

- SUBJECT:** Preservation of historic properties by cities
- COMMITTEE:** Urban Affairs — committee substitute recommended
- VOTE:** 6 ayes — Hill, Bailey, Ehrhardt, Thompson, Tillery, Woolley
0 nays
3 absent — Conley, Davila, Staples
- WITNESSES:** For — Randall B. Gilbert, City of Tyler Historic Preservation Board
Against — None
- BACKGROUND:** In response to litigation brought by a home-rule city a court may appoint a receiver to receive and rehabilitate dilapidated residential property that is in violation of city codes. The receiver must be a nonprofit organization with a demonstrated record of rehabilitating residential property. The court may not appoint receivers for owner-occupied, single- family residences.
- The receiver or the city may petition the court to transfer the ownership of the building to the receiver if the building’s owner cannot be found or the owner fails to assume control of the building or pay the receiver’s maintenance costs.
- DIGEST:** CSHB 1743 would prevent a home-rule city from demolishing a building for at least 90 days after a report was submitted by a municipal historic preservation board certifying that the building may be rehabilitated and designated a historic property. A city could proceed with demolition of a building after the 90-day period if it was unable to determine a feasible alternative use, locate a purchaser or appoint a receiver. Owner-occupied single-family dwellings would be excepted from the provisions.
- A receiver could be either a nonprofit group or individual with a demonstrated record of rehabilitating historical buildings to restore the property to meet federal guidelines for rehabilitating historic property.

CSHB 1743 would eliminate the authority of the receiver or the city to petition the court to transfer the ownership of the property to the receiver and require that a sale of the property be held if the building's owner could not be found or the owner failed to assume control of the building or pay the receiver's maintenance costs.

The receiver could bid on the property at the sale. Proceeds of the sale — after court costs, receiver's costs and valid liens were paid — would be paid to the building's owner. If the owner could not be found, proceeds would be deposited into an interest-bearing account with the district clerk's office in the district in which the action was pending.

**SUPPORTERS
SAY:**

HB 1743 would allow courts to appoint receivers to bring buildings up to historical preservation standards after local preservation boards determine certain buildings merit historic designation. By permitting local preservation boards to participate in the receivership process, CSHB 1743 would ensure that alternatives are thoroughly explored before a building is demolished.

Historic buildings under threat of demolition are typically located in low-income areas. HB 1743 would create a tool to make these historic structures a viable part of a home-rule city's poor neighborhoods and thus provide affordable housing, revitalize decaying neighborhoods and increase the city's tax base.

Requiring rehabilitated property to be sold to the highest bidder rather than automatically transferring it to the receiver would assure that the highest price was paid for the rehabilitated property and protect the owner's and lienholders' interests in the property. In addition, the bill would help deflect any charges that the court was allowing an unjust taking of the property from the owner by the receiver.

**OPPONENTS
SAY:**

The provisions in CSHB 1743 requiring the sale of property after a receivership is terminated rather than transferring the property to the receiver would discourage nonprofit organizations and individuals from entering into receiverships because they would not be assured of having ownership transferred to them at the end of the receivership process.

NOTES:

The committee substitute made review by a city's historic preservation board of buildings considered for demolition permissive rather than mandatory. The substitute would remove the authority of the receiver or the home-rule city that filed the action under which the receiver was requested to petition the court to transfer the ownership of the property to the receiver and require that a sale of the property be held once the receivership is terminated.

The companion bill, SB 745 by Cain, has been referred to the Senate State Affairs Committee.