality;

5-59 (2) neighborhood priorities for new uses of those  
 5-60 properties; and

5-61 (3) the range of potential transferees of those  
 5-62 properties.

5-63 (b) As appropriate to the location of the real property of  
 5-64 the land bank, advisory committee membership and neighborhood  
 5-65 consultations shall include formal and informal  
 5-66 neighborhood-specific community associations, residents'  
 5-67 associations, faith communities, community development  
 5-68 corporations, and anchor institutions.

5-69 Sec. 379H.108. DISSOLUTION OF LAND BANK. (a) A land bank

6-1 may be dissolved not earlier than the 60th day after the date an  
6-2 affirmative resolution to dissolve the land bank is approved by  
6-3 two-thirds of the membership of the board and confirmed by  
6-4 resolution of the municipality that created the land bank.

6-5 (b) Not less than 60 days before the consideration of a  
6-6 resolution of dissolution by the board, the board shall:

6-7 (1) provide to the governing body of the municipality  
6-8 that created the land bank written notice of the board's intent to  
6-9 vote on a resolution for dissolution of the land bank;

6-10 (2) publish the notice in a local newspaper of general  
6-11 circulation; and

6-12 (3) send the notice by certified mail to the trustee of  
6-13 any outstanding bonds of the land bank.

6-14 (c) On dissolution of the land bank, all real property,  
6-15 personal property, and other assets and obligations of the land  
6-16 bank become the assets and obligations of the municipality that  
6-17 created the land bank.

6-18 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

6-19 Sec. 379H.151. TAX EXEMPT STATUS OF LAND BANK PROPERTY. The  
6-20 real property of a land bank, including real property held by a land  
6-21 bank under a long-term lease contract with a community land trust,  
6-22 and the land bank's income and operations are exempt as public  
6-23 property used for public purposes from all license fees, recording  
6-24 fees, and all other taxes imposed by this state or by political  
6-25 subdivisions of this state.

6-26 Sec. 379H.152. TITLE HELD BY LAND BANK. All real property  
6-27 acquired by a land bank must be held in the name of the land bank.

6-28 Sec. 379H.153. QUIET TITLE ACTIONS. (a) A land bank may  
6-29 file an action to quiet title as to any real property in which the  
6-30 land bank has an interest. For purposes of a quiet title action,  
6-31 the land bank is considered to be the holder of sufficient legal and  
6-32 equitable interests and possessory rights to qualify the land bank  
6-33 as an adequate complainant in the action.

6-34 (b) Before filing an action to quiet title, the land bank  
6-35 shall conduct an examination of title to determine the identity of  
6-36 all persons and entities possessing a claim or interest in or to the  
6-37 real property. Service of the complaint to quiet title shall be  
6-38 provided to the interested parties by the following methods:

6-39 (1) by first class mail to an identity and address as  
6-40 reasonably ascertainable by an inspection of public records;

6-41 (2) in the case of occupied real property, by  
6-42 registered or certified mail addressed to "occupant";

6-43 (3) by posting a copy of the notice on the real  
6-44 property;

6-45 (4) by publication in a newspaper of general  
6-46 circulation in the municipality in which the property is located;  
6-47 and

6-48 (5) by another method the court may order.

6-49 (c) As part of the complaint to quiet title, a land bank  
6-50 shall file an affidavit identifying all parties potentially having  
6-51 an interest in the real property and the form of notice provided.

6-52 (d) A court hearing an action under this section shall:

6-53 (1) schedule a hearing on the complaint not later than  
6-54 the 90th day after the date of the filing of the affidavit under  
6-55 Subsection (c); and

6-56 (2) issue a final judgment not later than the 120th day  
6-57 after the date of the filing of the complaint for all matters on  
6-58 which an answer was not filed by an interested party.

6-59 (e) A land bank may join in a single complaint to quiet title  
6-60 for one or more parcels of real property.

6-61 Sec. 379H.154. ACQUISITION OF PROPERTY GENERALLY. (a) A  
6-62 land bank may acquire real property by gift, devise, transfer,  
6-63 exchange, foreclosure, purchase, purchase contracts, lease  
6-64 purchase agreements, installment sales contracts, land contracts,  
6-65 or transfers from a municipality on terms as agreed by the land bank  
6-66 and the municipality, or through any other means on terms and in a  
6-67 manner the land bank considers appropriate.

