



DISCUSSION REGARDING LAND BANKING

DS-26-010

February 3, 2026

Background

- On October 7, 2025, City Council approved a Motion of Direction directing staff to prepare with a presentation regarding land banking.
- Land banks are public authorities or non-profit organizations created to acquire, hold, manage, and sometimes redevelop properties and return them to productive use and meet community goals, such as increasing affordable housing or stabilizing property values.

Background

3

- Under an Urban Land Bank Program, a municipality may sell eligible real property by private sale to a qualified participating developer for purposes of affordable housing development.

Land Bank Requirements

4

- There are currently three (3) known Land Banks in Texas – Dallas County, Travis County, and the City of Houston.
- Based on our population, Killeen would fall under Chapter 379E of the Texas Local Government Code.
- Staff has identified no other cities in Texas with a Land Bank created in accordance with Ch. 379E – Killeen would likely be the first.

Land Bank Requirements

5

- ❑ Chapter 379E sets forth strict requirements associated with establishment of a Land Bank.
- ❑ Following a public hearing, the City must adopt an annual Land Bank Plan.
- ❑ Following foreclosure for tax delinquency, the City may purchase properties via private sale, instead of the property being sold at public auction. Any other interested taxing entity may protest the sale to the Land Bank. The property would then be sold at public auction.

Land Bank Requirements

6

- ❑ The City must then sell acquired properties to a qualified developer within 3 years, or it reverts to the taxing entities.
- ❑ A qualified developer must begin development of the property within 2 years, or it reverts to the Land Bank.
- ❑ The developer must then rent or sell the property for affordable housing – meaning the monthly rent or mortgage payments must be 30% or less of the family median income.

Land Bank Requirements

7

- Based on the median household income of the Killeen/Temple metropolitan area, rental properties under a Land Bank program would be limited to families making less than \$46,000/year.
- Monthly rent or mortgage prices would be capped at approximately \$1,700/month.

Parcels In Trust Program

8

- In May 2024, the City Auditor released an Internal Audit Report on Abandoned Properties (Audit Report #24-02).
- The objectives of the audit were to:
 - 1) Determine the inventory of abandoned tax-delinquent properties with outstanding Code Enforcement liens;
 - 2) Determine the financial impact of these properties in uncollected taxes and unpaid liens; and
 - 3) Assess the feasibility and benefits of implementing a land bank-type program to acquire and sell or repurpose abandoned properties.

Parcels In Trust Program

9

- According to the report, of the various land bank type programs in place across the country, Waco's "Parcels-in-Trust" program appears to provide the best model for Killeen going forward.
- Waco's Parcels In Trust program serves a purpose similar to a land bank, but it is not a Land Bank, as outlined in LGC Chapter 379E. It is therefore not governed by State statute.

Parcels In Trust Program

10

- Unlike most urban land banks, which require the local government to establish a board or non-profit to manage the program, Waco's "Parcels-in-Trust" program is an in-house program run by City staff.
- Under this program, the City of Waco has an agreement with the Waco Independent School District (WISD) and McLennan County to transfer property that does not sell at a tax sale to the City to hold in trust.

Parcels In Trust Program

11

- Under this agreement, Waco's responsibilities include:
 - ▣ Being actively involved in all tax sales for properties in Waco (not just tax sales where the City has abatement liens);
 - ▣ Taking ownership of all properties in Waco that do not sell at the tax sale;
 - ▣ Maintaining these properties;
 - ▣ Marketing the properties for sale in accordance with a formalized sales program; and
 - ▣ Disbursing sale proceeds in order of priority.

Parcels In Trust Program

12

- ❑ Waco employs a full-time property manager, who is also a real estate broker, as well as a tax attorney to manage its program, which has acquired and sold over 800 properties since its inception.
- ❑ The Internal Audit Report recommends that staff develop and implement a policy and legal framework necessary to create a Parcels In Trust program, to include establishing an MOU with Bell County's other taxing entities, similar to the Waco model.

Foreclosure Process

13

- Per Texas Health and Safety Code Sec. 342.007(h), the City may foreclose on a property with delinquent taxes.
- In accordance with Texas Tax Code Sec. 33.91, a municipality may foreclose on a health and safety lien if:
 - ▣ The property is less than one acre;
 - ▣ Has been abandoned for at least one year; and
 - ▣ Has been tax delinquent for the last three (3) years.

