

By: Thompson of Harris

H.B. No. 3732

A BILL TO BE ENTITLED

AN ACT

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

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

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

CHAPTER 379F. URBAN LAND BANK PROGRAM IN MUNICIPALITY WITH
POPULATION OF TWO MILLION OR MORE
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 379F.001. SHORT TITLE. This chapter may be cited as the Urban Land Bank Program for a Municipality with a Population of Two Million or More.

Sec. 379F.002. APPLICABILITY OF CHAPTER. This chapter applies only to a municipality with a population of two million or more.

Sec. 379F.003. DEFINITIONS. In this chapter:

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

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

(3) "Non-qualifying municipality" means a municipality to which this chapter does not apply and that is located in the same county in which a municipality to which this

1 chapter does apply is predominantly located.

2 (4) "Real property" means land, land under water, and
3 any structure, easement, air rights, franchise, or incorporeal
4 hereditament, every estate, interest, and right therein, legal and
5 equitable, including terms for years and liens by way of judgment,
6 mortgage, or otherwise, and any fixture or improvement located
7 thereon.

8 Sec. 379F.004. APPLICABILITY OF OTHER LAW. A land bank
9 created under this chapter:

10 (1) is:

11 (A) a governmental unit, as defined by Section
12 101.001, Civil Practice and Remedies Code;

13 (B) a local government corporation, as defined by
14 Section 431.003, Transportation Code; and

15 (C) a public nonprofit corporation that has and
16 may exercise all of the rights, powers, privileges, authority, and
17 functions given by the general laws of this state to nonprofit
18 corporations in this state;

19 (2) is not:

20 (A) a program created or operating under Chapter
21 373 or 374; or

22 (B) a housing finance corporation created under
23 Chapter 394; and

24 (3) must comply with the requirements of Chapters 551
25 and 552, Government Code.

26 Sec. 379F.005. PURPOSE. A land bank created under this
27 chapter exists for the purpose of acquiring, managing, and

1 disposing of vacant, abandoned, and deteriorated properties and
2 returning those properties to productive uses, including
3 affordable housing, workforce housing, public service housing,
4 community-based economic development, food desert solutions,
5 beautification and public art, parks and recreation, flood
6 reduction and storm resiliency, and other uses necessary and
7 appropriate to stabilize communities, improve living conditions,
8 and protect against the displacement of residents of the
9 municipality served by the land bank.

10 Sec. 379F.006. CONSTRUCTION. This chapter shall be
11 construed liberally to carry out the intended purposes as a
12 complete and independent authorization for the performance of each
13 and every act and thing authorized by this chapter, and all powers
14 granted shall be broadly interpreted to carry out the intended
15 purposes and not as a limitation of powers. Except as otherwise
16 provided by this chapter, a land bank, in the exercise of its powers
17 and duties under this chapter and with respect to real property held
18 by the land bank, has the same amount of control as if the land bank
19 represented a private property owner, and the land bank is not
20 subject to restrictions imposed by the charter, ordinances, or
21 resolutions of a local unit of government.

22 SUBCHAPTER B. BOARD OF DIRECTORS

23 Sec. 379F.051. COMPOSITION OF BOARD. The size, membership,
24 composition, and officers of the board of directors of a land bank,
25 and methods of appointment to the board, must be established by the
26 certificate of formation and the bylaws of the land bank.

27 Sec. 379F.052. ELIGIBILITY FOR MEMBERSHIP. (a) In this

1 section, "public officer" means an individual who is elected to a
2 municipal office.

3 (b) A municipal employee is eligible to serve as a member of
4 the board, and notwithstanding any law to the contrary, a public
5 officer is eligible to serve as a member of the board and acceptance
6 of the appointment will neither terminate nor impair service in the
7 public office.

8 Sec. 379F.053. MEETINGS; ATTENDANCE. (a) The board shall
9 meet in regular session according to a schedule adopted by the
10 board.

11 (b) The board may meet in a special session:

12 (1) convened by the president of the board in
13 accordance with the bylaws of the board; or

14 (2) on written notice signed by a majority of the board
15 members.

16 (c) The presence of a majority of the board's total
17 membership constitutes a quorum for any regular or special session.

