



DISCUSSION REGARDING LAND BANKING

DS-26-010

February 3, 2026

Background

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- 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.

Land Bank Requirements

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

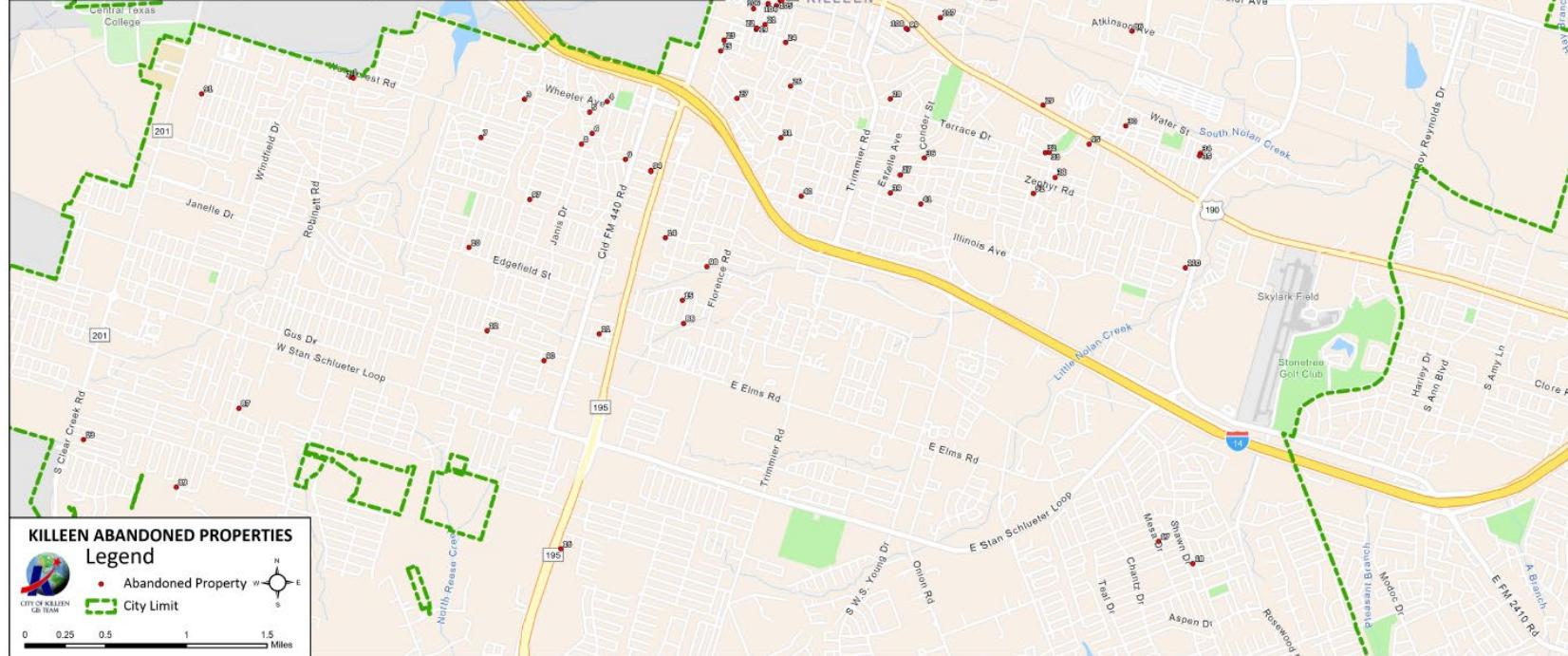
- The process for foreclosing on a property meeting these criteria would be as follows:
 - Judicial foreclosure action;
 - Property is then put up for sale at public auction;
 - If it doesn't sell at public auction, property can be deeded to a trust, of which the City is a trustee.
 - The City can then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

