

SUBJECT: Selling foreclosed properties for urban development projects

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 7 ayes — Hill, Bailey, Burnam, Clark, Ehrhardt, Hodge, Shields  
0 nays  
1 present, not voting — Wohlgemuth  
1 absent — Garcia

WITNESSES: For — Gigi Chan, City of Houston  
Against — None

DIGEST: HB 3263 would authorize a city to resell property foreclosed to satisfy tax liens for less than the market value or total value of judgments against the property under an urban redevelopment interlocal agreement between the city and each affected taxing unit. The property would have to have been vacant or distressed, with taxes in arrears for six years or more.

Cities and other taxing units could enter into urban redevelopment interlocal agreements that would permit foreclosed properties to be used primarily for low or moderate income housing consistent with the urban redevelopment plan. The interlocal agreement would have to provide an efficient mechanism for returning deteriorated or unproductive properties to the tax rolls, enhance the value of ownership to the surrounding properties, and improve the safety and quality of life in deteriorating neighborhoods.

The property would have to be sold on the condition that its use be consistent with the urban redevelopment plan within two years. Otherwise, the property would revert to the city. The two-year deadline would not apply to property sold to a non-profit entity that held the land for use as part of the urban redevelopment plan. Property taxes would not have to be paid on the property while it was held by the non-profit entity.

All property sold would be subject to any right of redemption.

**SUPPORTERS  
SAY:**

HB 3263 would allow communities to solve two problems at once: return properties to productive economic use and increase the supply of low or moderate income housing. There are many abandoned properties and vacant lots in urban areas that could be lend themselves to this two-pronged solution to inner city woes. This bill would ensure that the proceeds of the property itself would be used revitalize the very neighborhoods that are in the most need of inexpensive housing. Furthermore, revitalizing these vacant lots and abandoned properties would put them back on the tax rolls and help enhance the value of surrounding properties, thereby expanding the tax base of local taxing units and eliminating unnecessary expenditure of public funds for health and safety issues of blighted neighborhoods.

HB 3263 would not impose any mandatory requirements on any taxing entity with jurisdiction over the property. All the taxing units involved would have to sign off on the urban redevelopment plan and be party to the interlocal agreement. It would also protect the rights of property owners by ensuring that any right to redemption was honored.

**OPPONENTS  
SAY:**

No apparent opposition.