18 (d) The board shall establish rules related to the
19 attendance and participation of members in regular or special
20 meetings of the board. Rules adopted under this subsection may
21 provide for the removal from office of a member for failure to
22 comply with the rules if a majority of the remaining members of the
23 board vote for the removal. Removal under this subsection takes
24 effect the first day of the calendar month following the date of the
25 vote. A person removed under this subsection is ineligible for
26 reappointment to the board unless reappointment is confirmed
27 unanimously by the board.

1 Sec. 379F.054. BOARD ACTIONS. (a) Subject to Subsection
2 (b), actions of the board must be approved by the affirmative vote
3 of a quorum of the board.

4 (b) Action on the following matters requires approval by a
5 majority of the total membership of the board:

6 (1) adoption of bylaws or rules for conduct of the
7 business of the land bank for which the board serves;

8 (2) hiring or firing of any employee or contractor of
9 the land bank for which the board serves;

10 (3) incurring debt;

11 (4) adoption or amendment of the annual budget; and

12 (5) sale, lease, encumbrance, or alienation of or
13 improvements to real or personal property with a value of more than
14 \$50,000.

15 (c) By majority vote, the board may delegate the hiring and
16 firing of employees and contractors to a specific officer or
17 committee of the land bank for which the board serves, under terms
18 and to the extent specified by the board.

19 (d) A board member may not vote by proxy.

20 (e) A board member may request a recorded vote on any
21 resolution or action of the land bank.

22 Sec. 379F.055. CONFLICT OF INTEREST. (a) A board member or
23 employee of a land bank may not:

24 (1) acquire any direct or indirect interest in real
25 property of the land bank, in any real property to be acquired by
26 the land bank, or in any real property to be acquired from the land
27 bank; or

1 (2) have any direct or indirect interest in any
2 contract or proposed contract for materials or services to be
3 furnished or used by the land bank.

4 (b) The provisions of the former Texas Non-Profit
5 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
6 Statutes) related to powers, standards of conduct, and interests in
7 contracts apply to the directors and officers of the land bank.

8 (c) The board may adopt supplemental rules addressing
9 potential conflicts of interest and ethical guidelines for board
10 members and land bank employees.

11 Sec. 379F.056. COMPENSATION; REIMBURSEMENT. (a) Board
12 members serve without compensation.

13 (b) The board may reimburse a member for expenses actually
14 incurred in the performance of duties on behalf of the land bank.

15 SUBCHAPTER C. CREATION, OPERATION, AND DISSOLUTION OF LAND BANK

16 Sec. 379F.101. CREATION OF LAND BANK. The governing body
17 of a municipality may create a land bank by the adoption of an
18 ordinance approving the land bank's certificate of formation and
19 bylaws.

20 Sec. 379F.102. GENERAL POWERS OF LAND BANK. (a) A land
21 bank has all powers necessary to carry out the purposes of this
22 chapter, including the power to:

23 (1) adopt, amend, and repeal bylaws for the regulation
24 of the land bank's affairs and the conduct of the land bank's
25 business;

26 (2) sue and be sued in the land bank's own name and
27 plead and be interpleaded in all civil actions, including actions

- 1 to clear title to real property of the land bank;
2 (3) adopt and alter a seal;
3 (4) borrow funds necessary for the operation of the
4 land bank from private lenders, municipalities, this state, and the
5 federal government;
6 (5) adopt any policy for procurement that is
7 recognized under state law and permitted for governmental entities,
8 including a policy recognized under Chapters 252 and 271 of this
9 code, Chapter 431, Transportation Code, and Chapters 2254 and 2269,
10 Government Code;
11 (6) issue negotiable revenue bonds and notes under
12 this chapter;
13 (7) procure insurance or guarantees from this state or
14 the federal government of the payments of any debts or parts of
15 debts incurred by the land bank and pay premiums in connection with
16 those debts;
17 (8) enter into contracts and other agreements
18 necessary, incidental, or convenient to the performance of the land
19 bank's duties and the exercise of the land bank's powers, including
20 governmental agreements under Subchapter D, Chapter 431,
21 Transportation Code, or interlocal contracts under Section
22 791.011, Government Code, for the joint exercise of powers under
23 this chapter;
24 (9) enter into contracts and other agreements with the
25 municipality that created the land bank for the performance of
26 services in accordance with Chapter 311, Tax Code;
27 (10) make and execute contracts and other instruments

