

Interlocal Agreement To Establish Project American Dream

THE STATE OF TEXAS

COUNTY OF _____

This Interlocal Agreement to Establish Project American Dream (hereinafter the “Interlocal Agreement”) is entered into between the City _____, a Texas city and municipal corporation of the State of Texas (hereinafter “City”), acting by and through its governing body, the City Council of the City; _____ County, a political subdivision of the State of Texas (hereinafter “County”), acting by and through its governing body, the _____ County Commissioners Court; the _____ Independent School District, (hereinafter “ISD”), acting by and through its governing body, the Board of Education of the _____ Independent School District; and _____ Community College, (hereinafter “CC”), acting by and through its governing body, the Board of Trustees of the _____ Community College, pursuant to the Interlocal Cooperation Act, Texas Government Code Ann. Chapter 791. The City, County, ISD, and CC are hereinafter referred to as the “Taxing Entities”.

WHEREAS, there is a need for affordable housing for families with low incomes within the mutual jurisdictions of the Taxing Entities, and

WHEREAS, there are foreclosed properties within the mutual jurisdictions of the Taxing Entities with years of unpaid property taxes (hereinafter “Tax Foreclosed Property”) and these unproductive properties could be utilized for affordable housing; and

WHEREAS, the existence of blighted, abandoned or vacant Tax Foreclosed Property negatively impacts the tax revenues of the Taxing Entities; and

WHEREAS, a return of Tax Foreclosed Property to productivity would increase tax revenues, encourage revitalization of neighborhoods in which the Tax Foreclosed Property is located, reduce expenditures by the Taxing Entities on these properties, and provide an increased value of lots that would enhance future tax revenues for the Taxing Entities; and

WHEREAS, Section 34.01(j) of the Texas Property Tax Code provides that a property ordered sold pursuant to foreclosure of a tax lien may be bid off the taxing unit that requested the sale if sufficient bid to pay the lesser amount of the adjudged value or the amount of the judgments or liens against the property is not received; and

WHEREAS, Section 34.05 of the Texas Property Tax Code provides that a taxing unit may resell property at a private sale for an amount less than the adjudged value or the total amount of the

judgments against the property with the consent of each taxing unit entitled to receive proceeds under the judgment; and

WHEREAS, Section 253.010 of the Texas Local Government Code allows a municipality to provide for the manner in which land it acquires is sold if the land is sold to a nonprofit corporation that has been incorporated in Texas for one year, has a corporate purpose to develop affordable housing states in its articles of incorporation, bylaws, or charter, has one-fourth of its Board of Directors residing in the municipality and engages primarily in the building, repair, rental or sale of housing for low income individuals and families; and

WHEREAS, the _____ Housing Finance Corporation is a Texas, public nonprofit corporation that has been incorporated since 19__, has one of its stated purposes in its articles of incorporation to “assist persons of low and moderate income in acquiring and owning decent, safe and sanitary housing which they can afford”, has a board of directors that lives within the City, and engages primarily in the building, repair, rental, or sale of housing for low-income individuals and families; and

WHEREAS, the _____ Housing Finance Corporation or a Nonprofit Corporation (hereinafter “Land Bank”) that has the capacity to manage the maintenance and disposition of Tax Foreclosed Property for the purpose of creating or preserving affordable housing could serve as a Land Bank for Tax Foreclosed Properties; and

WHEREAS, the ultimate purpose of this Interlocal Agreement is to increase the pool of property that could be acquired by community-based nonprofit corporations to provide affordable housing and make the American dream of home ownership a reality for families with low incomes, increase the tax base through redevelopment of distressed properties, provide an efficient mechanism for returning deteriorated or unproductive properties to the tax rolls, enhance the value of ownership to surrounding properties and improve the safety and quality of life in deteriorating neighborhoods in the City of _____;

NOW, therefore, the Taxing Jurisdictions enter into this Interlocal Agreement to establish Project American Dream as follows:

ARTICLE I.
Agreement

The Taxing Entities hereby consent and agree that each and any of the Taxing Entities that hold title to a tax foreclosed property on behalf of itself and the other Taxing Entities may convey on behalf of all of the Taxing Entities to the Land Bank any of the Tax Foreclosed Property for an amount of consideration that is less than the market value of such property and/or is less than the total amount of the judgments and assessments against such property upon written request by the Land Bank

The Taxing Entities further agree that the Tax Foreclosed Property may be transferred to the Land

Bank only for uses consistent with the City's Housing policy and only for use for affordable housing for families with low incomes as defined under regulations adopted by the U.S. Department of Housing and Urban Development. The Taxing Entities agree that the Land Bank shall implement the procedures adopted by the City of _____ (or Community Development Commission) to allow for the private sale of the Tax Foreclosed Property to a Qualified Nonprofit for use for affordable housing or may develop the Tax Foreclosed Property itself for affordable housing. A Qualified Nonprofit 1) is a community-based organization evidenced by at least one-third of its board made up of area residents or low income persons; 2) has a stated purpose of providing safe, decent affordable housing in its articles of incorporation, charter, or bylaws; and 3) is recognized by the Internal Revenue Service as a tax exempt organization. Any Qualified Nonprofit that is certified as a Community Housing Development Organization by the City, within whose service area is a Tax Foreclosed Property, shall have the first right of refusal over other Qualified Nonprofits and the Land Bank to acquire the property for affordable housing. The Land Bank shall report annually to the Taxing Entities regarding the Tax Foreclosed Properties acquired by the Land Bank and the status and disposition of those properties.

