

## **Texas Statutes Governing Community Land Trusts**

### **TEXAS LOCAL GOVERNMENT CODE**

#### **CHAPTER 373B. COMMUNITY LAND TRUSTS**

Sec. 373B.001. DEFINITION. In this chapter, "community housing development organization" has the meaning assigned by 42 U.S.C. Section 12704.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.002. CREATION OR DESIGNATION. The governing body of a municipality or county by ordinance or order may create or designate one or more community land trusts, including a housing finance corporation established under Chapter [394](#) or a land trust operated by a community housing development organization certified by the municipality or county, to operate in the municipality or county.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.003. NATURE OF TRUST. A community land trust created or designated under Section [373B.002](#) must be a nonprofit organization that is:

(1) created to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the municipality or county; and

(2) exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt organization under Section 501(c)(3) of that code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.004. PURPOSES OF TRUST. The purposes of a community land trust are to:

- (1) provide affordable housing for low-income and moderate-income residents in the community;
- (2) promote resident ownership of housing;
- (3) keep housing affordable for future residents; and
- (4) capture the value of public investment for long-term community benefit.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.005. OWNERSHIP OF LAND AND HOUSING UNITS. A community land trust may retain title to land it acquires and may:

- (1) sell housing units located on the land and lease the land under ground leases with terms of at least 99 years; or
- (2) lease housing units located on the land.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.006. QUALIFICATIONS OF PURCHASERS OR LESSEES OF HOUSING UNITS. (a) A community land trust may sell housing units only to families with a yearly income at the time of sale at or below 80 percent of the area median family income, adjusted for family size.

(b) Notwithstanding Subsection (a), for housing units located on one or more tracts of land owned by the community land trust that constitute a contiguous geographic area or are located in the same platted subdivision, the trust may sell not more than 20 percent of the housing units to families with a yearly income at the time of sale that exceeds the amount provided by Subsection (a) but does not exceed 120 percent of the area median family income, adjusted for family size.

(c) At least 25 percent of the housing units sold by the trust must be sold to families with a yearly income at the time of sale at or below 60 percent of the area median family income, adjusted for family size.

(d) A community land trust may lease housing units only to families with a yearly income at the time of lease at or below 60 percent of the area median family income, adjusted for family size.

(e) Notwithstanding Subsection (d), for housing units located on one or more tracts of land owned by the community land trust that constitute a contiguous geographic area or are located in the same platted subdivision, the trust may lease not more than 20 percent of the housing units to families with a yearly income at the time of lease that exceeds the amount provided by Subsection (d) but does not exceed 80 percent of the area median family income, adjusted for family size.

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.007. RELATION TO OTHER LAW. This chapter does not preclude the creation of a land trust by a nonprofit organization, including a community housing development organization, under other statutory or common law or the operation of that land trust inside or outside a municipality or county that has created or designated a community land trust under Section [373B.002](#).

Added by Acts 2011, 82nd Leg., R.S., Ch. 383 (S.B. [402](#)), Sec. 1, eff. January 1, 2012.

Sec. 373B.008. APPLICABILITY OF CHAPTER TO TRUST OPERATED BY HOUSING FINANCE CORPORATION. Section [373B.003](#) does not apply to a community land trust operated in the municipality or county by a housing finance corporation established under Chapter [394](#).

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