1 necessary or convenient to the exercise of the land bank's powers;

2 (11) procure insurance against losses in connection
3 with the real property, assets, or activities of the land bank;

4 (12) invest money of the land bank, at the discretion
5 of the board, in instruments, obligations, securities, or property
6 determined proper by the board and name and use depositories for the
7 land bank's money;

8 (13) enter into contracts for the management of,
9 collection of rent from, or sale of real property of the land bank;

10 (14) design, develop, construct, demolish,
11 reconstruct, rehabilitate, renovate, relocate, or otherwise
12 improve real property of the land bank;

13 (15) set, charge, and collect rents, fees, and charges
14 for the use of real property of the land bank and for services
15 provided by the land bank;

16 (16) finance by loan, grant, lease, or otherwise
17 refinance, construct, erect, assemble, purchase, acquire, own,
18 repair, remodel, rehabilitate, modify, maintain, extend, improve,
19 install, sell, equip, expand, add to, operate, or manage real
20 property of the land bank and pay the costs of those activities from
21 the proceeds of loans by persons, corporations, limited or general
22 partnerships, and other entities;

23 (17) grant or acquire a license, easement, lease, as
24 lessor or lessee, or option with respect to real property of the
25 land bank;

26 (18) enter into partnerships, joint ventures, and
27 other collaborative relationships with the municipality that

1 created the land bank and other public and private entities for the
2 ownership, management, development, and disposition of real
3 property of the land bank;

4 (19) make application directly or indirectly to any
5 federal, state, county, or municipal government or agency or to any
6 other public or private source for loans, grants, guarantees, or
7 other financial assistance in furtherance of the land bank's public
8 purpose and accept and use the loans, grants, guarantees, or
9 financial assistance on terms prescribed by that federal, state,
10 county, or municipal government or agency or other source;

11 (20) as security for the repayment of any notes or
12 other obligations of the land bank, pledge, mortgage, convey,
13 assign, hypothecate, or otherwise encumber any property of the land
14 bank, including real property, fixtures, personal property,
15 revenue, and other funds, and execute any lease, trust indenture,
16 trust agreement, agreement for the sale of the land bank's notes of
17 other obligation, loan agreement, mortgage, security agreement, or
18 other agreement necessary or desirable as determined by the land
19 bank; and

20 (21) hold title to real property for purposes of
21 establishing contracts with public and private nonprofit community
22 land trusts, including long-term lease contracts.

23 (b) A land bank may not:

24 (1) exercise the power of eminent domain; or

25 (2) acquire real property outside the geographical
26 boundaries of the municipality that created the land bank.

27 Sec. 379F.103. RESOLUTION OF COMPLEX TITLE QUESTIONS. A

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

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

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

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

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

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

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

27 (1) an inventory of all real property held by the land

1 bank;

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

4 (3) a copy of the performance report filed under
5 Subsection (e).

6 (c) Not later than the 90th day after the end of the fiscal
7 year of the municipality that created the land bank, the land bank
8 shall file with the municipality an annual audited financial
9 statement prepared by a certified public accountant.

10 (d) Financial transactions of a land bank are subject to
11 audit by the municipality that created the land bank.

12 (e) For purposes of evaluating the effectiveness of a land
13 bank created under this chapter, a land bank shall submit an annual
14 performance report to the municipality that created the land bank
15 not later than November 1 of each year in which the land bank
16 acquires or sells real property in accordance with this chapter.

17 Sec. 379F.106. STAFF. (a) A land bank may employ an
18 executive director, counsel and legal staff, technical experts, and
19 other agents and employees, permanent or temporary, that the land
20 bank may require and may determine the qualifications and set the
21 compensation and benefits of each of those persons.

22 (b) A land bank may enter into contracts and agreements with
23 municipalities for staffing services to be provided to the land
24 bank by those municipalities or for the land bank to provide such
25 staffing services to those municipalities.

26 Sec. 379F.107. ADVISORY COMMITTEE AND NEIGHBORHOOD
27 CONSULTATION. (a) A land bank shall create one or more advisory

1 committees to consult with and advise the land bank on:

2 (1) properties within the municipality served by the
3 land bank that are imposing the greatest harm on neighborhoods and
4 communities in the municipality;

5 (2) neighborhood priorities for new uses of those
6 properties; and

7 (3) the range of potential transferees of those
8 properties.