Foreclosure Process

14

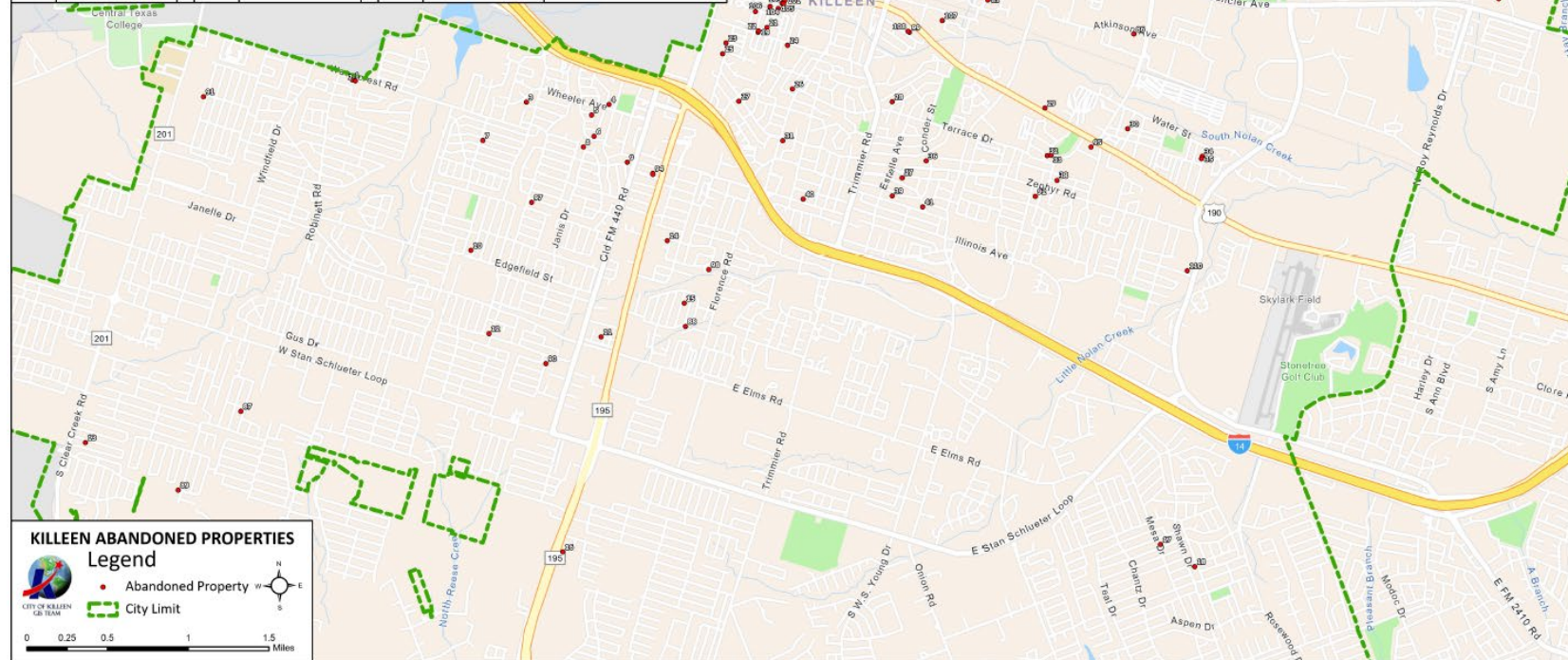
- The process for foreclosing on a property meeting these criteria would be as follows:
 - ▣ Judicial foreclosure action;
 - ▣ Property is then put up for sale at public auction;
 - ▣ If it doesn't sell at public auction, property can be deeded to a trust, of which the City is a trustee.
 - ▣ The City can then market the properties for sale to a private buyer in accordance with State law.

Abandoned Properties in Killeen

15

- City staff estimates that there are currently approximately 114 properties in Killeen that have outstanding liens and are tax delinquent.