6-68 (b) Notwithstanding any other law to the contrary, a  
6-69 municipality served by a land bank or a non-qualifying municipality

7-1 that has entered into an interlocal contract with a land bank under  
 7-2 Section 379H.104 may transfer to the land bank real property of the  
 7-3 municipality or non-qualifying municipality on terms and according  
 7-4 to procedures determined by the municipality or non-qualifying  
 7-5 municipality.

7-6 (c) A land bank may acquire real property from this state,  
 7-7 the municipality served by the land bank, the county in which that  
 7-8 municipality is located, a governmental entity within the county,  
 7-9 the federal government, or an agency or department of the federal  
 7-10 government.

7-11 (d) A land bank shall maintain all of its real property in  
 7-12 accordance with the laws and ordinances of the jurisdiction in  
 7-13 which the real property is located.

7-14 Sec. 379H.155. ACQUISITION OF FORECLOSED OR SEIZED  
 7-15 PROPERTY. (a) In this section, "taxing unit" has the meaning  
 7-16 assigned by Section 1.04, Tax Code.

7-17 (b) A land bank may submit a written bid to acquire real  
 7-18 property at a tax sale conducted in accordance with Section 34.01,  
 7-19 Tax Code. The bid:

7-20 (1) must be in an amount not less than the amount  
 7-21 calculated under Section 34.01(b), Tax Code; and

7-22 (2) may be submitted in writing in advance of the  
 7-23 auction or tendered in person at the auction.

7-24 (c) If the bid submitted under Subsection (b) is the highest  
 7-25 bid received at the sale, the land bank:

7-26 (1) shall:

7-27 (A) pay in cash the amount of the costs and  
 7-28 expenses as described by Section 33.48, Tax Code, and any penalties  
 7-29 described by Section 33.07 or 33.08, Tax Code; or

7-30 (B) remit payment of the amounts described by  
 7-31 Paragraph (A) to the selling officer by check or electronic funds  
 7-32 transfer not later than the seventh calendar day after the date of  
 7-33 the auction; and

7-34 (2) is entitled to credit bid that portion of the bid  
 7-35 amount consisting of the amount of the taxes, penalties, other than  
 7-36 penalties described by Sections 33.07 and 33.08, Tax Code, and  
 7-37 interest set forth in the judgment.

7-38 (d) A taxing unit that is a party to a judgment of  
 7-39 foreclosure for property sold at auction may request that the  
 7-40 selling officer bid off the property to the taxing unit in the  
 7-41 manner provided by Section 34.01(j), Tax Code, and, if the request  
 7-42 is granted, the transfer to the taxing unit prevails over a bid by  
 7-43 the land bank if the land bank's bid is the only bid sufficient to  
 7-44 satisfy the minimum bid described by Section 34.01(j), Tax Code.

7-45 (e) The aggregate amount of all credit bids in a calendar  
 7-46 year shall be considered satisfied by the aggregate expenditure in  
 7-47 that calendar year of an amount equal to or greater than the credit  
 7-48 bid amount, which expenditures are attributable directly and  
 7-49 indirectly to maintenance, rehabilitation, construction,  
 7-50 demolition, and remediation activities. As to any specific tract  
 7-51 of property acquired by the credit bid and transferred by a land  
 7-52 bank to a public entity described by Section 379H.158(a), the  
 7-53 credit bid shall be considered satisfied by that transfer.

7-54 (f) A land bank may submit a written request to a taxing unit  
 7-55 at any time for the commencement of tax foreclosure proceedings for  
 7-56 delinquent taxes on real property, other than property legally  
 7-57 owned and occupied. A land bank may not submit a written request to  
 7-58 a taxing unit under this subsection for legally occupied  
 7-59 residential real property unless the property is five or more years  
 7-60 delinquent.

7-61 (g) A request submitted under Subsection (f) must include a  
 7-62 commitment to tender a bid in the amount specified under Subsection  
 7-63 (b). On receipt of the written request, the taxing unit, or the  
 7-64 governmental office acting on behalf of the taxing unit, shall  
 7-65 commence enforcement proceedings in accordance with Section 33.41,  
 7-66 Tax Code.

