

BILL ANALYSIS

C.S.H.B. 4065
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, many tax delinquent parcels in Houston are not taken to foreclosure because taxes far exceed fair market value and there is no demand for the properties. These include abandoned and vacant lots, as well as pieces of land damaged by seasonal storms. Houston, like other large municipalities, reintegrates these properties into the market by using a land bank. Unlike other large municipalities, however, Houston's land bank is not clearly outlined in statute and is instead governed by a web of statutes as it fulfills its many obligations. The Houston land bank, due to the unique nature of its creation and governance, does not have the necessary authority to function appropriately. C.S.H.B. 4065 seeks to remedy this situation by expanding the authority of the Houston Land Bank.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4065 repeals the Local Government Code provisions establishing the Urban Land Bank Program Act for a Municipality with a Population of 1.9 Million or More and amends the Local Government Code to replace that act with the Urban Land Bank Program for a Municipality with a Population of Two Million or More.

C.S.H.B. 4065 authorizes the governing body of a municipality with a population of two million or more to create an urban land bank under the bill's provisions by the adoption of an ordinance approving the land bank's certificate of formation and bylaws. The bill does the following:

- establishes that approval by the governing body of a municipality of the certificate of formation and bylaws of a corporation under the Texas Transportation Corporation Act that will serve as a land bank under the bill's provisions is sufficient to create such a land bank;
- prohibits a land bank's certificate of formation and bylaws from being changed or amended unless the governing body of the municipality for which the land bank was created approves the change or amendment by the adoption of an ordinance;
- sets out the general powers of a land bank;
- establishes that a land bank created under the bill's provisions exists for the purpose of acquiring, managing, and disposing of vacant, abandoned, deteriorated, non-revenue generating, and non-tax producing properties and converting those properties to productive uses, such as housing that serves a wide range of local needs; and

- prohibits a land bank from exercising the power of eminent domain or acquiring real property outside the geographical boundaries of the municipality that created the land bank.

C.S.H.B. 4065 provides for the applicability of other law and for its provisions to be liberally construed.

C.S.H.B. 4065 sets out provisions relating to the following:

- the composition and operation of a land bank's board of directors;
- authorization for a land bank to provide assistance and guidance with regard to the resolution of complex title questions;
- authorization for a land bank to enter into certain interlocal contracts;
- land bank records, reports, staff, advisory committees, and neighborhood consultations; and
- dissolution of a land bank.

C.S.H.B. 4065 exempts as public property used for public purposes the real property of a land bank and the land bank's income and operations from all license fees, recording fees, and all other taxes imposed by the state or by political subdivisions of the state. The bill requires all real property acquired by a land bank to be held in the land bank's name. The bill sets out provisions regarding the acquisition and disposition of property by a land bank relating to the following:

- quiet title actions;
- the acquisition of property generally;
- the acquisition of foreclosed or seized property and the redemption by an owner of foreclosed property;
- the disposition of property generally;
- the disposition of property for flood control and storm water drainage and planning; and
- an affordable housing policy.

C.S.H.B. 4065 authorizes a land bank to receive funding through grants and loans from public or private sources and to receive and retain payments for permitted assets and activities. The bill sets out provisions regarding the financing of land bank operations relating to the following:

- the sale of land bank property; and
- the remittance to a land bank of certain taxes collected on property conveyed by the land bank.

C.S.H.B. 4065 establishes that the Houston Land Bank is a land bank under the bill's provisions and continues to possess the statutory authorization by which it was originally created. All actions of the board of directors and employees of the Houston Land Bank, all contracts, agreements, services, and real property acquisitions and dispositions taken before the bill's effective date remain unaffected by the adoption of an ordinance under the bill's provisions.

C.S.H.B. 4065 creates a joint interim committee to study land banks. The bill provides for the following:

- the composition, appointment, operation, powers, and reimbursement of the committee;
- the topics the committee must study; and
- submission of a committee report to lieutenant governor, the speaker of the house of representatives, and the governor.

The committee is abolished and these provisions expire September 1, 2023.

C.S.H.B. 4065 repeals Chapter 379D, Local Government Code.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4065 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes the following provisions, which were absent from the original:

- a prohibition against a relative of a board member or land bank employee within the first degree of consanguinity or affinity from acquiring or having certain interests related to the land bank;
- a requirement for the land bank, with respect to real property to which a land bank holds fee simple title, to dispose of the fee simple interest in the property by a specified deadline;
- certain exemptions from that fee simple title requirement; and
- a savings provisions.