9 (b) As appropriate to the location of the real property of
10 the land bank, advisory committee membership and neighborhood
11 consultations shall include formal and informal
12 neighborhood-specific community associations, residents'
13 associations, faith communities, community development
14 corporations, and anchor institutions.

15 Sec. 379F.108. DISSOLUTION OF LAND BANK. (a) A land bank
16 may be dissolved no earlier than the 60th day after the date an
17 affirmative resolution to dissolve the land bank is approved by
18 two-thirds of the membership of the board and confirmed by
19 resolution of the municipality that created the land bank.

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

22 (1) provide to the governing body of the municipality
23 that created the land bank written notice of the board's intent to
24 vote on a resolution for dissolution of the land bank;

25 (2) publish the notice in a local newspaper of general
26 circulation; and

27 (3) send the notice by certified mail to the trustee of

1 any outstanding bonds of the land bank.

2 (c) On dissolution of the land bank, all real property,
3 personal property, and other assets and obligations of the land
4 bank become the assets and obligations of the municipality that
5 created the land bank.

6 SUBCHAPTER D. ACQUISITION AND DISPOSITION OF PROPERTY

7 Sec. 379F.151. TAX EXEMPT STATUS OF LAND BANK PROPERTY. The
8 real property of a land bank, including real property held by a land
9 bank under a long-term lease contract with a community land trust,
10 and the land bank's income and operations are exempt as public
11 property used for public purposes from all license fees, recording
12 fees, and all other taxes imposed by this state or by political
13 subdivisions of this state.

14 Sec. 379F.152. TITLE HELD BY LAND BANK. All real property
15 acquired by a land bank must be held in the name of the land bank.

16 Sec. 379F.153. QUIET TITLE ACTIONS. (a) A land bank may
17 file an action to quiet title as to any real property in which the
18 land bank has an interest. For purposes of a quiet title action,
19 the land bank is considered to be the holder of sufficient legal and
20 equitable interests and possessory rights to qualify the land bank
21 as an adequate complainant in the action.

22 (b) Before filing an action to quiet title, the land bank
23 shall conduct an examination of title to determine the identity of
24 all persons and entities possessing a claim or interest in or to the
25 real property. Service of the complaint to quiet title shall be
26 provided to the interested parties by the following methods:

27 (1) by first class mail to an identity and address as

1 reasonably ascertainable by an inspection of public records;

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

4 (3) by posting a copy of the notice on the real
5 property;

6 (4) by publication in a newspaper of general
7 circulation in the municipality in which the property is located;
8 and

9 (5) by another method the court may order.

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

13 (d) A court hearing an action under this section shall:

14 (1) schedule a hearing on the complaint not later than
15 the 90th day after the date of the filing of the complaint; and

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

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

21 Sec. 379F.154. ACQUISITION OF PROPERTY GENERALLY. (a) A
22 land bank may acquire real property by gift, devise, transfer,
23 exchange, foreclosure, purchase, purchase contracts, lease
24 purchase agreements, installment sales contracts, land contracts,
25 or transfers from a municipality on terms as agreed by the land bank
26 and the municipality, or through any other means on terms and in a
27 manner the land bank considers appropriate.

1 (b) Notwithstanding any other law to the contrary, a
2 municipality served by a land bank or a non-qualifying municipality
3 that has entered into an interlocal contract with a land bank under
4 Section 379F.104 may transfer to the land bank real property of the
5 municipality or non-qualifying municipality on terms and according
6 to procedures determined by the municipality or non-qualifying
7 municipality.

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

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

16 Sec. 379F.155. ACQUISITION OF FORECLOSED OR SEIZED
17 PROPERTY. (a) In this section, "taxing unit" has the meaning
18 assigned by Section 1.04, Tax Code.

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

22 (1) must be in an amount not less than the amount
23 calculated under Section 34.01(b), Tax Code; and

24 (2) may be submitted in writing in advance of the
25 auction or tendered in person at the auction.

26 (c) If the bid submitted under Subsection (b) is the highest
27 bid received at the sale, the land bank:

1 (1) shall:

2 (A) pay in cash the amount of the costs and
3 expenses as described by Section 33.48, Tax Code, and any penalties
4 described by Section 33.07 or 33.08, Tax Code; or

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

9 (2) is entitled to credit bid that portion of the bid
10 amount consisting of the amount of the taxes, penalties, and
11 interest set forth in the judgment.