7-67 (h) If there is no private third party bid in an amount more  
 7-68 than the bid of the land bank, the real property must be sold to the  
 7-69 land bank.

8-1 (i) A sale to a land bank under this section is not a sale to  
 8-2 a taxing unit under Section 34.01(j) or (p) or 34.21, Tax Code.

8-3 (j) A land bank may bid an amount higher than the amount  
 8-4 calculated under Section 34.01(b), Tax Code, and if that higher bid  
 8-5 amount is the highest successful bid, the land bank shall pay the  
 8-6 full amount of the bid in cash.

8-7 (k) The deed to a land bank vests good and perfect title in  
 8-8 the land bank to the right, title, and interest owned by the  
 8-9 defendants included in the foreclosure judgment, including the  
 8-10 defendants' right to the use and possession of the property,  
 8-11 subject only to the defendants' right of redemption, the terms of a  
 8-12 recorded restrictive covenant running with the land that was  
 8-13 recorded before January 1 of the year in which the tax lien on the  
 8-14 property arose, a recorded lien that arose under that restrictive  
 8-15 covenant that was not extinguished by the judgment foreclosing the  
 8-16 tax lien, and each easement of record as of the date of the sale that  
 8-17 was recorded before January 1 of the year the tax lien arose.

8-18 (l) A sale of real property to a land bank under this  
 8-19 section:

8-20 (1) extinguishes each lien securing payment of the  
 8-21 delinquent taxes, penalties, and interest against the property and  
 8-22 included in the judgment; and

8-23 (2) does not affect the personal liability of any  
 8-24 person for those taxes, penalties, and interest included in the  
 8-25 judgment that are not satisfied from the proceeds of the sale.

8-26 (m) A municipality, and any taxing unit levying property  
 8-27 taxes within the geographical jurisdiction of the municipality, may  
 8-28 convey tax foreclosed real property owned by the municipality or  
 8-29 the taxing unit to the land bank on terms and for an amount of  
 8-30 consideration determined by the transferor and the land bank.

8-31 (n) A bid submitted by a land bank in accordance with this  
 8-32 section is considered a bid for the amount calculated under Section  
 8-33 34.01(b), Tax Code, and must be received in accordance with Section  
 8-34 34.01(j), Tax Code.

8-35 Sec. 379H.156. REDEMPTION BY OWNER OF FORECLOSED PROPERTY.

8-36 (a) The owner of real property sold to a land bank under Section  
 8-37 379H.155 may redeem the property in the manner prescribed for  
 8-38 owners of real property sold at a tax sale to a purchaser other than  
 8-39 a taxing unit under Section 34.21, Tax Code.

8-40 (b) The price to be paid by the owner of real property sold  
 8-41 to a land bank under this section to redeem the property shall be in  
 8-42 the amounts set forth in Sections 34.21(a) and (e), Tax Code. For  
 8-43 the purposes of calculating the price, the bid paid by the land bank  
 8-44 shall be the aggregate amount of the land bank's bid as described by  
 8-45 Section 379H.155(b).

8-46 (c) If the owner of real property sold to a land bank under  
 8-47 Section 379H.155 redeems the property by paying to the land bank the  
 8-48 full amount required to redeem as set forth in Sections 34.21(a) and  
 8-49 (e), Tax Code, the land bank shall:

8-50 (1) retain an amount equal to the amount paid in cash  
 8-51 by the land bank in accordance with Section 379H.155;

8-52 (2) retain any redemption premium and any reasonable  
 8-53 costs the land bank may have expended on maintenance or  
 8-54 environmental remediation of the property being redeemed; and

8-55 (3) remit to the county assessor-collector any  
 8-56 remaining amounts to be distributed among the taxing units that  
 8-57 were parties to the judgment of foreclosure in an amount equal to  
 8-58 the proportion of each taxing unit's taxes, penalties, and interest  
 8-59 due in accordance with the judgment of foreclosure.

8-60 Sec. 379H.157. DISPOSITION OF PROPERTY GENERALLY. (a) A  
 8-61 land bank may convey, exchange, sell, transfer, lease as lessor,  
 8-62 grant, release and demise, pledge, or hypothecate any interest in,  
 8-63 on, or to real property of the land bank.

8-64 (b) A municipality may, in the ordinance creating a land  
 8-65 bank, require that a particular form of disposition of real  
 8-66 property of the land bank, or any disposition of real property  
 8-67 located within a specified jurisdiction of the municipality, be  
 8-68 subject to specified voting and approval requirements of the board.  
 8-69 Unless restricted under this subsection, the board may delegate to

9-1 officers and employees the authority to enter into and execute  
9-2 agreements, instruments of conveyance, and all other related  
9-3 documents pertaining to the conveyance of real property by the land  
9-4 bank.

9-5 (c) A land bank shall determine the terms, conditions, form,  
9-6 and substance of consideration necessary and appropriate to convey,  
9-7 exchange, sell, transfer, lease as lessor, grant, or mortgage as  
9-8 mortgagor any interest in, on, or to real property of the land bank.  
9-9 Consideration may take the form of monetary payments and secured  
9-10 financial obligations, covenants, and conditions related to the  
9-11 present and future use of the property, deed covenants and  
9-12 limitations, contractual commitments of the transferee, mortgage  
9-13 financing, defeasible fees, and other forms of consideration as  
9-14 determined by the board to be in the best interests of the land  
9-15 bank. The board shall determine and state in the land bank's  
9-16 policies and procedures the general terms for consideration to be  
9-17 received by the land bank for the transfer of real property of the  
9-18 land bank.

9-19 (d) The board may authorize in the board's policies  
9-20 governing the disposition of land bank property a program for the  
9-21 disposition of land bank property to owners of contiguous  
9-22 properties.

9-23 (e) A municipality may recommend that a land bank created by  
9-24 the municipality, and the land bank may in the land bank's own  
9-25 policies and procedures, establish a hierarchical ranking of  
9-26 priorities for the use of real property conveyed by the land bank,  
9-27 including use for:

- 9-28 (1) purely public spaces and places;
- 9-29 (2) flood reduction, storm water retention and  
9-30 drainage, and storm resiliency;
- 9-31 (3) affordable housing, workforce housing, or public  
9-32 service housing;
- 9-33 (4) community-based economic development, including  
9-34 retail, commercial, and industrial activities;
- 9-35 (5) food desert solutions;
- 9-36 (6) beautification and public art, parks, and  
9-37 recreation;
- 9-38 (7) conservation areas; and
- 9-39 (8) community land trusts or other public entities.

9-40 Sec. 379H.158. DISPOSITION OF PROPERTY FOR FLOOD CONTROL  
9-41 AND STORM WATER DRAINAGE AND PLANNING. (a) A land bank may convey  
9-42 to a public entity such as a flood control district or a municipal  
9-43 parks and recreation department real property held by the land  
9-44 bank:

- 9-45 (1) for which the highest and best use is flood control  
9-46 or storm water retention or drainage; and
- 9-47 (2) that, as a result of housing and building code  
9-48 restrictions, flood plain elevations, other local, state, or  
9-49 federal laws, or public or private agreements, conditions, and  
9-50 limitations, is no longer capable of being developed or  
9-51 redeveloped.

9-52 (b) The transfer of real property by a land bank under this  
9-53 section may be:

- 9-54 (1) by grant, deed lease, or other conveyance and may  
9-55 include additional limitations, restrictions, and conditions  
9-56 determined by the land bank; and
- 9-57 (2) for nominal consideration, for consideration  
9-58 consisting of contractual commitments, for an exchange of real  
9-59 properties, or for other consideration determined by the land bank.

9-60 Sec. 379H.159. AFFORDABLE HOUSING REQUIREMENT. A land bank  
9-61 created under this chapter shall adopt a policy requiring not less  
9-62 than 70 percent of real property conveyed for residential purposes  
9-63 to the land bank be deed restricted for housing that is affordable  
9-64 to households with an income of not greater than 80 percent of the  
9-65 area median family income, adjusted for household size, for the  
9-66 municipality, as determined annually by the United States  
9-67 Department of Housing and Urban Development, unless otherwise  
9-68 required by:

- 9-69 (1) the governing body of the municipality for which

10-1 the land bank is created;

10-2 (2) a source of funding; or

10-3 (3) a transferor of an interest in the real property.