The Taxing Entities further agree that the County shall enter into a contract on behalf of the Taxing Entities with the Land Bank for the management and maintenance of Tax Foreclosed Property which is acquired in anticipation of the future development of affordable housing in accordance with the terms of this Interlocal Agreement and the procedures adopted by the City of _____ (or Community Development Commission). The Taxing Entities agree that such contract shall set forth the criteria under which the Land Bank would accept the transfer of the Tax Foreclosed Property and under which the Tax Foreclosed Property will be developed for affordable housing for low income persons. The Taxing Entities further agree that any sale or disposition of the Tax Foreclosed Property by the Land Bank shall include a Restrictive Covenant Running With the Land requiring the Tax Foreclosed Property to be used in a manner consistent with the purposes of this Interlocal Agreement. The Taxing Entities further agree that any proceeds from the sale or disposition of the Tax Foreclosed Property by the Land Bank may be used to cover the assessments and costs of the Land Bank for maintenance of the Tax Foreclosed Property in accordance with the procedures adopted by the City of _____ (or Community Development Commission), but in no event may the assessments and costs exceed the amount of judgment against the property.

ARTICLE II.

Term and Termination

This Interlocal Agreement shall be effective on the date of countersignatures by all parties to the Interlocal Agreement and shall continue unless terminated by any party in writing following 180 days notice to all parties.

ARTICLE III.

Insurance and Liability

The Taxing Entities are governed by the Texas Tort Claims Act, chapter 101, Texas Civil Practice and Remedies Code Ann., that sets forth certain limitations and restrictions on the types of liability and the types of insurance that can be required of government entities. Each Taxing Entity represents and warrants that it is self-insured or insured under a commercial insurance policy for all claims falling within the Texas Tort Claims Act that are applicable to each entity. Each party to this Interlocal Agreement agrees that it shall have no liability for the actions or omissions of an individual employed by another entity, regardless of where such individual's actions occurred. Each entity is solely responsible for the actions and/or omissions of its employees and officers.

ARTICLE VI.
Amendments

This Interlocal Agreement may be amended by the mutual agreement of the Taxing Entities in writing to be attached to and incorporated into this Interlocal Agreement.

ARTICLE VII.
Severability

If any part of this Interlocal Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices any Taxing Entity.

ARTICLE VIII.
Entire Agreement

This Interlocal Agreement embodies the entire agreement of the Taxing Entities. No other agreements, assurances, conditions, covenants (expressed or implied), or other terms of any kind, exist between the Taxing Entities regarding this Interlocal Agreement.

ARTICLE IX.
Non-Waiver

If any Taxing Entity fails to require the other to perform a term of this Interlocal Agreement, that failure does not prevent the Taxing Entity from later enforcing that term and all other terms. If any Taxing Entity waives the other's breach of a term, that waiver does not waive a later breach of this Interlocal Agreement.

ARTICLE XI.
Notices

All notices required or permitted by this Interlocal Agreement must be in writing and are deemed delivered on the earlier of the date actually received or the third day following the deposit in a United

States Postal Service post office or receptacle with proper postage, certified mail, return receipt requested and addressed to the other Taxing Entities at the address set out below or at such other address as the receiving entity designates by proper notice to the sending entity.

ARTICLE XII.
Remedies Cumulative

Unless otherwise specified elsewhere in this Interlocal Agreement, the rights and remedies contained in this Interlocal Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. No Taxing Entity may terminate its duties under this Interlocal Agreement except in accordance with its provisions.

ARTICLE XIII.
Dissolution

Should the Taxing Entities decide to terminate the Interlocal Agreement, all assets, either monetary or in the form of property, which have been transferred to the Land Bank pursuant to the terms of this Interlocal Agreement, shall be allocated to each Taxing Entity based upon the total amount of taxes relinquished on all foreclosed properties by each entity.

Approved as to Form:

Mayor
City of _____
By: _____
(Name)

Date:

Judge
County of _____
By: _____
(Name)

Date:

President Board of Trustees
Independent School District
By: _____
(Name)
Date: _____

President Board of Trustees

Community College

By:

(Name)

Date: