

## **BILL ANALYSIS**

H.B. 2236  
By: Hernandez  
County Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Land banks are public or community-owned entities created for the purpose of acquiring, managing, maintaining, and repurposing vacant, abandoned, and foreclosed properties which include abandoned houses, forgotten buildings, and empty lots. The state's usage of land banks began around two decades ago with an urban land bank demonstration program for Dallas, and with land bank authority subsequently being extended to all municipalities. Today, land banks play a critical role in developing property to help address affordable housing needs in growing communities. Communities outside of municipalities, however, are currently unable to benefit from the tools of a land bank. H.B. 2236 seeks to address this issue by providing for county land bank programs.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 1 of this bill.

### **ANALYSIS**

H.B. 2236 amends the Local Government Code to authorize the governing body of a county to adopt a land bank program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale for purposes of affordable housing development.

H.B. 2236 requires the governing body of a county that adopts a land bank program to establish or approve a land bank for the purpose of acquiring, holding, and transferring unimproved real property. The bill prohibits a land bank program established under the bill's provisions from operating in a municipality that has adopted an applicable urban land bank program or that operates a land bank as a local government corporation under the Texas Transportation Corporation Act.

H.B. 2236 sets out developer qualifications for participation in a land bank program under the bill's provisions. The bill requires a county that adopts a land bank program to operate the program in conformance with a land bank plan adopted annually by the county's governing body and sets out provisions relating to the amendment, development, and contents of a plan and to a required public hearing on a proposed plan.

H.B. 2236 authorizes property that is ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to a land bank by the officer charged with the sale of the property without first

offering the property for sale as otherwise provided by applicable Tax Code provisions under the following conditions:

- the market value of the property as specified in the judgment of foreclosure is less than the total amount due under the judgment, including all taxes, penalties, and interest, plus the value of nontax liens held by a taxing unit and awarded by the judgment, court costs, and the cost of the sale;
- the property is not improved with a building or buildings;
- there are delinquent taxes on the property for a total of at least five years; and
- the county has executed with the other taxing units that are parties to the tax suit an interlocal agreement that enables those units to agree to participate in the program while retaining the right to withhold consent to the sale of specific properties to the land bank.

The bill sets out provisions relating to such a private sale, including an exception to a sale.

H.B. 2236 sets out the required conditions for each subsequent resale by a land bank of property acquired by the land bank. The bill requires a land bank to impose deed restrictions on property sold to qualified participating developers requiring the development and subsequent sale or rental of the property to low income households and sets out related provisions regarding restrictions on the occupancy and use of a property. The bill requires a land bank to first offer a property for sale to qualified organizations, defined by the bill as a community housing development organization that meets certain criteria, and sets out provisions relating to such an organization's right of first refusal. The bill requires a land bank to comply with the requirements of state open meetings law and state public information law and sets out provisions relating to required records, annual audited financial statements, and an annual performance report of a land bank.

H.B. 2236 defines, among other terms, "affordable" to mean that the monthly mortgage payment or contract rent does not exceed 30 percent of the applicable median family income for the unit size, in accordance with the income and rent limit rules adopted by the Texas Department of Housing and Community Affairs.

H.B. 2236 amends the Tax Code to include as a charitable function for purposes of a property tax exemption for a charitable organization the acquiring, holding, and transferring of unimproved real property under a land bank program established under the bill's provisions as or on behalf of a land bank.

#### **EFFECTIVE DATE**

September 1, 2021.