12 (d) A taxing unit that is a party to a judgment of
13 foreclosure for property sold at auction may request that the
14 selling officer bid off the property to the taxing unit in the
15 manner provided by Section 34.01(j), Tax Code, and, if the request
16 is granted, the transfer to the taxing unit prevails over a bid by
17 the land bank if the land bank's bid is the only bid sufficient to
18 satisfy the minimum bid described by Section 34.01(j), Tax Code.

19 (e) The aggregate amount of all credit bids in a calendar
20 year shall be considered satisfied by the aggregate expenditure in
21 that calendar year of an amount equal to or greater than the credit
22 bid amount, which expenditures are attributable directly and
23 indirectly to maintenance, rehabilitation, construction,
24 demolition, and remediation activities. As to any specific tract
25 of property acquired by the credit bid and transferred by a land
26 bank to a public entity described by Section 379F.158(a), the
27 credit bid shall be considered satisfied by that transfer.

1 (f) A land bank may submit a written request to a taxing unit
2 at any time for the commencement of tax foreclosure proceedings for
3 delinquent taxes on real property. The request must include a
4 commitment to tender a bid in the amount specified under Subsection
5 (b). On receipt of the written request, the taxing unit, or the
6 governmental office acting on behalf of the taxing unit, shall
7 commence enforcement proceedings in accordance with Section 33.41,
8 Tax Code.

9 (g) If there is no private third party bid in an amount more
10 than the bid of the land bank, the real property must be sold to the
11 land bank.

12 (h) A sale to a land bank under this section is not a sale to
13 a taxing unit under Section 34.01(j) or (p) or 34.21, Tax Code.

14 (i) A land bank may bid an amount higher than the amount
15 calculated under Section 34.01(b), Tax Code, and if that higher bid
16 amount is the highest successful bid, the land bank shall pay the
17 full amount of the bid in cash.

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

1 was recorded before January 1 of the year the tax lien arose.

2 (k) A sale of real property to a land bank under this
3 section:

4 (1) extinguishes each lien securing payment of the
5 delinquent taxes, penalties, and interest against the property and
6 included in the judgment; and

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

10 (1) A municipality, and any taxing unit levying property
11 taxes within the geographical jurisdiction of the municipality, may
12 convey tax foreclosed real property owned by the municipality or
13 the taxing unit to the land bank on terms and for an amount of
14 consideration determined by the transferor and the land bank.

15 Sec. 379F.156. REDEMPTION BY OWNER OF FORECLOSED PROPERTY.

16 (a) The owner of real property sold to a land bank under Section
17 379F.155 may redeem the property in the manner prescribed for
18 owners of real property sold at a tax sale to a purchaser other than
19 a taxing unit under Section 34.21, Tax Code.

20 (b) The price to be paid by the owner of real property sold
21 to a land bank under this section to redeem the property shall be in
22 the amounts set forth in Sections 34.21(a) and (e), Tax Code. For
23 the purposes of calculating the price, the bid paid by the land bank
24 shall be the aggregate amount of the land bank's bid as described by
25 Section 379F.155(b).

26 (c) If the owner of real property sold to a land bank under
27 Section 379F.155 redeems the property by paying to the land bank the

1 full amount required to redeem as set forth in Sections 34.21(a) and
2 (e), Tax Code, the land bank shall:

3 (1) retain an amount equal to the amount paid in cash
4 by the land bank in accordance with Section 379F.155;

5 (2) retain any redemption premium and any reasonable
6 costs the land bank may have expended on maintenance or
7 environmental remediation of the property being redeemed; and

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

13 Sec. 379F.157. DISPOSITION OF PROPERTY GENERALLY. (a) A
14 land bank may convey, exchange, sell, transfer, lease as lessor,
15 grant, release and demise, pledge, or hypothecate any interest in,
16 on, or to real property of the land bank.

17 (b) A municipality may, in the ordinance creating a land
18 bank, require that a particular form of disposition of real
19 property of the land bank, or any disposition of real property
20 located within a specified jurisdiction of the municipality, be
21 subject to specified voting and approval requirements of the board.
22 Unless restricted under this subsection, the board may delegate to
23 officers and employees the authority to enter into and execute
24 agreements, instruments of conveyance, and all other related
25 documents pertaining to the conveyance of real property by the land
26 bank.