LocationID	PRIMARY ADDRESS	LocationID	PRIMARY ADDRESS	LocationID	PRIMARY ADDRESS	LocationID	PRIMARY ADDRESS
1	3605 WHITECHURCH RD	30	3411 GANFORD DR	59	807 WATTSBURG DR	88	3222 CANTABIAN DR
2	3604 WHITECHURCH RD	31	3401 FLORENCE RD	60	1301 GRAY DR	89	1403 BRIDGEMOOD DR
3	2209 CASCADE DR	32	2735 MAULDON DR	61	310 BLAIR ST	90	4120 DORY LN
4	1118 CHIFFINALE DR	33	967 HIGHLAND AVE	62	201 W AVENUE C	91	2701 BLACK OCHRED DR
5	1803 RIDGEVIEW DR	34	1117 38TH ST	63	802 BRYAN DR	92	1400 BRYAN DR
6	1220 MEADOW DR	35	319 38TH ST	64	3011 WASSER ST	93	203 W AVENUE C
7	3608 WOODLANDS DR	36	1211 CONDER ST	65	1401 GRAY DR	94	1207 WEST LN
8	1307 JAMES DR	37	1310 METROPOLITAN DR	66	906 MEMORA DR	95	3108 E VETERANS MEMORIAL BLVD
9	1401 WEST LN	38	2907 JANE ST	67	1301 YORK AVE	96	1111B TEXAS AVE
10	3515 WESTVIEW DR	39	1512 ESTER DR	68	1806 MUIR DR	97	1804 BOB BEND DR
11	3103 S FORT HOOB ST	40	2803 DELL DR	69	2008 LAKE RD	98	2304 POPPY DR
12	3905 CAMPET LN	41	1505 DUALI DR	70	512 VERMONT ST	99	617 BLAKE ST
13	3906 TYPICAL CIR	42	2905 BENDHILL TRL	71	504 LEM ST	100	504 W AVENUE J
14	2403 CANNATION DR	43	2504 TRAVERSE DR	72	2011 ELKINS AVE	101	504 W AVENUE J
15	3210 VALENCIA DR	44	3610 NORTHCHEST DR	73	1405 N WIS YOUNG DR	102	505 W AVENUE K
16	2300 S FORT HOOB ST	45	2221 CHESTNUT DR	74	2004 DICKENS DR	103	503 W AVENUE K
17	4701 GILMANWOOD DR	46	222 W CLARK AVE	75	802 N LOTA ST	104	203 W AVENUE K
18	5101 WHITE ROCK DR	47	503 RHODE ISLAND ST	76	1306 CONNELL DR	105	600 W AVENUE K
19	620 RAYMOND ST	48	2105 SILVERHILL DR	77	718 W AVENUE C	106	504 DOWLE ST
20	26 S COLLIER ST	49	1809 N 8TH ST	78	803 W AVENUE D	107	308 S 24TH ST
21	610 STRONG ST	50	2601 CROSS TIMBER DR	79	2206 DAVIS AVE	108	615 BLAKE ST
22	618 RAYMOND ST	51	2509 CROSS TIMBER DR	80	713 ALEXANDER ST	109	2209 EL DOMINIO DR
23	801 SANTA ROSA DR	52	1504 N 4TH ST	81	1301 PINE DR	110	1701 MARTIN LUTHER KING JR BLVD
24	404 W HALLMARK AVE	53	1511 N GRAY ST	82	701 HALL AVE	111	1412 N PARK ST
25	901 SANTA ROSA DR	54	1507 N GRAY ST	83	402 GOODLIGHT DR	112	1006 STEWART ST
26	918 EVERGREEN DR	55	2008 WISGATE WAY	84	990 GREENGATE DR	113	807 CARDINAL AVE
27	612 W PATTY JANE DR	56	280 W OAK AVE	85	402 GOODLIGHT DR	114	503 W AVENUE J
28	614 CAROL AVE	57	1204 SISSON CT	86	1304 LUTHER AVE		
29	2711 E VETERANS MEMORIAL BLVD	58	4505 WHITEHIRE DR	87	5401 LAUREN LEA DR		



Redevelopment of Abandoned Properties

17

- Of these 114 abandoned properties, approximately 35 meet the criteria set forth in Texas Tax Code Sec. 33.91, which means they are eligible for foreclosure proceedings.
- In partnership with a law firm that specializes in tax foreclosures, the City could initiate foreclosure proceedings on these eligible properties.
- Once the City has acquired a property, City staff could market it for sale in accordance with State law (LGC Ch. 272).

Redevelopment of Abandoned Properties

18

- Alternatively, per LGC Sec. 272.001(g), the City may acquire or assemble land or real property interest and sell, exchange, or otherwise convey the land or interests to an entity for the development of low-income or moderate-income housing.
- If conveyance of land under this subsection serves a public purpose, the land may be conveyed for less than its fair market value.

Redevelopment of Abandoned Properties

19

- Following the foreclosure process, the City could market the properties individually or assemble them for sale for less than fair market value to a developer for the purpose of creating low to moderate income housing.

Alternatives

20

- Staff has identified three (3) potential alternatives to address abandoned properties in Killeen:
 1. **Land Bank:** Establish an urban land bank program in accordance with Chapter 379E of the Texas Local Government Code, which would require establishment of a nonprofit organization and annual adoption of an urban land bank plan. This would require the addition of several new full-time employees, and the creation of a Board.

Alternatives

- 2. Parcels In Trust:** Establish a “Parcels In Trust” program (similar Waco’s program) and establish an MOU with Bell County, KISD, and CTC for the sale of foreclosed properties. Under this model, the City would partner with a law firm specializing in tax foreclosures to initiate foreclosure proceedings on delinquent properties. The trust would then take ownership of only those properties that do not sell at a tax sale, and market the individual properties for sale to a private buyer.

Alternatives

22

- 3. Assembly of Properties:** Establish a “Parcels in Trust” program, as described in Alternative 2, but assemble the foreclosed properties in accordance with LGC Sec. 272.001(g) and sell a group of properties to a single developer for the purpose creating of low to moderate income housing.

Recommendation

23

- **Staff recommends Alternative #3 – Assembly of Properties:**
 1. Partner with a law firm that specializes in tax foreclosures to proactively foreclose on the (approximately 35) eligible abandoned properties in Killeen;
 2. City must establish an MOU with Bell County, KISD, and CTC for the sale of foreclosed properties;
 3. Foreclosed properties that do not sell at the tax sale would be placed “in trust”;
 4. The City will then be responsible for maintaining the properties until they are sold;

Recommendation

24

5. Once most or all the properties have been foreclosed, put out an RFP for development of the properties for purposes of creating low to moderate income housing;
6. Partner with a developer to redevelop the abandoned properties, create housing, and put the properties back on the tax roll.
7. At least one new full-time employee would be needed to implement this initiative.