10-4 SUBCHAPTER E. FINANCING OF LAND BANK OPERATIONS

10-5 Sec. 379H.201. GENERAL FINANCING. (a) A land bank may  
 10-6 receive funding through grants and loans from the municipality that  
 10-7 created the land bank, other municipalities, this state, the  
 10-8 federal government, and other public or private sources.

10-9 (b) A land bank may receive and retain payments for services  
 10-10 rendered, for rents and leasehold payments received, for  
 10-11 consideration for disposition of real and personal property, for  
 10-12 proceeds of insurance coverage for losses incurred, for income from  
 10-13 investments, and for any other asset or activity permitted under  
 10-14 this chapter.

10-15 Sec. 379H.202. SALE OF LAND BANK PROPERTY. At the time a  
 10-16 land bank sells or otherwise disposes of real property, the  
 10-17 proceeds from the sale, if any, shall be allocated to operations and  
 10-18 expenses of the land bank.

10-19 Sec. 379H.203. TAX PENALTY FINANCING. The governing  
 10-20 authority of the municipality that created the land bank, and a  
 10-21 taxing unit within the geographical boundaries of the municipality,  
 10-22 may increase the amount of the penalty imposed for the nonpayment of  
 10-23 real property taxes of the municipality levied within that  
 10-24 jurisdiction under Section 33.01, Tax Code, by increasing the  
 10-25 penalty amount on delinquent taxes on July 1, as described by  
 10-26 Section 33.01(a), Tax Code, from 12 percent to 14 percent. The  
 10-27 supplemental penalty authorized by this subsection applies only to  
 10-28 properties not owned and occupied as a residence homestead as  
 10-29 defined by Section 11.13(j)(1), Tax Code. If the supplemental  
 10-30 penalty is authorized and collected, all such supplemental revenue  
 10-31 must be transferred to the land bank.

10-32 Sec. 379H.204. COLLECTION OF TAXES ON PROPERTY CONVEYED BY  
 10-33 LAND BANK. Not more than 75 percent of the real property taxes the  
 10-34 municipality that created the land bank collected on real property,  
 10-35 excluding any school district or county ad valorem tax, conveyed by  
 10-36 a land bank under the laws of this state shall be remitted to the  
 10-37 land bank. The real property taxes of any other taxing unit, as to  
 10-38 real property of the land bank, may also be allocated to the land  
 10-39 bank in a similar manner under an interlocal agreement between the  
 10-40 other taxing unit and the land bank. The specific percentage of  
 10-41 those taxes to be remitted shall be established by ordinance,  
 10-42 resolution, or interlocal cooperation agreement of the land bank.  
 10-43 The allocation of property tax revenue shall begin with the first  
 10-44 taxable year following the date of conveyance and shall continue  
 10-45 for a period of five years. The funds shall be remitted to the land  
 10-46 bank in accordance with the administrative procedures established  
 10-47 by the assessor-collector of the county in which the land bank is  
 10-48 located. The allocation of property tax revenue may not occur if  
 10-49 those taxes have been previously allocated to a tax increment  
 10-50 reinvestment zone, or to secure a debt of the municipality or other  
 10-51 taxing unit, unless the municipality or other taxing unit enters  
 10-52 into an agreement with the land bank for the remittance of those  
 10-53 funds to the land bank. Any property tax revenue allocated to the  
 10-54 land bank under this subsection shall be excluded from the  
 10-55 calculation of ad valorem tax revenue under the municipality's  
 10-56 charter.

10-57 Sec. 379H.205. ISSUANCE OF BONDS. (a) A land bank may  
 10-58 issue bonds for the land bank's purposes. The principal and  
 10-59 interest of bonds issued under this section are payable from the  
 10-60 land bank's general revenue. Any bonds issued under this section  
 10-61 may be secured by a pledge of any revenue, including grants or  
 10-62 contributions from this state, the federal government, or any  
 10-63 agency or instrumentality of this state or the federal government,  
 10-64 or by a mortgage of any real property of the land bank.

10-65 (b) Bonds issued by a land bank are negotiable instruments  
 10-66 under the law.

10-67 (c) Bonds of a land bank issued under this section and the  
 10-68 income from those bonds shall at all times be free from taxation for  
 10-69 state or local purposes under any provision of state law.

11-1 (d) Bonds issued by a land bank must be authorized by  
 11-2 resolution of the board and shall be limited obligations of the land  
 11-3 bank. A land bank may not issue bonds unless authorized by the  
 11-4 municipality for which the land bank is created.