27 (c) A land bank shall determine the terms, conditions, form,

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

14 (d) The board may authorize in the board's policies
15 governing the disposition of land bank property a program for the
16 disposition of land bank property to owners of contiguous
17 properties.

18 (e) A municipality may recommend that a land bank created by
19 the municipality, and the land bank may in the land bank's own
20 policies and procedures, establish a hierarchical ranking of
21 priorities for the use of real property conveyed by the land bank,
22 including use for:

23 (1) purely public spaces and places;

24 (2) flood reduction, storm water retention and
25 drainage, and storm resiliency;

26 (3) affordable housing, workforce housing, or public
27 service housing;

1 (4) community-based economic development, including
2 retail, commercial, and industrial activities;

3 (5) food desert solutions;

4 (6) beautification and public art, parks, and
5 recreation;

6 (7) conservation areas; and

7 (8) community land trusts or other public entities.

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

13 (1) for which the highest and best use is flood control
14 or storm water retention or drainage; and

15 (2) that, as a result of housing and building code
16 restrictions, flood plain elevations, other local, state, or
17 federal laws, or public or private agreements, conditions, and
18 limitations, is no longer capable of being developed or
19 redeveloped.

20 (b) The transfer of real property by a land bank under this
21 section may be:

22 (1) by grant, deed lease, or other conveyance and may
23 include additional limitations, restrictions, and conditions
24 determined by the land bank; and

25 (2) for nominal consideration, for consideration
26 consisting of contractual commitments, for an exchange of real
27 properties, or for other consideration determined by the land bank.

1 SUBCHAPTER E. FINANCING OF LAND BANK OPERATIONS

2 Sec. 379F.201. GENERAL FINANCING. (a) A land bank may
3 receive funding through grants and loans from the municipality that
4 created the land bank, other municipalities, this state, the
5 federal government, and other public or private sources.

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

12 Sec. 379F.202. SALE OF LAND BANK PROPERTY. At the time a
13 land bank sells or otherwise disposes of real property, the
14 proceeds from the sale, if any, shall be allocated to operations and
15 expenses of the land bank.

16 Sec. 379F.203. TAX PENALTY FINANCING. The governing
17 authority of the municipality that created the land bank, and a
18 taxing unit within the geographical boundaries of the municipality,
19 may increase the amount of the penalty imposed for the nonpayment of
20 real property taxes of the municipality levied within that
21 jurisdiction under Section 33.01, Tax Code, by increasing the
22 penalty amount on delinquent taxes on July 1, as described by
23 Section 33.01(a), Tax Code, from 12 percent to 14 percent or a
24 higher amount as determined by the municipality or taxing unit. The
25 supplemental penalty authorized by this subsection applies only to
26 properties not owned and occupied as a residence homestead as
27 defined by Section 11.13(j)(1), Tax Code. If the supplemental

1 penalty is authorized and collected, all such supplemental revenue
2 must be transferred to the land bank.

3 Sec. 379F.204. COLLECTION OF TAXES ON PROPERTY CONVEYED BY
4 LAND BANK. Not more than 75 percent of the real property taxes the
5 municipality that created the land bank collected on real property,
6 excluding any school district or county ad valorem tax, conveyed by
7 a land bank under the laws of this state shall be remitted to the
8 land bank. The real property taxes of any other taxing unit, as to
9 real property of the land bank, may also be allocated to the land
10 bank in a similar manner under an interlocal agreement between the
11 other taxing unit and the land bank. The specific percentage of
12 those taxes to be remitted shall be established by ordinance,
13 resolution, or interlocal cooperation agreement of the land bank.
14 The allocation of property tax revenue shall begin with the first
15 taxable year following the date of conveyance and shall continue
16 for a period of five years. The funds shall be remitted to the land
17 bank in accordance with the administrative procedures established
18 by the assessor-collector of the county in which the land bank is
19 located. The allocation of property tax revenue may not occur if
20 those taxes have been previously allocated to a tax increment
21 reinvestment zone, or to secure a debt of the municipality or other
22 taxing unit, unless the municipality or other taxing unit enters
23 into an agreement with the land bank for the remittance of those
24 funds to the land bank. Any property tax revenue allocated to the
25 land bank under this subsection shall be excluded from the
26 calculation of ad valorem tax revenue under the municipality's
27 charter.