Abandoned Properties in Killeen

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

LocationID	PRIMARYADDRESS	LocationID	PRIMARYADDRESS	LocationID	PRIMARYADDRESS	LocationID	PRIMARYADDRESS
1	3996 WATERSIDE RD	30	3411 CRAWFORD RD	59	807 NORTHWICH DR	88	3229 CANTABRIAN DR
2	3994 WATERSIDE RD	31	3607 FLORINNE DR	60	1301 GRAY DR	89	6403 DREDGEWOOD DR
3	2259 CASCADE DR	32	2715 MAISBORO DR	61	310 BLAIR ST	90	4120 NORLY LN
4	1129 CHIPPERDALE DR	33	307 HIGHLAND AVE	62	2011 AVENUE C	91	2705 BLACK ORCHID DR
5	1093 CEDARWOOD DR	34	317 HIGHLAND AVE	63	4011 BIRCH DR	92	2001 BIRCH DR
6	1212 MEADOW CH	35	319 56TH ST	64	1511 MASTERY DR	93	2001 BIRCH DR
7	2609 WOODLANDS DR	36	1211 CONNIE DR	65	1400 GRAY DR	94	1207 WEST C
8	1307 JANIS DR	37	3110 METROPOLITAN DR.	66	906 PRIMROSE DR	95	3108 E VETERANS MEMORIAL
9	1405 WEST LN	38	2907 JUNE ST	67	1001 YORK AVE	96	111 W TEXAS AVE
10	3315 WESTMIR DR	39	1312 ESTER DR	68	1006 MUIR DR	97	1800 805 BEND DR
11	1703 S FORT HOOD ST	40	2051 LINDA DR	69	2001 LAKE RD	98	2500 805 BEND DR
12	1500 SABRE DR	41	1800 DURK DR	70	2001 15TH ST	99	1607 BIRCH DR
13	1506 TERRIFY CIR	42	2903 REED-MARSH TBL	71	2041 17TH ST	100	204 BIRCH DR
14	2403 CARNATION DR	43	2594 TRADEWSE DR	72	2011 BURNS DR	101	304 BIRCH DR
15	3210 VALDERRIA	44	3610 NORTHCREST DR	73	1400 S WS YOUNG DR	102	505 W AVE E
16	5705 S FORT HOOD ST	45	2225 CHESTNUT DR	74	2004 DIXIEH DR	103	903 W AVE E
17	4701 GLENWOOD DR	46	222 W LUNN AVE	75	8005 10TH ST	104	702 W AVE E
18	1500 SABRE DR	47	1504 10TH ST	76	1001 10TH ST	105	1001 10TH ST
19	1200 RAYMOND DR	48	2106 SILVERHILL DR	77	7146 AVENUE C	106	504 DIXIEH DR
20	25 C COLLEGE ST	49	1808 N 8TH ST	78	8001 N AVENUE D	107	208 S 24TH ST
21	510 STRONGER ST	50	2601 CROSS TIMBER DR	79	2306 DATES AVE	108	615 BLAKE ST
22	6108 RAYMOND ROSA	51	2509 CROSS TIMBER DR	80	7113 ALEXANDER ST	109	2209 EL DORADO DR
23	801 SANTA ROSA DR	52	1504 N 4TH ST	81	1101 PINE DR	110	1710 MARTIN LUTHER KING
24	1041 W HALLMARK AVE	53	1511 N GRAY ST	82	201 MALL RD	111	1612 P ST
25	1041 W HALLMARK AVE	54	1507 N 4TH ST	83	4001 GOODNIGHT DR	112	1612 P ST
26	5112 EVERGREEN DR	55	3001 WISHTON WAY	84	2000 GREENSTEAD DR	113	NET CARNIVAL DR
27	5112 W MARY JANE DR	56	2001 WISHTON WAY	85	402 GOODNIGHT DR	114	503 W AVE E
28	911 CAROLE AVE	57	1204 SIBSON CT	86	3006 ATWOOD AVE DR		
29	2711 E VETERANS MEMORIAL BLVD	58	4505 WHITBEE DR	87	5101 LAUREN LEA DR		



Redevelopment of Abandoned Properties

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- 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

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- 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

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- 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

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- 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

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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

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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

- 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

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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.