11-5 (e) The principal and interest, costs of issuance, and other  
 11-6 costs incidental to bonds issued under this section shall be  
 11-7 payable solely from the income and revenue derived from the sale,  
 11-8 lease, or other disposition of the assets of the land bank.

11-9 (f) In the discretion of the land bank, the bonds may be  
 11-10 additionally secured by mortgage or other security device covering  
 11-11 all or part of the project from which the revenue pledged may be  
 11-12 derived.

11-13 (g) Any refunding bonds issued shall be payable from any  
 11-14 source described by this section or from the investment of any of  
 11-15 the proceeds of the refunding bonds, may not constitute an  
 11-16 indebtedness or pledge of the general credit of a municipality or  
 11-17 any other governmental entity within the meaning of any  
 11-18 constitutional or statutory limitation of indebtedness, and must  
 11-19 contain a recital to that effect.

11-20 (h) Bonds of the land bank may be issued in the form, may be  
 11-21 in the denominations, may bear interest, may mature in the manner,  
 11-22 and may be executed by one or more members of the board as provided  
 11-23 by the resolution authorizing the issuance of the bonds. The bonds  
 11-24 may be subject to redemption at the option of and in the manner  
 11-25 determined by the board in the resolution authorizing the issuance  
 11-26 of the bonds.

11-27 (i) The municipality in which a land bank operates may  
 11-28 guarantee, insure, or otherwise become primarily or secondarily  
 11-29 obligated on the indebtedness of the land bank subject to all other  
 11-30 provisions of state law applicable to municipal indebtedness.

11-31 (j) Bonds issued by a land bank shall be issued, sold, and  
 11-32 delivered in accordance with the terms and provisions of a  
 11-33 resolution adopted by the board. The board of a land bank may sell  
 11-34 the bonds in a manner, either at public or at private sale, and for a  
 11-35 price as the board determines to be in the best interests of the  
 11-36 land bank. The resolution issuing bonds shall be published in a  
 11-37 newspaper of general circulation within the jurisdiction of the  
 11-38 land bank.

11-39 (k) A board member or a person executing the bonds is not  
 11-40 liable personally on any bonds by reason of the issuance of the  
 11-41 bonds. The bonds or other obligations of the land bank are not a  
 11-42 debt of the municipality that created the land bank or of this state  
 11-43 and must state so on their face. The municipality, this state, or  
 11-44 any revenue or any property of a municipality or this state is not  
 11-45 liable for the bond.

11-46 SECTION 2. Section 379E.002, Local Government Code, is  
 11-47 amended to read as follows:

11-48 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER LAW.  
 11-49 This chapter applies only to a municipality:

11-50 (1) to which Chapter 379C or 379H [~~or 379D~~] does not  
 11-51 apply; and

11-52 (2) that has not ever adopted a homestead land bank  
 11-53 program under Subchapter E, Chapter 373A.

11-54 SECTION 3. Chapter 379D, Local Government Code, is  
 11-55 repealed.

11-56 SECTION 4. The Houston Land Bank, a public nonprofit  
 11-57 corporation evidenced by its amended and restated Certificate of  
 11-58 Formation dated September 26, 2018, as filed with the Secretary of  
 11-59 State under File No. 155688901, under ordinance dated HCD 18-51,  
 11-60 approved and adopted by the city council of the City of Houston on  
 11-61 July 25, 2018, and originally created as the Land Assemblage  
 11-62 Redevelopment Authority under Subchapter D, Chapter 431,  
 11-63 Transportation Code, is a land bank under Chapter 379H, Local  
 11-64 Government Code, as added by this Act, and shall continue to possess  
 11-65 the statutory authorization by which it was originally created  
 11-66 under Subchapter D, Chapter 431, Transportation Code. All actions  
 11-67 of the board of directors and employees of the Houston Land Bank,  
 11-68 all contracts, agreements, services, and real property  
 11-69 acquisitions and dispositions taken before the effective date of

12-1 this Act shall remain unaffected by the adoption of an ordinance  
12-2 under Chapter 379H, Local Government Code, as added by this Act.  
12-3 SECTION 5. This Act takes effect September 1, 2019.

12-4

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