

BILL ANALYSIS

Senate Research Center

C.S.H.B. 1742
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Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The original land bank legislation adopted during the 78th Legislature, Regular Session, 2003, required greater focus on low-income home ownership and limited foreclosures eligible for land bank acquisition to unimproved land. The existing law on land banks does not provide the latitude and immunity from liability and tax treatment that the City of Dallas finds necessary to operate a land bank within its mission and goals for the redevelopment sector.

C.S.H.B. 1742 makes several changes which have been requested by the City of Dallas in order to facilitate operation of an urban land bank and to accomplish the goal of providing a mixed-income strategy in the redevelopment of a land bank's target area.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

[While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

SECTION 1. Amends Section 361.1875, Health and Safety Code, as follows:

Sec. 361.1875. EXCLUSION OF CERTAIN POTENTIALLY RESPONSIBLE PARTIES. (a) Creates this subsection from existing text.

(b) Prohibits the Texas Natural Resource Conservation Commission (TNRCC) from naming a land bank established under Chapter 379C (Urban Land Bank Demonstration Program), Local Government Code, as a responsible party for an enforcement action or from requiring the land bank to reimburse remediation costs for a site if TNRCC has conducted an investigation of a site owned or operated by the land bank and has made certain determinations as a result of the investigation regarding contaminants and that the land bank could not have reasonably known about the contaminants at the time the land bank purchased the site.

SECTION 2. Amends Section 361.271(b), Health and Safety Code, to provide that a land bank established under Chapter 379C, Local Government Code, or an officer or employee of the land bank is not a person responsible for solid waste released or threatened to be released from a facility or at a site if the land bank acquired ownership or control of the facility or site through a tax delinquency and the land bank, officer, or employee did not cause or contribute to the release or threatened release of solid waste at the facility or site.

SECTION 3. Amends Section 379C.003(3), Local Government Code, to redefine "low income household."

SECTION 4. Amends Section 379C.008(a), Local Government Code, to authorize, notwithstanding any other law and except as provided by Subsection (f), 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 Section 34.01 (Sale of Property), Tax Code, if, among other requirements, the property is not improved with a habitable building or buildings or an uninhabitable building or buildings that are occupied as a residence by an owner or tenant who is legally entitled to occupy the building or buildings, and if there are delinquent taxes on the property for a total of at least five years, rather than for each of the preceding six years.

SECTION 5. Amends Section 379C.010(b), Local Government Code, to require each land bank property sold during any given fiscal year to be developed for sale to be deed restricted for sale to low income households and requires at least 25 percent of those land bank properties to be deed restricted for sale to households with gross household incomes not greater than 60 percent of the area median family income, adjusted for household size, and prohibits not more than 30 percent of those land bank properties from being deed restricted for sale to household with gross household incomes greater than 80 percent of the area median family income, adjusted for household size. Deletes existing text requiring at least 25 percent of the land bank properties sold during any given fiscal year to be developed for sale to be deed restricted for sale to households with gross household incomes not greater than 60 percent of the area median family incomes, adjusted for household size, for the metropolitan statistical area in which the municipality is located, as determined annually by the United States Department of Housing and Urban Development.

SECTION 6. Amends Section 379C.011(d), Local Government Code, to require a municipality that adopts an urban land bank demonstration program to specify in its urban land bank demonstration plan that the period during which the right of first refusal provided by this section (Right of First Refusal) may be exercised by a qualified organization is six months from the date of the deed of conveyance of the property to the land bank. Deletes existing text requiring the municipality to specify in its plan the period during which the right of first refusal provided by this section may be exercised by a qualified organization and requiring that period to be at least nine months but not more than 26 months from the date of the deed of conveyance of the property to the land bank.

SECTION 7. Amends Section 11.18, Tax Code, by amending Subsection (d) and adding Subsection (o), as follows:

(d) Includes acquiring, holding, and transferring unimproved real property under an urban land bank demonstration program established under Chapter 379C, Local Government Code, as or on behalf of a land bank, as a charitable function that meets the requirement to be a charitable organization under this section (Charitable Organizations).

(o) Provides that for purposes of Subsection (a)(2), real property acquired, held, and transferred by an organization that performs the function described by Subsection (d)(21) is considered to be used exclusively by the qualified charitable organization to perform that function.

SECTION 8. (a) Makes application of Section 361.1875, Health and Safety Code, as amended by this Act, prospective.

(b) Makes application of Section 361.271(b), Health and Safety Code, as amended by this Act, prospective.

(c) Makes application of the changes in law made by this Act to Chapter 379C, Local Government Code, prospective.

(d) Makes application of Section 11.18, Tax Code, as amended by this Act, prospective.

SECTION 9. Effective date: September 1, 2007.