1 Sec. 379F.205. ISSUANCE OF BONDS. (a) A land bank may
2 issue bonds for the land bank's purposes. The principal and
3 interest of bonds issued under this section are payable from the
4 land bank's general revenue. Any bonds issued under this section
5 may be secured by a pledge of any revenue, including grants or
6 contributions from this state, the federal government, or any
7 agency or instrumentality of this state or the federal government,
8 or by a mortgage of any real property of the land bank.

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

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

14 (d) Bonds issued by a land bank must be authorized by
15 resolution of the board and shall be limited obligations of the land
16 bank.

17 (e) The principal and interest, costs of issuance, and other
18 costs incidental to bonds issued under this section shall be
19 payable solely from the income and revenue derived from the sale,
20 lease, or other disposition of the assets of the land bank.

21 (f) In the discretion of the land bank, the bonds may be
22 additionally secured by mortgage or other security device covering
23 all or part of the project from which the revenue pledged may be
24 derived.

25 (g) Any refunding bonds issued shall be payable from any
26 source described by this section or from the investment of any of
27 the proceeds of the refunding bonds, may not constitute an

1 indebtedness or pledge of the general credit of a municipality or
2 any other governmental entity within the meaning of any
3 constitutional or statutory limitation of indebtedness, and must
4 contain a recital to that effect.

5 (h) Bonds of the land bank may be issued in the form, may be
6 in the denominations, may bear interest, may mature in the manner,
7 and may be executed by one or more members of the board as provided
8 by the resolution authorizing the issuance of the bonds. The bonds
9 may be subject to redemption at the option of and in the manner
10 determined by the board in the resolution authorizing the issuance
11 of the bonds.

12 (i) The municipality in which a land bank operates may
13 guarantee, insure, or otherwise become primarily or secondarily
14 obligated on the indebtedness of the land bank subject to all other
15 provisions of state law applicable to municipal indebtedness.

16 (j) Bonds issued by a land bank shall be issued, sold, and
17 delivered in accordance with the terms and provisions of a
18 resolution adopted by the board. The board of a land bank may sell
19 the bonds in a manner, either at public or at private sale, and for a
20 price as the board determines to be in the best interests of the
21 land bank. The resolution issuing bonds shall be published in a
22 newspaper of general circulation within the jurisdiction of the
23 land bank.

24 (k) A board member or a person executing the bonds is not
25 liable personally on any bonds by reason of the issuance of the
26 bonds. The bonds or other obligations of the land bank are not a
27 debt of the municipality that created the land bank or of this state

1 and must state so on their face. The municipality, this state, or
2 any revenue or any property of a municipality or this state is not
3 liable for the bond.

4 SECTION 2. Section 379E.002, Local Government Code, is
5 amended to read as follows:

6 Sec. 379E.002. APPLICABILITY; CONSTRUCTION WITH OTHER LAW.

7 This chapter applies only to a municipality:

8 (1) to which Chapter 379C or 379F [~~or 379D~~] does not
9 apply; and

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

12 SECTION 3. Chapter 379D, Local Government Code, is
13 repealed.

14 SECTION 4. The Houston Land Bank, a public nonprofit
15 corporation evidenced by its amended and restated Certificate of
16 Formation dated September 26, 2018, as filed with the Secretary of
17 State under File No. 155688901, under ordinance dated HCD 18-51,
18 approved and adopted by the city council of the City of Houston on
19 July 25, 2018, and originally created as the Land Assemblage
20 Redevelopment Authority under Subchapter D, Chapter 431,
21 Transportation Code, is a land bank under 379F, Local Government
22 Code, as added by this Act, and shall continue to possess the
23 statutory authorization by which it was originally created under
24 Subchapter D, Chapter 431, Transportation Code. All actions of the
25 board of directors and employees of the Houston Land Bank, all
26 contracts, agreements, services, and real property acquisitions
27 and dispositions taken before the effective date of this Act shall

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1 remain unaffected by the adoption of an ordinance under Chapter
2 379F, Local Government Code, as added by this Act.

3 SECTION 5. This Act takes effect September 1, 2019.